

FORM 51-102F3

MATERIAL CHANGE REPORT  
PURSUANT TO REGULATION 51-102

**Item 1 - Name and Address of Company**

NanoXplore Inc. (the “Corporation”)  
25 Montpellier Blvd  
Montréal, QC, H4N 2G3

**Item 2 - Date of Material Change**

December 18, 2018

**Item 3 - News Release**

A news release pertaining to the material change being the subject of the present report was issued through Globe Newswire on December 18, 2018 and subsequently filed on SEDAR. A copy of the news release is attached hereto as Schedule “A”.

**Item 4 - Summary of Material Change**

On December 18, 2018, the Corporation announced that it has entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. (collectively the “Underwriters”), pursuant to which the Underwriters have agreed to purchase on a “bought deal” private placement basis 15,384,000 common shares at a price of \$1.30 per common share for a gross proceed of approximately \$20 million.

**Item 5 - Full Description of Material Change**

**5.1 Full Description of Material Change**

The Corporation entered into an agreement with the Underwriters, pursuant to which they have agreed to purchase on a “bought deal” private placement basis 15,384,000 Common Shares in the Corporation at a price of \$1.30 per common share for gross proceeds of approximately \$20 million. The Corporation has granted the Underwriters an option, exercisable, in whole or in part, at any time until and including 30 days following the closing of the Offerings, to purchase for resale, up to an additional 7,692,000 Common Shares at the Issue Price for additional gross proceeds of up to approximately \$10 million.

Concurrent with the Equity Offering, the Underwriters have agreed to purchase on a “bought deal” private placement basis \$10 million aggregate principal amount of convertible unsecured subordinated debentures (the “Debentures”) due December 31, 2023 (“Maturity Date”) with an interest rate of 8.00% per annum from Closing, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2019 (the “Debenture Offering”) (together with the Equity Offering, the “Offerings”). The Debentures will be convertible at the holder’s option into common shares of the Corporation (the “Debenture Common Shares”) at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately

preceding the date fixed for redemption of the Debentures, at a conversion price of \$1.84 per Debenture Common Share (the "Conversion Price"), being a ratio of 543.4783 Debenture Common Shares per \$1,000 principal amount of Debentures. The Corporation may force conversion of all of the principal amount of the outstanding Debentures and accrued interest (to the date of the mandatory conversion) at the Conversion Price on 30 days' written notice, should the daily volume weighted average trading price of the Common Shares be greater than \$3.00 for any 20 consecutive trading days.

Subject to certain conditions, the Corporation may redeem the Debentures in cash, in whole or in part, at any time prior to the Maturity Date by paying a 10% premium on the capital amount of the Debentures. In addition, the Corporation may elect to satisfy its obligation to pay interest on the Debentures (i) in cash; or (ii) 75% in cash and by delivering sufficient free trading Common Shares, to satisfy 25% of the interest obligations. The Offerings are scheduled to close on or about January 11, 2019. The Corporation intends to use the net proceeds of the Offerings for capital expenditures to expand the existing graphene production plant, add new production lines, purchase equipment, increase working capital and for general corporate purposes. The Offerings are subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSXV and any applicable securities regulatory authorities. The Corporation has no intention to apply to list the Debentures sold pursuant to the Debenture Offering on the TSXV.

## **5.2 Disclosure for Restructuring Transactions**

N/A

### **Item 6 - Reliance on Section 7.1(2) of Regulation 51-102**

Not applicable.

### **Item 7 - Omitted Information**

Not applicable.

### **Item 8 - Executive Officer**

For further information, please contact Liam Farrell, Vice President, Corporate Development of the Corporation at (647) 302-2234.

### **Item 9 - Date of Report**

December 20, 2018



*Source: NanoXplore Inc.*

*December 18, 2018 13:29 ET*

## **NanoXplore Announces \$30 Million Bought Deal Private Placement and Expanded Relationship With Martinrea**

MONTREAL, Dec. 18, 2018 (GLOBE NEWSWIRE) --

*NOT FOR DISTRIBUTION IN THE UNITED STATES OR FOR DISTRIBUTION WITH UNITED STATES NEWSWIRE SERVICES*

NanoXplore Inc. ("NanoXplore" or the "Corporation") (TSX-V: GRA) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. (collectively the "Underwriters"), pursuant to which the Underwriters have agreed to purchase on a "bought deal" private placement basis 15,384,000 common shares (the "Common Shares") in the Corporation at a price of \$1.30 per common share (the "Issue Price") for gross proceeds of approximately \$20 million (the "Equity Offering"). The Corporation has granted the Underwriters an option, exercisable, in whole or in part, at any time until and including 30 days following the closing of the Offerings, to purchase for resale, up to an additional 7,692,000 Common Shares at the Issue Price for additional gross proceeds of up to approximately \$10 million.

