GRAPHENE 3D LAB INC.
Management Discussion and Analysis
For the nine months ended February 28, 2015

This Management Discussion and Analysis of Graphene 3D Lab Inc.(formerly Matnic Resources Inc.) (the "Company" or "Graphene 3D") provides analysis of the Company's financial results for the nine months ended February 28, 2015. The following information should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes to the unaudited condensed interim consolidated financial statements for the nine months ended February 28, 2015, 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 Management Discussion and Analysis should also be read in conjunction with the audited financial statements of Graphene 3D Lab (U.S.) Inc. and the accompanying notes for the period ended May 31, 2014, which were also prepared in accordance with IFRS.

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 Discussion, 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 completion of the Corporate RTO Transaction and matters relating thereto; and 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 a number of 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, among others, risks related to Graphene 3D's proposed business such as failure of the business strategy, stable supply prices, demand and market prices for 3D printing products, and government regulation; risks related to Graphene 3D's operations, such as additional financing requirements and access to capital, reliance on key and qualified personnel, insurance, competition, intellectual property and reliable supply chains; risks related to Graphene 3D 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 27, 2015.

1.2 Company Overview

Graphene 3D Lab Inc. (the "Company"), formerly MatNic Resources Inc. ("MatNic") 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. through a reverse acquisition/takeover transaction ("Transaction"). The historical operations, assets and liabilities of Graphene 3D Lab (U.S.) Inc. are included as the comparative figures as at and for the period ended May 31, 2014, which is 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.

In association with the Transaction, MatNic changed its name to Graphene 3D Lab Inc. and concurrent with the closing of the transaction, the Company effected a change in directors, management and business. 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 Lab (U.S.) Inc. is a C-corporation, organized on September 3, 2013 under the laws of the State of Delaware. The founders of the corporation are: Daniel Stolyarov, Ph.D, CEO, Elena Polyakova, Ph.D, COO, and Prof. Michael Gouzman, VP of Engineering and Technology. 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 Lab (U.S.) Inc. is a spinout of Graphene Laboratories, Inc., a widely recognized brand and source for 2D materials, such as various forms of graphene, which is a separate and distinct business from Graphene 3D Lab (U.S.) Inc. (described in further detail below). Graphene Laboratories Inc. owns and operates the Graphene Supermarket (www.graphenesupermarket.com) - the leading source for advanced 2D materials. Graphene Laboratories client list is comprised of more than 6,500 customers worldwide, including nearly every Fortune 500 tech company and major research university. Some notable clients are: NASA, Ford Motor Co., Honda, GE, Apple, Xerox, Samsung, Harvard University, IBM and Stanford University.

The Company's principal business is the development and manufacturing of graphene-enhanced materials for 3D printing, with proprietary technologies aimed at enhancing the properties of materials currently used in 3D printers.

1.3 Nature of Business

Graphene 3D is located in Calverton, New York at Stony Brook University's Business Incubator. Our current facility is well equipped with wet chemistry benches, material processing areas, as well as office and general production space. Our current facility can accommodate up to 20 employees, and is well-suited to short term projects. Graphene 3D staff has established partnerships with two world-class research institutions located relatively close to our facilities: Brookhaven National Laboratory and Stony Brook University (SUNY). Our team takes advantage of these partnerships by having access to local talent, teaming up with local research staff, and by having on-demand access to advanced scientific equipment.

It is our vision to capitalize on the extraordinarily disruptive potential of 3D printing to offer products and services which enable printing of entire devices, from aesthetics to electronics in a one-step, fully-computerized process. 3D printing is considered as significant to manufacturing as the advent of the modern assembly line; it is already being taken advantage of by multi-billion dollar industries including aerospace, automotive, and defense. The 3D printing industry itself is currently a few-billion dollar industry and continues to experience significant growth. We aim to utilize graphene – widely recognized for its extraordinary strength and conductivity – to offer technology enabling the printing of entire operational devices; this as of yet unrealized advancement can move 3D printing from a novel and niche technology to the manufacturing process of choice in nearly every industry.

