



G6 Materials
TSXV: GGG OTCQB: GPHBF

NEWS RELEASE

G6 Materials Reports Financial Results for the Third Fiscal Quarter of 2024

Ronkonkoma, New York, USA – The Newswire – April 29, 2024 - G6 Materials Corp. (“G6” or the “Company”) (TSXV: [GGG](#), OTCQB: [GPHBF](#)), a high-tech company with expertise in advanced materials and developing innovative composites for a wide range of industrial uses, is pleased to announce that it has filed its unaudited financial results for the third quarter of the fiscal year ending February 29, 2024, the highlights of which are included in this news release. The full set of Condensed Interim Consolidated Financial Statements and Management Discussion and Analysis can be viewed by visiting G6’s website at <https://g6-materials.com/> or its profile page on SEDAR+ at www.sedarplus.ca.

Financial Highlights (all amounts expressed in US dollars unless otherwise noted)

- Revenue for the three-month period ended February 29, 2024 was \$222,273, a decrease from the \$370,646 reported for the same three-month period last year, due to a change in product sales mix.
- Gross profit for the three-month period ended February 29, 2024 was \$98,347, a decrease from the \$176,318 reported for the same three-month period last year, due to a relative decrease in revenue on a year-over year basis.
- Total expenses for the three-month period ended February 29, 2024 was \$247,501, a significant improvement from the \$622,844 reported for the same three-month period last year, primarily due to a large decrease in general and administrative expenses.
- Net loss for the three-month period ended February 29, 2024 was \$149,154, a significant improvement to the net loss of \$446,526 reported for the same three-month period last year, as the Company continued with reduced expenditures to preserve cash.
- Total assets for the period ended February 29, 2024 were \$964,247, from \$1,441,003 reported for the annual period ended May 31, 2023.

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About G6 Materials Corp.

G6 Materials Corp. is a high-tech company with expertise in advanced materials that creates value developing innovative composites for a wide range of industrial uses. Graphene Laboratories Inc., a wholly owned subsidiary of G6, sells a range of graphene-based products and other materials, including but not limited to conductive epoxies, high-performance composites, and R&D materials, with numerous customers from among the Fortune 500 list of companies, as well as NASA and leading universities. Graphene Laboratories Inc. has entered the global air filtration market with Breathe⁺, a line of medical-grade HEPA air filtration products enhanced with advanced performance graphene material.

G6 has identified new graphene-based applications to accelerate growth into the future. Accordingly, the Company has a valuable IP portfolio currently comprising seven granted patents. The Company's management team and employees have a deep understanding of graphene technology based on decades of aggregate academic and commercial experience. Graphene Laboratories Inc. has established its premium research laboratory and scalable production facility equipped with advanced analytical and material processing equipment.

The Company's e-commerce websites are listed below:

- Breathe⁺: Medical-grade HEPA air filtration enhanced with advanced performance graphene material, for more information, visit www.breatheplus.tech
- Conductive Epoxies: Adhesive materials distributed under the G6-Epoxy[®] trade name and can be purchased at www.g6-epoxy.com
- R&D Materials: Graphene Laboratories Inc. currently offers over 100 graphene and related products available at www.graphene-supermarket.com

Forward-Looking Information

This news release contains forward-looking statements within the meaning of the applicable securities legislation that is based on expectations, estimates and projections as at the date of this news release. By their nature, forward-looking statements involve



known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. "Forward-looking information" in this news release includes but is not limited to information about the graphene-enhanced air purifier (including efficacy, potential commercialization and patent pending thereof); information about the potential for the Company's long-term growth; the business goals and objectives of the Company, and other forward-looking information concerning the intentions, plans and future actions of the parties to the transactions described herein and the terms thereon.

The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Risk factors that could cause actual results to differ materially include, but are not limited to, the actual results in commercial applications of the Company's graphene-enhanced air purifier may differ significantly from its test results; health and environmental factors affecting the adoption of the Company's graphene-based technologies or other products; the Company may fail to obtain appropriate government approvals or accreditation related to the business' operations and technological processes; the market conditions and demand for its product as well as the market prices of such products being developed by the Company may change over time; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; competition; dilution; and the volatility of our common share price and volume.

The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

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



G6 Materials
TSXV: GGG OTCQB: GPHBF

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ON BEHALF OF THE BOARD: Gary Dyal, Chairman

For more information on G6 Materials Corp., please visit www.G6-Materials.com or its profile page on SEDAR+ at www.sedarplus.ca.

SOURCE: G6 Materials Corp.

G6 MATERIALS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Unaudited – Expressed in US Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of G6 Materials Corp. (“Corporation”) have been prepared by and are the responsibility of the Corporation’s management.

The Corporation’s independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s independent auditor.

G6 MATERIALS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in US Dollars)

As at,	Notes	February 29, 2024 (Unaudited)	May 31, 2023 (Audited)
ASSETS		\$	\$
Current			
Cash and cash equivalents		19,862	390,440
Accounts receivable and other	5	32,681	55,270
Inventory	6	391,920	574,326
Prepaid expenses and deposits	15	66,497	118,588
		510,960	1,138,624
Equipment	8	94,081	111,587
Right-of-use asset	7	261,034	59,890
Intangible assets	4	98,172	130,902
Total assets		964,247	1,441,003
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	629,481	408,910
Loan payable	9	37,270	-
Current portion of lease liability	7	81,140	60,635
		747,891	469,545
Lease liability	7	182,827	-
Total liabilities		930,718	469,545
SHAREHOLDERS' EQUITY			
Share capital	11	16,487,601	16,487,601
Contributed surplus		3,676,739	3,593,663
Accumulated other comprehensive loss		(172,334)	(164,383)
Deficit		(19,958,477)	(18,945,423)
Total shareholders' equity		33,529	971,458
Total liabilities and shareholders' equity		964,247	1,441,003

Going Concern (Note 1)**Subsequent Events** (Note 18)

Approved on behalf of the Board of Directors on April 29, 2024:

"Guy Bourgeois" Director
Guy Bourgeois

"John Gary Dyal" Director
John Gary Dyal

G6 MATERIALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

FOR THE NINE MONTH PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

(Unaudited – Expressed in US Dollars)

	Notes	Three months February 29, 2024	Three months February 28, 2023	Nine months February 29, 2024	Nine months February 28, 2023
		\$	\$	\$	\$
REVENUE		222,273	370,646	841,202	1,219,573
COST OF GOODS SOLD		(123,926)	(194,328)	(664,537)	(708,854)
		\$ 98,347	\$ 176,318	\$ 176,665	\$ 510,719
EXPENSES (Note 17)					
Depreciation and amortization	4,7,8	42,215	52,056	129,830	186,235
Foreign exchange loss		38	81	220	252
Marketing and investor relations		7,874	81,074	122,805	260,845
General and administrative expenses	17	171,233	457,821	849,805	1,897,671
Research and development		26,141	31,812	87,059	172,015
		\$ (247,501)	\$ (622,844)	\$ (1,189,719)	\$ (2,517,018)
NET LOSS		\$ (149,154)	\$ (446,526)	\$ (1,013,054)	\$ (2,006,299)
OTHER COMPREHENSIVE LOSS					
Items that may be reclassified subsequently to loss:					
Foreign currency translation loss		(225)	(518)	(7,951)	(64,308)
LOSS AND COMPREHENSIVE LOSS		\$ (149,379)	\$ (447,044)	\$ (1,021,005)	\$ (2,070,607)
LOSS PER SHARE - BASIC AND DILUTED		\$ (0.01)	\$ (0.03)	\$ (0.06)	\$ (0.13)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		16,367,919	16,367,919	16,367,919	16,367,919

G6 MATERIALS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Unaudited – Expressed in US Dollars)