NanoXplore is also pleased to announce that it has entered into an updated Memorandum of Understanding ("MOU") with Martinrea International Inc. (TSX: MRE) ("Martinrea") which is expected to further develop the commercial relationships between the companies. The MOU provides for increased collaborations between NanoXplore and Martinrea, including commitments by NanoXplore to provide graphene to Martinrea and to assist in the development of graphene-related products and technologies. Martinrea will also assist NanoXplore in the future development of its operations. Furthermore, Martinrea will subscribe for approximately \$15 million as part of the Equity Offering. After giving effect to the Equity Offering, Martinrea is expected to own approximately 16% of the issued and outstanding common shares of NanoXplore.

Concurrent with the Equity Offering, the Underwriters have agreed to purchase on a "bought deal" private placement basis \$10 million aggregate principal amount of convertible unsecured subordinated debentures (the "Debentures") due December 31, 2023 ("Maturity Date") with an interest rate of 8.00% per annum from Closing, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2019 (the "Debenture Offering") (together with the Equity Offering, the "Offerings").

The Debentures will be convertible at the holder's option into common shares of the Corporation (the "Debenture Common Shares") at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date fixed for

redemption of the Debentures, at a conversion price of \$1.84 per Debenture Common Share (the "Conversion Price"), being a ratio of 543.4783 Debenture Common Shares per \$1,000 principal amount of Debentures. The Corporation may force conversion of all of the principal amount of the outstanding Debentures and accrued interest (to the date of the mandatory conversion) at the Conversion Price on 30 days' written notice, should the daily volume weighted average trading price of the Common Shares be greater than \$3.00 for any 20 consecutive trading days.

Subject to certain conditions, the Corporation may redeem the Debentures in cash, in whole or in part, at any time prior to the Maturity Date by paying a 10% premium on the capital amount of the Debentures. In addition, the Corporation may elect to satisfy its obligation to pay interest on the Debentures (i) in cash; or (ii) 75% in cash and by delivering sufficient free trading Common Shares, to satisfy 25% of the interest obligations.

The Offerings are scheduled to close on or about January 11, 2019. The Corporation intends to use the net proceeds of the Offerings for capital expenditures to expand the existing graphene production plant, add new production lines, purchase equipment, increase working capital and for general corporate purposes. The Offerings are subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSXV and any applicable securities regulatory authorities. The Corporation has no intention to apply to list the Debentures sold pursuant to the Debenture Offering on the TSXV.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the Common Shares, Debentures or Debenture Common Shares (collectively, the "Securities") in the United States. The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

### **About NanoXplore Inc.**

NanoXplore is a graphene corporation, a manufacturer and supplier of high-volume graphene powder for use in industrial markets, as well as standard and custom graphene enhanced plastic and composite products. NanoXplore has recently completed the acquisition of Sigma Industries and now employs near 400 people, with production plants in Canada, US, and Switzerland.

### **Forward-looking Statements**

This press release contains forward-looking statements. All forward-looking statements are based on our beliefs as well as assumptions based on information available at the time the assumption was made and on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors deemed appropriate in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Forward-looking statements are not facts, but only predications and can generally be identified by the use of statements that include phrases such as "anticipate", "believe", "continue", "could", "estimate", "foresee", "grow", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes and in this press release relates to the closing of the Offerings, the use of proceeds from the Offerings, the participation of certain named parties in the Offerings and the approval of the TSXV.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties. Such forward-looking information necessarily involves known and

unknown risks and uncertainties, which may cause NanoXplore's actual results to differ materially from any projections of future results expressed or implied by such forward-looking information. Any forward-looking information is made as of the date hereof and, except as required by law, NanoXplore does not undertake any obligation to publicly update or revise such information to reflect new information, subsequent or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Providers (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For more information, please contact:

NanoXplore Inc.  
Liam Farrell  
VP Corporate  
Development  
647-302-2234  
[info@nanoxplore.ca](mailto:info@nanoxplore.ca)