	Notes	February 29, 2024	February 28, 2023
		\$	\$
OPERATING ACTIVITIES			
Net loss		(1,013,054)	(2,006,299)
Non-cash items:			
Lease interest	7	7,289	2,604
Amortization of intangible asset	4	32,730	32,730
Amortization of right-of-use asset	7	75,245	129,311
Depreciation of equipment	8	21,855	24,194
Share-based compensation	11	83,076	172,479
Foreign exchange loss		220	252
		(792,639)	(1,644,729)
Changes in non-cash working capital items:			
Accounts receivable		22,589	13,652
Inventory		182,406	247,897
Prepaid expenses and deposits		52,091	103,687
Accounts payable and accrued liabilities		220,571	20,311
Cash used in operating activities		(314,982)	(1,259,182)
INVESTING ACTIVITIES			
Purchase of equipment	8	(4,349)	(28,000)
Cash used in investing activities		(4,349)	(28,000)
FINANCING ACTIVITIES			
Loan payable	9	37,270	-
Principal payments on lease	7	(80,346)	(132,888)
Cash used in financing activities		(43,076)	(132,888)
Change in cash and cash equivalents		(362,407)	(1,420,070)
Effect of exchange rate changes on cash		(8,171)	(64,560)
Cash and cash equivalents, beginning		390,440	2,119,429
Cash and cash equivalents, ending		19,862	634,799

G6 MATERIALS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED FEBRUARY 29, 2024 and FEBRUARY 28, 2023

(Unaudited – Expressed in US Dollars)

		Common Shares		Warrants Reserve		Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
	Notes	#	\$	#	\$	\$	\$	\$	\$
Balance, May 31, 2022		16,367,919	16,487,601	14,476,000	125,605	3,203,059	(94,044)	(16,222,315)	3,499,906
Share-based compensation	11	-	-	-	-	172,479	-	-	172,479
Foreign currency translation loss		-	-	-	-	-	(64,308)	-	(64,308)
Net loss for the period		-	-	-	-	-	-	(2,006,299)	(2,006,299)
Balance, February 28, 2023		16,367,919	16,487,601	14,476,000	125,605	3,375,538	(158,352)	(18,228,314)	1,601,778
Balance, May 31, 2023		16,367,919	16,487,601	-	-	3,593,663	(164,383)	(18,945,423)	971,458
Share-based compensation	11	-	-	-	-	83,076	-	-	83,076
Foreign currency translation loss		-	-	-	-	-	(7,951)	-	(7,951)
Net loss for the period		-	-	-	-	-	-	(1,013,054)	(1,013,054)
Balance, February 29, 2024		16,367,919	16,487,601	-	-	3,676,739	(172,334)	(19,958,477)	33,529

G6 MATERIALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Unaudited – Expressed in US Dollars)

1. NATURE OF OPERATIONS

G6 Materials Corp. (“G6” or the “Company”), formerly Graphene 3D Lab Inc., was incorporated pursuant to the British Columbia Business Corporations Act on January 17, 2011. On August 8, 2014, through a reverse acquisition transaction, the Company acquired Graphene 3D Lab (U.S.) Inc. which was deemed to be the continuing entity for financial reporting purposes. Graphene 3D Lab (U.S.) Inc. was incorporated on September 3, 2013 in the State of Delaware, U.S.A. On January 23, 2020, the Company changed its name from Graphene 3D Lab Inc. to G6 Materials Corp. The Company’s shares continue to trade on the TSX Venture Exchange under the same ticker symbol (“GGG”).

The Company currently has seven US patents granted and five patent applications filed. The patent applications and the granted patents cover technology for graphene manufacturing and applications as well as for non-graphene related technology.

The address of the Company’s head office and principal place of business is at Suite 2, 760 Koehler Avenue, Ronkonkoma, New York.

Going Concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these condensed interim consolidated financial statements. Such adjustments could be material. As at February 29, 2024, the Company had working capital deficit of \$236,931 (May 31, 2023 – working capital of \$669,079). Net loss for the period ended February 29, 2024 was \$1,013,054. The accumulated deficit as at February 29, 2024 was \$19,958,477 and negative cash flows from operations of \$314,982. The Company anticipates it will have sufficient cash-on-hand to service its liabilities and fund operating costs as they come due. However, there is uncertainty with respect to the Company’s ability to generate sufficient earnings to fully fund its operating activities without raising additional capital. The application of the going concern assumption is dependent upon the Company’s ability to continue to generate future profitable operations and/or obtain additional financing. The above events and conditions indicate there is a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS

a) Basis of Presentation and Statement of Compliance

The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended May 31, 2023. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended May 31, 2023. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended May 31, 2024.

b) Basis of Consolidation

These condensed interim consolidated financial statements incorporate the accounts of the Company and its wholly owned subsidiaries Graphene 3D Lab (U.S.) Inc., Graphene Laboratories Inc and GX Technologies LLC. All significant intercompany transactions and balances have been eliminated on consolidation.

These condensed interim consolidated financial statements were approved and authorized for issuance in accordance with resolution from the Board of Directors on April 29, 2024.

G6 MATERIALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Unaudited – Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2023.

4. INTANGIBLE ASSETS

On December 8, 2015, as part of the acquisition of Graphene Laboratories Inc., the Company acquired intangible assets comprised of certain intellectual property, including a provisional patent relating to technology enabling cost efficient industrial scale manufacture and processing of graphene. As at February 29, 2024, the Company's intangible assets consist of intellectual property relating to technology for the manufacture and processing of graphene.

	\$
Cost:	
Balance, May 31, 2023 and February 29, 2024	436,382
<hr/>	
Accumulated Amortization:	
Balance, May 31, 2022	261,840
Amortization	43,640
Balance, May 31, 2023	305,480
Amortization	32,730
Balance, February 29, 2024	338,210
<hr/>	
Net Book Value:	
May 31, 2023	130,902
February 29, 2024	98,172

5. ACCOUNTS RECEIVABLE

	February 29, 2024	May 31, 2023
	\$	\$
Trade accounts receivable	9,289	42,565
Tax receivable	23,392	12,705
Total	32,681	55,270

As at February 29, 2024, the expected credit loss was \$1,720 (May 31, 2023 - \$1,720) and all of the Company's trade receivables were outstanding more than 90 days.

6. INVENTORY

	February 29, 2024	May 31, 2023
	\$	\$
Raw materials	134,337	-
Finished goods	257,583	574,326
Total	391,920	574,326

The cost of inventory is recognized as an expense and included in cost of goods sold when sold. For the period ended February 29, 2024, the amount of inventory recognized in cost of goods sold was \$514,286 (February 28, 2023 - \$856,935).

G6 MATERIALS CORP.

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7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company entered into a three-year lease agreement for the Company's facilities in Ronkonkoma, New York, USA beginning on January 1, 2018 and ending on December 31, 2020, which required monthly payments of \$8,000. Subsequently the Company renewed another three-year lease agreement for the Company's facilities beginning on January 1, 2021 and ending on December 31, 2023, which requires monthly payments of \$8,240. Upon adoption of IFRS 16 effective in fiscal 2020, the Company recognized a right-of-use asset and a lease liability of \$145,382. On November 22, 2021, the Company amended the lease agreement by increasing the monthly payment from \$8,240 to \$8,487 during the periods from January 1, 2022 to December 31, 2022. As a result, the Company made an adjustment on the lease liability of \$186,848 in connection with the amendments of the lease agreement for the Company's facilities in Ronkonkoma, New York, USA. The Company's internal borrowing rate was 6%. On December 2, 2022, the Company amended the lease agreement by increasing the monthly payment to \$8,793. As a result, the Company increased the lease liability of \$102,670 in connection with the amendments of the lease agreement for the Company's facilities in Ronkonkoma, New York, USA.

On November 23, 2021, the Company entered into another 12-month lease agreement for the expansion of Company's facilities in Cerritos, California, USA beginning on January 1, 2022 and ending on December 31, 2022, which required monthly payments of \$7,985. The Company recognized a right-of-use asset and a lease liability of \$192,341. The Company used a 6% discount rate, its incremental borrowing rate, to calculate the present value of the future lease payments and the lease interest expense.

On December 31, 2023, the Company extended the lease for three additional years until December 31, 2026. Pursuant to the extension the Company is required to pay rent of \$9,400 per month. The Company recognized a right-of-use asset and a lease liability of \$276,389. The Company used a 14.5% discount rate, its incremental borrowing rate, to calculate the present value of the future lease payments and the lease interest expense.

RIGHT-OF-USE ASSET

	\$
Cost:	
Balance, May 31, 2022	609,934
Addition	102,670
Balance, May 31, 2023	712,604
Addition	276,389
Balance, February 29, 2024	988,993
Accumulated Amortization:	
Balance, May 31, 2022	497,735
Amortization	154,979
Balance, May 31, 2023	652,714
Amortization	75,245
Balance, February 29, 2024	727,959
Net Book Value:	
May 31, 2023	59,890
February 29, 2024	261,034

G6 MATERIALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Unaudited – Expressed in US Dollars)

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)**LEASE LIABILITY**

	\$
Balance, May 31, 2022	113,596
Lease interest expense	3,636
Addition	102,670
Payments	(159,267)
Balance, May 31, 2023	60,635
Additions	276,389
Lease interest expense	7,289
Payments	(80,346)
Balance, February 29, 2024	263,967
Current portion of lease liability	81,140
Long-term portion of lease liability	182,827

As at February 29, 2024, the Company will have future undiscounted lease payments totaling \$28,200 remaining for fiscal 2024, \$112,800 for fiscal 2025, \$112,800 for fiscal 2026 and \$65,800 for fiscal 2027.

8. EQUIPMENT

	Laboratory Equipment
Cost:	\$
Balance, May 31, 2022	670,381
Additions	27,998
Balance, May 31, 2023	698,379
Additions	4,349
Balance, February 29, 2024	702,728
Accumulated Depreciation:	
Balance, May 31, 2022	555,422
Depreciation expense	31,370
Balance, May 31, 2023	586,792
Depreciation expense	21,855
Balance, February 29, 2024	608,647
Net Book Value:	
May 31, 2023	111,587
February 29, 2024	94,081

9. LOAN PAYABLE

On January 17, 2024, the Company received loans of \$36,765 (C\$50,000) from a third party. The loan is secured, bears interest at 10% per annum and is due on demand. The loan is secured by all of the Company's property and assets. During the nine months ended February 29, 2024, the Company accrued interest of \$505.

G6 MATERIALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes directors and officers of the Company. The Company incurred the following key management compensation charges during the period ended February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
	\$	\$
Salaries, bonuses, fees and benefits	304,553	172,538
Share-based compensation	52,603	89,988
	<u>357,156</u>	<u>262,526</u>

The Company had the following transactions with related parties:

As at February 29, 2024, the Company owed \$338,441 (May 31, 2023 – \$94,759) to related parties. The amounts due are unsecured, non-interest bearing and have no fixed terms of repayment.

Transactions with related parties are incurred in the normal course of operation and recorded at fair value.

The amounts due to related parties are included in accounts payable and accrued liabilities.

11. SHARE CAPITAL

On December 14, 2023, the Company proposed a non-brokered equity financing to raise up to \$1,000,000 through the offering of up to 10,000,000 units at a price of \$0.10 per unit. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional share of the Company at an exercise price of \$0.25 for a period of three years from the closing date of the offering. As of the date of these condensed interim consolidated financial statements, the offering has not been completed.

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding common stock:

- a) During the period ended February 29, 2024, the Company did not issue any common stock.
- b) On July 12, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of every 10 old common shares into one new common share. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

Escrow shares:

On August 25, 2021, the Company acquired a 100% interest in GX Technologies, LLC (“GX Technologies”) an arm’s length party. Pursuant to the terms of the agreement, as payment, the Company issued 2,500,000 common shares (“Consideration Shares”) to the shareholders of GX Technologies. As at February 29, 2024, there are Nil (May 31, 2023 – 1,000,000) common shares subject to an escrow agreement. The Consideration Shares were released from escrow over a period of 28 months from the Closing Date, shown below.

G6 MATERIALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023
(Unaudited – Expressed in US Dollars)

11. SHARE CAPITAL (CONTINUED)**Escrow shares (Continued):**

Vesting Date	Consideration shares
4 - months from Closing date (December 25, 2021)	500,000
10 - months from Closing date (June 25, 2022)	500,000
16 - months from Closing date (December 25, 2022)	500,000
22 - months from Closing date (June 25, 2023)	500,000
28 - months from Closing date (December 25, 2023)	500,000
Total	2,500,000

Stock options:

The Company has adopted a stock option plan (the “Plan”), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

Continuity of stock options:

	Number of options	Exercise price
Options outstanding– May 31, 2022	1,345,000	C\$1.00
Expired during the year	(265,000)	C\$1.20
Options outstanding– May 31, 2023	1,080,000	C\$0.90
Issued during the period	720,000	C\$0.16
Expired or expired during the period	(685,000)	C\$0.78
Options outstanding – February 29, 2024	1,115,000	C\$0.52

The fair value of the stock options granted is estimated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company’s stock options.

On August 16, 2023, the Company granted 720,000 stock options to certain directors, officers and consultants of the Company. The options are exercisable at C\$0.16 per share for a period of five years from the date of grant. Among these options granted, 135,000 are subject to a 3-year vesting schedule, where 25% of the options will vest immediately, and 25% will vest at each anniversary.

On March 16, 2022, the Company granted 690,000 stock options to certain directors, officers and consultants of the Company with a fair value of C\$0.96 at the date of grant. The options are exercisable at C\$1.00 per share for a period of five years from the date of grant. Among these options granted, 200,000 are subject to a 3-year vesting schedule, where 25% of the options will vest immediately, and 25% will vest at each anniversary.

The fair value of the stock options granted is estimated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company’s stock options.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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11. SHARE CAPITAL (CONTINUED)**Stock options (Continued):**

The weighted average assumptions used in the Black-Scholes option pricing model are as follows:

	2023	2022
Share price	C\$0.16	C\$1.11
Risk-free interest rate	3.83%	1.29%
Expected volatility	213.60%	132.48%
Expected dividend yield	\$nil	\$nil
Expected forfeiture rate	0%	0%
Expected life	5 years	5 years

Based on the Black-Scholes option pricing model and the assumptions outlined above, the Company recorded share-based compensation of \$83,076 for the period ended February 29, 2024 (2023 - \$172,479).

Details of stock options outstanding:

Expiry date	Exercise price	Remaining life (years)	Number of stock options outstanding	Number of stock options vested and exercisable
October 14, 2025	C\$0.80	1.62	90,000	90,000
October 25, 2024	C\$0.16	0.65	22,500	22,500
October 25, 2024	C\$0.80	0.65	60,000	60,000
October 25, 2024	C\$1.00	0.65	80,000	80,000
January 4, 2025	C\$0.16	0.85	22,500	22,500
January 4, 2025	C\$0.80	0.85	60,000	60,000
January 4, 2025	C\$1.00	0.85	80,000	80,000
March 16, 2027	C\$1.00	3.04	160,000	130,000
August 16, 2028	C\$0.16	4.47	540,000	438,750

Share purchase warrants:

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share, and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

Continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price
Warrants outstanding – May 31, 2021	2,443,314	C\$2.23
Warrants expired during the year	(995,714)	C\$1.20
Warrants outstanding – May 31, 2022	1,447,600	C\$2.93
Warrants expired during the year	(1,447,600)	C\$(2.93)
Warrants outstanding – May 31, 2023 and February 29, 2024	-	-

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12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the the development and production of innovative graphene-based solutions. The Company does not have any externally imposed capital requirements to which it is subject. As of February 29, 2024, the Company had cash of \$19,862 (May 31, 2023 - \$390,440)

The Company defines its capital as all components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities and loan payable.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	19,862	-	-	19,862

The Company has determined that the carrying values of its accounts receivable, accounts payable and accrued liabilities and loan payable approximate their fair value due to the short-term maturities of these financial instruments.

i) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash and cash equivalents with large United States and Canadian chartered banks. The Company manages credit risk for accounts receivable through established credit monitoring activities. As at February 29, 2024, the Company's maximum exposure to credit risk is the carrying value of cash and cash equivalents and accounts receivable.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at February 29, 2024 and May 31, 2023, the Company is not exposed to significant interest rate risk.

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13. FINANCIAL INSTRUMENTS (CONTINUED)

iii) Currency risk

The Company has transactions internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the US Dollar, which is the functional currency of the Company. As at February 29, 2024, the Company held C\$5,061 (May 31, 2023 - C\$206,711) in Canadian dollar cash and cash equivalents. A 10% increase or decrease in the Canadian dollar would increase or decrease comprehensive income by \$12,598 (2023 - \$26,335).

iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. As at February 29, 2024, the Company has cash and cash equivalents of \$19,862 and a working capital deficit of \$236,931.

As at February 29, 2024	Up to 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	629,481	-	629,481
Loan payable	37,270	-	37,270
Current portion of lease liability	81,140	182,827	263,967
	747,891	182,827	930,718

As at May 31, 2023	Up to 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	408,910	-	408,910
Current portion of lease liability	60,635	-	60,635
	469,545	-	469,545

14. SEGMENT DISCLOSURES

The Company operates in one reportable segment – the development, manufacturing and sale of graphene-enhanced materials. Substantially all of the Company’s revenue was generated in the U.S. and all long-lived assets are located in the U.S.

15. PREPAID EXPENSES AND DEPOSITS

	February 29, 2024	May 31, 2023
	\$	\$
Deposits and expenses	20,783	10,179
Inventory	45,714	108,409
Total	66,497	118,588

16. CONTINGENCY

On February 29, 2024, a claim was commenced against the Company by Daniel Stolyarov and Elena Polyakova. The claim is based on allegations relating to the enforcement of the former employee’s employment agreements. The plaintiffs are seeking \$819,668 of unpaid salary and damages. On April 11, 2024, the company filed a response to defend the claim and filed a counterclaim against the former employees. The likelihood of outcome of the case or any monetary considerations is not known at this time. Due to this lawsuit, investment and revenue generating opportunities have been significantly hindered.

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17. NATURE OF EXPENSES

The nature of the Company’s corporate and administrative expenses is as follows:

	For the Nine Months Ended		For the Three Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Interest	7,721	2,604	6,805	897
Office and administrative	119,458	526,054	24,068	145,618
Professional fees	245,169	376,803	58,237	57,666
Regulatory fees	39,753	40,366	5,360	5,524
Salaries and benefits	353,202	772,687	72,666	190,358
Share-based compensation	83,076	172,479	4,097	56,415
Travel expenses	1,426	6,678	-	1,343
Total	849,805	1,897,671	171,233	457,821

18. SUBSEQUENT EVENTS

On February 22, 2024, the Company entered into a Technology License Agreement (the “Agreement”) with Graphene Corp. (the "Licensor"), a subsidiary of Elcora Advanced Materials Corp., in respect of intellectual property rights associated with graphene coating technology (the "Subject Technology"). The License for the Subject Technology is for a period of up to February 1, 2026 and is non-exclusive, non-sublicensable and non-transferable. In consideration for the license, the Company will issue of 3,333,333 common shares of the Company (the “Shares”) at a deemed price of \$0.09 per Share.

On March 25, 2024, the Company closed the Agreement and issued 3,333,333 common shares of the Company pursuant to the Agreement.

G6 MATERIALS CORP.

Management Discussion and Analysis For the period ended February 29, 2024 and February 28, 2023

This Management Discussion and Analysis (“MD&A”) of G6 Materials Corp. (the “Company” or “G6”) provides analysis of the Company’s financial results for the period ended February 29, 2024 and February 28, 2023. The following information should be read in conjunction with the condensed interim consolidated financial statements and notes for the period ended February 28, 2024, which are prepared in accordance with International Financial Reporting Standards. All amounts are expressed in US dollars unless otherwise noted. Canadian dollars are indicated by the symbol “C\$”.

This discussion contains forward-looking statements and information that are based on the beliefs of management and reflect the Company’s current expectations. When used in this MD&A, the words “estimate”, “project”, “belief”, “anticipate”, “intend”, “expect”, “plan”, “predict”, “may” or “should” and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. Such statements and information reflect the current view of the Company with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the marketing and sale of securities, the need for additional financing, reliance on key personnel, the potential for conflicts of interest among certain officers or directors with certain other projects, and the volatility of the Company’s common share price and volume. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

There are many important factors that could cause the Company’s actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors include, but are not limited to, risks related to the Company’s current and proposed business such as failure of the business strategy, stable supply prices, demand and market prices for the Company’s products; demand and value of the Company’s intellectual property; government regulations; risks related to the Company’s operations, such as additional financing requirements and access to capital, reliance on key and qualified personnel, insurance, competition, reliable supply chains; risks related to the Company and its business generally such as potential exposure to tax under Canadian and US income tax laws, laws and regulations relating to cross-border mergers and acquisitions, infringement of intellectual property rights, product liability, environmental protection, currency exchange rates and conflicts of interest.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company’s forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. While the Company may elect to, it does not undertake to update this information at any particular time.

1.1 DATE OF REPORT

This report is prepared as of April 29, 2024.

1.2 COMPANY OVERVIEW

G6 Materials Corp., formerly known as Graphene 3D Lab Inc. (the “Company” or “G6”), was incorporated pursuant to the British Columbia Business Corporations Act on January 17, 2011. On August 8, 2014, the Company acquired Graphene 3D Lab (U.S.) Inc. (“Graphene 3D U.S.”) through a reverse acquisition/takeover transaction (“Transaction”). The historical operations, assets and liabilities of Graphene 3D U.S. were deemed to be the continuing entity for financial reporting purposes. Graphene 3D U.S. was incorporated on September 3, 2013 in the State of Delaware, USA.

G6 MATERIALS CORP.

Management Discussion and Analysis For the period ended February 29, 2024 and February 28, 2023

1.2 COMPANY OVERVIEW (CONTINUED)

On August 11, 2014, the Company's common shares resumed trading on the TSX Venture Exchange ("TSX-V") under the symbol "GGG". On October 7, 2014, the Company began trading on OTCQB, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group, under the symbol "GPHBF".

Graphene 3D U.S. is a C-corporation, organized on September 3, 2013 under the laws of the State of Delaware. The founders of the corporation include Daniel Stolyarov, Ph.D., the former President & Co-CEO, and Elena Polyakova, Ph.D., the former Co-CEO. Founding team members have many years' worth of combined experience in 3D printing, material production, R&D, and the commercialization of new materials. Graphene 3D U.S. was initially a spinout of Graphene Laboratories Inc. ("Graphene Laboratories" or "GLI"). On August 12, 2015, the Company entered a Share Exchange Agreement ("SEA") to acquire all of the issued and outstanding shares of GLI. This transaction was reviewed and accepted for filing by the TSX Venture Exchange and closed on December 8, 2015. Graphene Laboratories now operates as a wholly owned subsidiary of the Company.

On January 23, 2020, the Company changed its name from Graphene 3D Lab Inc. to G6 Materials Corp. ("G6"). The Company's shares continue to trade on the TSX-V under the same ticker symbol "GGG".

On August 25, 2021 ("Closing Date"), the Company acquired 100% interests in GX Technologies, LLC ("GX Technologies").

1.3 NATURE OF BUSINESS

G6 Materials Corp. is a technology company creating value through the development of innovative graphene-based solutions. Historically, it has been in the business of developing, manufacturing, and marketing proprietary products based on graphene and other advanced materials. The Company's target industries include but are not limited to aerospace, automotive, healthcare, marine, medical prosthetics and various branches of the military.

In 2020, the Company shifted its primary strategic focus to pursuing the large market opportunity created by the global coronavirus pandemic with respect to the sale of air purification and filtration products. Based on graphene having extraordinary antiviral and antibacterial properties, the Company recognized that it was well positioned to play a unique role in satisfying customer demand for existing air filtration products while also developing advanced purification products to address a gap in the market by applying its graphene-based expertise.

The Company's most active subsidiary over its history has been the wholly owned Graphene Laboratories Inc. ("Graphene Labs"). Graphene Labs has grown to offer over 100 graphene and related products to a large client list of historical customers worldwide, including Fortune 500 technology companies and major research universities. Some of the Company's notable historical clients are NASA, Ford, GE, Apple, Xerox, Samsung, Harvard University, IBM and Stanford University. In addition, the Company is engaged in developing high performance composites to be used in the pharmaceutical and biotechnology industries.

Graphene is a novel material with a variety of outstanding properties. It is currently available in the market at various grades, with performance characteristics such as mechanical strength and conductivity improving with fewer atomic layers. Graphene Labs' patented manufacturing process provides separation and enrichment of graphene nanoplatelets, improving the quality of graphene nanoplatelets.

The Company also currently has seven patents granted, two Notices of Allowances issued by USPTO and five patents pending. The patent applications and the granted patents cover technology for graphene manufacturing and applications as well as for non-graphene related technology.

More specifically, and presented alphabetically, the Company operates in the following areas:

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Management Discussion and Analysis For the period ended February 29, 2024 and February 28, 2023

1.3 NATURE OF BUSINESS (CONTINUED)

Air Purification and Hygiene Products

In 2020, the Company shifted its primary strategic focus to pursuing the large market opportunity created by the global coronavirus pandemic with respect to the sale of air purification and filtration products. The Company is offering these products under the trademark “G6 Wellness®” duly registered by US Patent and Trademark Office. Based on graphene having extraordinary antiviral and antibacterial properties, the Company recognized that it was well-positioned to play a unique role in satisfying customer demand for existing air filtration products while also developing advanced purification products to address a gap in the market by applying its graphene-based expertise. The Company has filed a provisional patent application No. US20210346831A1 that covers the method of manufacturing the graphene oxide-based antiviral coating. Currently, the Company is working on commercializing this technology and developing consumer products and systems based on this concept. In particular, the Company developed and launched the “Breathe+”® air purifier and consumable air filter enhanced with graphene oxide and manufacturing according to the Company’s proprietary technology. The Company engaged an independent testing laboratory to perform various microbial tests of the air purifier being developed, which were announced as having a 99.9% efficacy rate against randomly selected pathogenic microorganisms.

Conductive Adhesives

Through research and development, the Company has been able to create innovative products with unique properties by using a proprietary mix of high-performance carbon fillers to achieve superb electrical, mechanical and thermal properties for electrically conductive adhesives. The Company’s specialty adhesive epoxies are well suited for use in the aerospace, automotive, electronics, and communication industries, among others. The Company is working with several large European manufacturers in the field of flexible electronics and sensors and helping them to adopt the properties of the products to their manufacturing processes. Adhesive materials produced by the Company are distributed under the G6-Epoxy™ trade name and can be purchased at: <https://g6-epoxy.com/>.

High Performance Composites

The Company develops advanced composite material formulations based on graphene additives. The graphene additives developed by the Company are used to improve the performance of fiber composite laminates, including carbon fiber and fiberglass composites. Such composites are used in various industries including but not limited to construction, automotive and aerospace. In particular, the Company has developed formulations for carbon fiber and fiberglass laminated composites for use in marine vessels and their structures. When compared to other composite materials commonly used for shipbuilding, laminated composites enhanced with graphene have much better fatigue resistance, better shock absorbent properties and lower water absorption rates, thereby improving a vessel’s resilience in the harsh sea environment and extending its service life. The Company is planning to pursue this commercial opportunity to market these novel material formulations to shipbuilders in the US and abroad. The specifications and technical information about these materials could be found on the Company’s web site at: <https://g6-materials.com/advanced-materials-and-composites/>

Precious Metal Extraction

The company acquired GX Technology LLC, that has been developing of using graphene composite materials for precious metal extraction. The Company continued the research and development in this field. The U.S. Patent Application No. 63/375,122, was filed summarizing these technological developments. The Company will be continuing and expanding the research work in this area.

G6 MATERIALS CORP.

Management Discussion and Analysis For the period ended February 29, 2024 and February 28, 2023

1.3 NATURE OF BUSINESS (CONTINUED)

R&D Materials

Graphene Supermarket (Graphene R&D Materials): The Company's suite of graphene products and various substrates is available online at the Graphene Supermarket e-commerce platform (www.graphene-supermarket.com). Graphene Supermarket was originally founded in 2010 and has been one of the longest-serving e-commerce websites catering to the research & development field, with thousands of customers spanning the Fortune 500, leading universities, and other institutions throughout more than 100 countries. Graphene Supermarket offers a broad range of graphene nanomaterials, including CVD-grown graphene on foils and wafers, graphene nanopowder, graphene oxide, graphene in solution, and reduced graphene oxide. G6 is a world leader in the development, manufacturing, and marketing of graphene and other advanced materials as well as composites based on these nanomaterials. These diverse materials have a wide spectrum of commercial, research and military applications.

The Company's IP Portfolio.

The Company is constantly working on the development of new technology and on expanding its Intellectual property portfolio. At the moment the company has seven US patents issued, two patent applications that received a Notice of allowance and three patent applications pending. The company's IP portfolio covers a variety of technological fields including the methods and recipes for materials related to 3D Printing, composite materials and use of graphene heat recovery in cryptocurrency mining. In particular, Patent US 11,104,577 was granted and it is pertaining to the preparation and separation of the atomic layers of graphene. This technological breakthrough represents a new, energy efficient and chemically efficient process to manufacture, sort and classify graphene nanoparticles, thereby resulting in the potential for large-scale production of high-grade graphene.

1.4 RECENT HIGHLIGHTS & DEVELOPMENTS

Corporate Developments

On July 12, 2022, the Company announced the launch of a product called Breathe+ Pro Advanced Antimicrobial Graphene Air Filtration System which is now available at www.breatheplus.tech and on Amazon. The Breathe+ Pro® Air Purifier utilizes innovative air filters that contain activated carbon with graphene oxide coating ("Graphene Filter") developed by G6's research team. The antiviral and antimicrobial efficacy of the Breathe+ Pro® Air Purifier was verified by independent testing conducted by The Intertek Group plc ("Independent Lab Test") and accordingly the Breathe+ Pro Air Purifier equipped with Graphene Filter removed 99.9% of the pathogenic microorganisms (model viruses and bacteria) over the duration of the test.

During August 2022, the Company's auditors changed from Manning Elliott LLP to MNP LLP.

On October 26, 2022, the Company completed and reported its year-end audited financial statements on SEDAR, and rectified the management cease trade order.

On December 6, 2022 the Company Graphene Laboratories Inc. ("GLI"), has entered into a Strategic Partnership Agreement (the "SPA" or the "Agreement") with Singapore-based MADE Advance Materials PTE LTD. ("MADE"). The Agreement encapsulates the collaboration between GLI and MADE which is focused on production collaboration and the potential joint development of intellectual property ("Joint IP"). MADE and GLI intend to explore the possibility of using the fibre composites with graphene-enhanced resin (the Collaborative Project") as necessary to meet specific terms provided by a third-party client.

On April 12, 2023, 14,476,000 unexercised share purchase warrants expired.

Mr. Rob Scott resigned as Chief Financial Officer on May 26, 2023.

Mr. Guy Bourgeois was appointed as a director of the Company on May 29, 2023.

Mr. Jeff Dare resigned as the Corporate Secretary on May 26, 2023.

Mr. Kevin Cornish was appointed as Chief Financial Officer and Corporate Secretary of the Company effective May 30, 2023.

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Management Discussion and Analysis For the period ended February 29, 2024 and February 28, 2023

1.4 RECENT HIGHLIGHTS & DEVELOPMENTS (CONTINUED)

Corporate Developments (Continued)

Mr. Anastios Arimo resigned from the board of directors on May 31, 2023.

On October 26, 2023 the Company announced that the independent members of its Board of Directors have appointed Mr. Kevin Cornish as Interim Chief Executive Officer of the Company in addition to his current role as the Company's Chief Financial Officer. The Company also announced the termination of Daniel Stolyarov as President, Chief Technology Officer and Co-Chief Executive Officer of the Company. Daniel Stolyarov resigned as director of the Company effective December 12, 2023. The Company's other Co-CEO, Elena Polyakova, agreed to become its Chief Operating Officer.

Elena Polyakova was terminated as Chief Operations Officer, and resigned as director and audit committee member effective January 4, 2024.

Mr. Kevin Cornish was appointed director of the Company effective January 5, 2024.

Mr. Guy Bourgeois was appointed as CEO of the Company effective January 16, 2024 and Kevin Cornish resigned as Interim CEO.

Mr. Michael Saxon was appointed as director of the Company effective January 16, 2024.

On July 12, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of every 10 old common shares into one new common share.

On August 8, 2023, the Company granted 720,000 stock options (the "Options") to acquire 720,000 common shares of the Company at an exercise price of \$0.16 per share until August 8, 2028. Of the options granted, 135,000 options vest over three years in four equal instalments as follows: 25% available upon grant, 25% on the first anniversary, 25% on the second anniversary, and 25% on the third anniversary. The remaining 585,000 of the options vest immediately.

On December 12, 2023, the resolution to authorize and approve the 10% rolling stock option plan of the Company was approved by a majority of votes cast by the shareholders who voted in respect of the resolution at the Company's annual general and special meeting of shareholders.

On December 14, 2023, the Company proposed a non-brokered equity financing to raise up to \$1,000,000 through the offering of up to 10,000,000 units at a price of \$0.10 per unit. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional share of the Company at an exercise price of \$0.25 for a period of three years from the closing date of the offering. As of the date of these condensed interim consolidated financial statements, the offering has not been completed.

On January 17, 2024, the Company received loans of \$36,765 (C\$50,000) from a third party. The loan is secured, bears interest at 10% per annum and is due on demand. The loan is secured by all of the Company's property and assets.

On February 29, 2024, a claim was commenced against the Company by Daniel Stolyarov and Elena Polyakova. The claim is based on allegations relating to the enforcement of the former employee's employment agreements. The plaintiffs are seeking \$819,668 of unpaid salary and damages. On April 11, 2024, the company filed a response to defend the claim and filed a counterclaim against the former employees. The likelihood of outcome of the case or any monetary considerations is not known at this time. Due to this lawsuit, investment and revenue generating opportunities have been significantly hindered.

On February 22, 2024, the Company entered into a Technology License Agreement (the "Agreement") with Graphene Corp. (the "Licensor"), a subsidiary of Elcora Advanced Materials Corp., in respect of intellectual property rights associated with graphene coating technology (the "Subject Technology"). The License for the Subject Technology is for a period of up to February 1, 2026 and is non-exclusive, non-sublicensable and non-transferable. In consideration for the license, the Company will issue of 3,333,333 common shares of the Company (the "Shares") at a deemed price of \$0.09 per Share. On March 25, 2024, the Company closed the Agreement and issued 3,333,333 common shares of the Company pursuant to the Agreement.

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Management Discussion and Analysis For the period ended February 29, 2024 and February 28, 2023

1.5 RESULTS OF OPERATIONS

Period ended February 29, 2024 compared with the period ended February 28, 2023

During the period ended February 29, 2024, the Company reported a net loss of \$1,013,054 compared to a net loss of \$2,006,299 in February 28, 2023. The decrease in net loss was primarily the result of a decrease in expenses to \$1,854,256 from \$3,225,872 in the comparative period. The decrease in expenses was mainly a result of a decrease in general and administrative expenses particularly office expenses, professional fees and salaries and wages. The reductions were a result of reducing expenditures.

Research and development expenditures are summarized as follows (expressed in US dollars, unless otherwise noted):

	Quarter ended Feb 29, 2024	Quarter ended Nov 30, 2023	Quarter ended Aug 31, 2023	Quarter ended May 31, 2023	Quarter ended Feb 28, 2023 ⁽¹⁾	Quarter ended Nov 30, 2022 ⁽¹⁾	Quarter ended Aug 31, 2022 ⁽¹⁾	Quarter ended May 31, 2022 ⁽²⁾
R&D personnel	25,728	29,061	29,502	25,317	29,502	24,558	25,987	12,643
R&D equipment and supplies	413	1,525	830	20,216	9,220	18,961	53,660	(181,266)
Patent registration expense	-	-	-	23,051	-	2,487	7,610	20,576
Total R&D expenses	26,141	30,586	30,332	68,584	38,722	46,006	87,257	(148,007)

⁽¹⁾ Patent registration expenses decreased during the first three quarters of fiscal 2023 as the Company was granted patents that were previously in progress.

⁽²⁾ During the quarter ended May 31, 2022, the Company reversed the accrued R&D equipment and supplies of \$151,600 as a result of the testing of Graphene Oxide that was cancelled during the period.

1.6 SUMMARY OF QUARTERLY RESULTS

The following table contains summary financial information (expressed in US dollars, unless otherwise noted) taken from the Company's quarterly and annual financial reports covering the last eight reporting quarters. The information set forth should be read in conjunction with the audited annual financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related notes thereon. The Company has reclassified certain fulfillment fees in fiscal 2022 from general and administrative costs to conform with current period presentation. These costs were immaterial in 2022.

	Quarter ended Feb 29, 2023 ⁽¹⁾	Quarter ended Nov 30, 2023 ⁽¹⁾	Quarter ended Aug 31, 2023 ⁽²⁾	Quarter ended May 31, 2023 ⁽³⁾	Quarter ended Feb 28, 2023 ⁽⁴⁾	Quarter ended Nov 30, 2022 ⁽⁵⁾	Quarter ended Aug 31, 2022 ⁽⁶⁾	Quarter ended May 31, 2022 ⁽⁷⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	222,273	298,022	320,907	330,301	370,646	490,527	358,400	358,540
Cost of goods sold	(123,926)	(307,264)	(233,347)	(281,894)	(316,426)	(529,994)	(225,470)	(174,744)
Gross profit	98,347	(9,242)	87,560	48,407	54,220	(39,467)	132,930	183,796
Operating expenses	(247,501)	(427,712)	(514,506)	(765,216)	(500,746)	(872,419)	(780,817)	(539,593)
Other income/ (expenses)	-	-	-	-	-	-	-	-
Net loss	(149,154)	(436,954)	(426,946)	(716,809)	(446,526)	(911,886)	(647,887)	(3,132,553)
Comprehensive loss	(149,379)	(437,702)	(433,924)	(782,840)	(447,044)	(936,580)	(626,983)	(3,137,058)
Net loss per share (basic and diluted)	(\$0.01)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.06)	(\$0.05)	(\$0.25)
Total assets	964,247	832,321	1,129,035	1,441,003	1,856,490	2,217,306	3,122,687	3,761,922
Shareholders' equity	33,529	178,811	611,106	971,458	1,602,078	1,992,407	2,872,171	3,499,906

⁽¹⁾ During the quarter ended February 29, 2024, net loss decreased as a result of reduced expenditures to conserve cash. Revenues decreased over previous quarters as a result of reduced sales which also reduced cost of goods sold.

⁽²⁾ During the quarter ended November 30, 2023, the net loss remained consistent with prior quarter as the Company continued with reduced expenditures to preserve cash. Revenues remained relatively consistent to August 31, 2023 with a reduction of \$22,885. During November 30, 2023, the Company's gross margin decreased to \$9,242 from \$87,560 in the previous quarter as a result of an increase in cost of goods sold. The increase in cost of goods sold over all other quarters was partially due to liquidations of inventory, increases in Amazon fulfillment fees and an increase in the cost of materials during Q2. The decrease in assets during fiscal 2024 was primarily due to a reduction in cash.

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⁽²⁾ During the quarter ended August 31, 2023, the decrease in net loss was primarily due to a decrease in operating expenses, cost of goods sold, particularly general and administrative expenses, marketing and research and development. The Company reduced expenditures to preserve cash. Revenues remained relatively consistent to May 31, 2023 with a small reduction of \$9,394, quarter over quarter. During August 31, 2023, the Company's gross margin improved to \$87,560 from \$48,407 in the previous quarter.

⁽³⁾ During the quarter ended May 31, 2023, the increase in net loss was primarily due to an increase in operating expenses, particularly salaries and wages and share-based compensation.

⁽⁴⁾ The decrease in net loss was primarily due to favorable product sales mix and lower general and administrative and professional fees expenses.

1.6 SUMMARY OF QUARTERLY RESULTS (CONTINUED)

⁽⁵⁾ The increase in cost of goods sold and decrease in gross profit during the quarter ended November 30, 2022 compared to the quarter ended August 31, 2022 was primarily the result of an increase in fulfillment fees.

⁽⁶⁾ The increase in net loss during the quarter ended August 31, 2022 compared to previous quarters was primarily due to the sales mix and increased general and administrative expenses. General and administrative expenses were higher due to the launch of the new Breathe+ products.

⁽⁷⁾ The increase in gross profit for the quarter ended May 31, 2022 was primarily due to the steady increases in sales and an improved management on the inventory and cost allocation, yet partial offset by the increase in the shipping costs as a result of the pandemic effect. The increase in net loss for the quarter ended May 31, 2022 related to a \$2,776,756 impairment of the GX Technologies, LLC intangible assets recorded during the quarter.

1.7 LIQUIDITY AND CAPITAL RESOURCES

As at February 29, 2024, the Company had working capital deficit of \$236,931 (May 31, 2023 - \$669,079). As at February 29, 2024, cash and cash equivalents totaled \$19,862 (May 31, 2023 - \$390,440). The Company has used cash from the recent sales of goods and previous financings for operations which has resulted in a decrease in cash and equivalents and working capital.

Cash used in operating activities during the period ended February 29, 2024 was \$314,982 (2023 - \$1,259,182). Cash used in investing activities during the period ended February 29, 2024, was \$4,349 (2023 - \$28,000). Cash used in investing activities in 2024 and 2023 are related to the purchase of equipment. Cash spent from financing activities during the period ended February 29, 2024 was \$43,076 (2023 - \$132,888). The main use of funds for financing activities was the payment of principal of lease payments and the receipt of a C\$50,000 demand loan in fiscal 2024. The loan is secured by all of the Company's property and assets and bears interest at 10%.

As at February 29, 2024, the Company's share capital was \$16,487,601 (May 31, 2023 - \$16,487,601), which represented 16,367,919 issued and outstanding common shares without par value. As at February 29, 2024 and May 31, 2023, warrant reserves was \$Nil and contributed surplus was \$3,676,739 (May 31, 2023 - \$3,593,663). As at February 29, 2024, the Company's retained losses increased to \$19,958,477 (May 31, 2023 - \$18,945,423) due to the net loss of \$1,013,054 (2023 - \$2,006,299) during the period ended February 29, 2024.

The Company's ability to meet its administrative expenses and complete its planned research and development activities and its ramp-up of commercial operations is ultimately dependent upon management's ability to secure additional financing and resolve the lawsuit. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

1.8 COMMITMENTS

The Company entered into a three-year lease agreement for the Company's facilities in Ronkonkoma, New York, USA beginning on January 1, 2018 and ending on December 31, 2020, which required monthly payments of \$8,000. Subsequently the Company renewed another three-year lease agreement for the Company's facilities beginning on January 1, 2021 and ending on December 31, 2023, which requires monthly payments of \$8,240. Upon adoption of IFRS 16 effective in fiscal 2020, the Company recognized a right-of-use asset and a lease liability of \$145,382. On November 22, 2021, the Company amended the lease agreement by increasing the monthly payment from \$8,240 to \$8,487 during the periods from January 1, 2022 to December 31, 2022. On December 2, 2022, the Company amended the lease agreement by increasing the monthly payment to \$8,793. As a result, the Company increased the lease liability of \$102,670 in connection with the amendments of the lease agreement for the Company's facilities in Ronkonkoma, New York, USA.

On expiry of the lease on December 31, 2023, the Company extended the lease for three additional years until December 31, 2026. Pursuant to the extension the Company is required to pay rent of \$9,400 per month. The Company recognized a right-

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of-use asset and a lease liability of \$276,389. The Company used a 14.5% discount rate, its incremental borrowing rate, to calculate the present value of the future lease payments and the lease interest expense.

On November 23, 2021, the Company entered into another 12-month lease agreement for the expansion of Company's facilities in Cerritos, California, USA beginning on January 1, 2022 and ending on December 31, 2022, which required monthly payments of \$7,985. The Company recognized a right-of-use asset and a lease liability of \$192,341. The Company used a 6% discount rate, its incremental borrowing rate, to calculate the present value of the future lease payments and the lease interest expense. The lease was not renewed upon expiration on December 31, 2022.

1.8 COMMITMENTS (CONTINUED)

RIGHT-OF-USE ASSET

	\$
Cost:	
Balance, May 31, 2022	609,934
Addition	102,670
Balance, May 31, 2023	712,604
Addition	276,389
Balance, February 29, 2024	988,993
Accumulated Amortization:	
Balance, May 31, 2022	497,735
Amortization	154,979
Balance, May 31, 2023	652,714
Amortization	75,245
Balance, February 29, 2024	727,959
Net Book Value:	
May 31, 2023	59,890
February 29, 2024	261,034

LEASE LIABILITY

	\$
Balance, May 31, 2022	113,596
Lease interest expense	3,636
Addition	102,670
Payments	(159,267)
Balance, May 31, 2023	60,635
Additions	276,389
Lease interest expense	7,289
Payments	(80,346)
Balance, February 29, 2024	263,967
Current portion of lease liability	81,140
Long-term portion of lease liability	182,827

1.9 RELATED PARTIES TRANSACTIONS AND BALANCES

Key management includes directors and officers of the Company. The Company incurred the following key management compensation charges during the period ended February 29, 2024 and February 28, 2023:

	2024	2023
	\$	\$
Salaries, bonuses, fees and benefits	304,553	172,538

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Share-based compensation	52,603	89,988
	357,156	262,526

The Company had the following transactions with related parties:

As at February 29, 2024, the Company owed \$338,441 (May 31, 2023 – \$94,759) to related parties which is included in accounts payable and accrued liabilities. The amounts due are unsecured, non-interest bearing and have no fixed terms of repayment. Transactions with related parties are incurred in the normal course of operation and recorded at fair value.

1.10 RISKS AND UNCERTAINTIES

An investment in the Company's securities involves a high degree of risk. Potential investors should carefully consider the following information about these risks. If any of the following risks actually occur, the business, financial condition and prospects of the Company could be materially adversely affected. In that case, the value of any securities of the Company could also decline and investors could lose all or part of their investment.

The risks and uncertainties described below are those that the Company's management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that management currently are not aware of or deem immaterial, may also result in decreased operating revenues, increased operating expenses or other events that could result in a decline in the value of any securities of the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in Management Discussion and Analysis.

An investment in the securities of the Company is highly speculative.

Risks Related to Business and Industry

If the market does not develop as we expect, our products may not be accepted by the market. As such:

- there is significant competition in the Company's market, which could make it difficult to attract customers and cause the Company to reduce prices and incur lower gross margins;
- the long sales cycle for many of the Company's products makes the timing of revenues difficult to predict;
- the Company may not be able to generate operating profits;
- the Company plans to grow rapidly, which will place strains on the management team and other resources;
- the Company may not be able to hire the number of skilled employees that it needs to achieve its business plan;
- loss of key management, sales or customer service personnel could adversely affect the Company's results of operations;
- if the Company's manufacturing facilities are disrupted, sales of its products could be disrupted and the Company could incur unforeseen costs;
- global economic, political, biological and social conditions may harm the Company's ability to do business, increase its costs, and negatively affect its stock price;
- the Company may need to raise additional capital from time to time to achieve its growth strategy and may be unable to do so on attractive terms; and the Company's operating results and financial condition may fluctuate on a quarterly and annual basis.

The Company's operating results and financial condition may fluctuate due to many factors, including those listed below and those identified throughout this "Risk Factors" section:

- the development of new competitive systems or processes by others;
- the entry of new competitors into the Company's market, whether by established or new companies;
- changes in the size and complexity of the Company's organization, including its international operations;
- levels of sales of the Company's products and services to new and existing customers;
- the geographic distribution of the Company's sales;
- changes in product developer preferences or needs;
- delays between the Company's expenditures to develop, acquire or license new technologies and processes, and the generation of sales related thereto;

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- the Company’s ability to timely and effectively scale its business during periods of sequential quarterly or annual growth;
- limitations or delays in the Company’s ability to reduce its expenses during periods of declining sequential quarterly or annual revenue;
- changes in the Company’s pricing policies or those of its competitors, including its responses to price competition;
- changes in the amount the Company spends in marketing and other efforts;

1.10 RISKS AND UNCERTAINTIES (CONTINUED)

- the volatile global economy;
- general economic and industry conditions that affect customer demand and product development trends;
- changes in accounting rules and tax and other laws;
- becoming subject to personal injury, property damage, product liability, warranty and other claims involving allegedly defective products that the Company supplies, which could result in material expense, diversion of management time and attention and damage to its business reputation;
- potential failure of efficacy tests and any other tests of the Company’s proprietary technologies related to air purification intellectual property, products or services;
- potential failure to obtain the required accreditations for the Company’s intellectual property, products or services from regulatory authorities or other agencies in the United States or other national or regional jurisdictions;
- interruptions associated with supplier-based delays or operational interruptions of manufacturing partners;
- inadequacy of insurance for potential liabilities; and
- a partially uninsured claim of significant size, which, if successful, could materially adversely affect the Company’s business, financial condition, results of operations and liquidity.

Risks Related to Intellectual Property

The Company may not be able to obtain patent protection or otherwise adequately protect or enforce our intellectual property rights, which could impair its competitive position in the following ways:

- obtaining and maintaining the Company’s patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and its patent protection could be reduced or eliminated for non-compliance with these requirements;
- the Company may incur substantial costs defending against third-party infringement claims as a result of litigation or other proceedings; and
- the failure to expand the Company’s intellectual property portfolio could adversely affect the growth of its business and results of operations.

1.11 OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares with no par value. As at the date of this MD&A, the following common shares, options and share purchase warrants were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	16,367,919		
Stock Options	90,000	C\$0.80	October 14, 2025
	22,500	C\$0.16	October 25, 2024
	60,000	C\$0.80	October 25, 2024
	80,000	C\$1.00	October 25, 2024
	22,500	C\$0.16	January 4, 2025
	60,000	C\$0.80	January 4, 2025
	80,000	C\$1.00	January 4, 2025
	160,000	C\$1.00	March 16, 2027
	540,000	C\$0.16	August 16, 2028

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Fully Diluted as of the filing date of this MD&A	17,482,919		
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OTCQB Listing

The Company has been verified to trade on OTCQB®, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group (OTCQX: OTCM) and began trading October 7, 2014. Euro Pacific Capital, Inc. is a qualified Principal American Liaison (“PAL”) and has submitted a Letter of Introduction for the Company in accordance with the standards for trading on OTCQB.

1.12 OPERATING SEGMENTS

The Company operates in one reportable segment – the research, development and manufacturing of graphene-enhanced materials. Substantially all of the Company’s revenue was generated in the U.S. and all capital assets are located in the U.S.

1.13 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Estimates

The key sources of estimation that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Share-based compensation

Share-based compensation is subject to the estimation of the fair value of the award at the date of grant using the Black-Scholes pricing model which is based on significant assumptions such as volatility, dividend yield, expected term and forfeitures.

Estimated useful lives of long-lived assets and intangible assets

Management reviews the useful lives of intangible and depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to the application and technology development.

Identification and valuation of intangible assets acquired in business combinations

In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, management, with assistance from an independent valuation expert where necessary, develops the fair value using appropriate valuation techniques which are based on a forecast of the total expected future net cash flows. In determining the fair value of the intangible assets at the acquisition date, the Company’s significant assumptions include the estimated future net cash flows and the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for no more than one year from the acquisition date.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, which include intangible assets, are reviewed at each reporting date to determine whether there are any events or changes that are indicators of impairment. If such an indication exists, then

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the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together in the smallest group of assets that generate cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets or cash generating units ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. In assessing value in use, future discounted cash flows are estimated. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss. The Company evaluates impairment losses for potential reversals (other than goodwill) when events or circumstances warrant such consideration.

1.13 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates (Continued)

Right-of-use assets and lease liability incremental borrowing rate

The Company has applied estimates for the incremental borrowing rate used in lease analysis, which significantly affects the amount of lease liability and right-of-use assets recognized.

Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for trade receivables in accordance with IFRS 9. The ECL model requires considerable judgement, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Inventory

The Company's inventory is measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overhead costs.

An allowance for obsolete or slow-moving inventories is made where necessary. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Judgements

The key areas of judgement that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Right-of-use assets and lease liability

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options, which significantly affects the amount of lease liability and right-of-use assets recognized.

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Determination of functional currency

The Company gives priority to the considerations outlined in IAS 21 when determining functional currencies of its entities based on which currency most faithfully represents the economic effects of the underlying transactions and events.

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1.13 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgments (Continued)

Determination of CGUs

The Company gives priority to the considerations outlined in IAS 36 when determining CGUs based on the smallest identifiable group of assets that generate cash inflows largely independently of other assets or groups of assets.

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable income will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from this process impacts the amount of the deferred tax assets management judges is probable.

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities and loan payable.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	19,862	-	-	19,862

The Company has determined that the carrying values of its accounts receivable, accounts payable and accrued liabilities and loan payable approximate their fair value due to the short-term maturities of these financial instruments.

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash and cash equivalents with large United States and Canadian chartered banks. The Company manages credit risk for accounts receivable through established credit monitoring activities. As at February 29, 2024, the Company's maximum exposure to credit risk is the carrying value of cash and cash equivalents and accounts receivable.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at February 29, 2024 and May 31, 2023, the Company is not exposed to significant interest rate risk.

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1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (CONTINUED)

iii) Currency risk

The Company has transactions internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the US Dollar, which is the functional currency of the Company. As at February 29, 2024, the Company held C\$5,061 (May 31, 2023 - C\$206,711) in Canadian dollar cash and cash equivalents. A 10% increase or decrease in the Canadian dollar would increase or decrease comprehensive income by \$12,598 (2023 - \$26,335).

iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. As at February 29, 2024, the Company has cash and cash equivalents of \$19,862 and a working capital deficit of \$236,931.

As at February 29, 2024	Up to 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	629,481	-	629,481
Loan payable	37,270	-	37,270
Lease liability	81,140	182,827	263,967
	747,891	182,827	930,718

iv) Liquidity risk (continued)

As at May 31, 2023	Up to 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	408,910	-	408,910
Current portion of lease liability	60,635	-	60,635
	469,545	-	469,545

APPROVAL

The Board of Directors of G6 has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

ADDITIONAL INFORMATION

Additional information related to G6 is on SEDAR+ at www.sedarplus.ca and the Company's website <http://www.G6-Materials.com>.