Over the past two quarters, Graphene 3D Lab has continued to meet milestones as established in its business plan. Several notable steps taken to achieve the Company's timelines include: completion of development and beta testing of its webstore, where Graphene 3D will retail its conductive graphene-enhanced 3D printing filament; continued development of its intellectual property portfolio; the purchase, delivery, and assembly of industrial-scale filament manufacturing equipment for extruding specialty filaments.

Key talks were given by management of the Company, including Dr. Elena Polyakova's talk at the World Congress of 3D Printing in Dalian, China, which took place in late June, at the Graphene World Summit and at Euro Pacific Capital's Annual Global Investment Conference in early September. She also presented talks at 3D Printing LIVE! USA in Santa Clara, California and the 4th annual Graphite & Graphene Conference in Berlin. In the talks, Dr. Polyakova overviewed graphene's applications in advanced composites and commercial applications of specialty 3D printing materials, as well as, advances in 3D printing with conductive filaments made by Graphene 3D Lab.

On September 2nd, Graphene 3D Lab announced that it had filed a provisional patent application related to its 3D printed battery technology, which was submitted to the U.S. Patent and Trademark Office. The patent application includes the materials and methods used to develop a 3D printed battery which incorporates graphene technology. The 3D printed battery technology was presented at the Inside 3D Printing conference in Santa Clara, CA by CEO Dr. Daniel Stolyarov in mid-October. The demonstration was positively received by media outlets including Forbes and VICE, and garnered a high-degree of commercial interest.

In October, Mr. Gil Mayron was appointed as Chief Marketing Officer. Gil Mayron was the founder of BotMill, one of the first companies to manufacture and distribute desktop 3D printers to the consumer market. BotMill was acquired by 3D Systems in August 2011. Mr. Mayron then joined 3D Systems' business development team, identifying and managing strategic partnerships, new licensing opportunities and initiated several high-level branding partnerships. At Graphene 3D, Mr. Mayron will be responsible for developing distribution channels, identifying potential business partners and acquisition targets, and negotiating new business arrangements.

In the previous quarter, the Company ordered lab and commercial scale extruders from China and Florida for the manufacture of filament, and has devised several formulations for the filament. This equipment was received in late November. During the quarter, the Company assembled an industrial-scale thermoplastic extruder line to be used in the production of conductive graphic filament. The installation of this extruder-line has been completed and tested for the production of specialty filaments. Graphene 3D Lab's Conductive Graphene Filament was brought to market at www.blackmagic3d.com in mid-March. The Company completed its product launch and our team continues to work hard to meet demand for our cornerstone offering. Following strong interest in the initial offering, Graphene 3D continues to receive new orders and has begun fulfilling bulk orders from distributors.

In February, ZeGo Robotics was contracted to begin work on a prototype of a proprietary 3D printer, specifically designed for compatibility with Graphene 3D Lab's Conductive Graphene Filament. As per the agreement, all intellectual property developed during the contract will be assigned to Graphene 3D Lab Inc, and the Company is granted a perpetual, royalty-free license to use pre-existing ZeGo IP for integration with the 3D printer.

A Memorandum of Understanding (MOU) was also signed with Taulman 3D LLC, a specialty 3D printing material company focused on high-strength materials, which laid the foundation for joint research and development on conductive nylon materials. The agreement also granted Graphene 3D exclusive distribution rights for Taulman's Nylon 680, a novel high-strength 3D printing material, for a period of two years in the USA, Canada, and Mexico. Nylon 680 was launched with Taulman in March.

In January, Jason Martin was appointed to the Company's Board of Directors and assumed the role of Board Chair on March 16, 2015. Mr. Martin currently serves as the President and CEO of Iotum, an international company that produces innovative voice and mobile services. In 1998, he founded Navantis, a company focused on solving business problems through technology, where he served as President for 13 years. During his tenure with the company Mr. Martin formed many strategic partnerships; most notably, Navantis became one of the world's first 25 Microsoft solutions partners.

Mr. Martin has extensive experience in entrepreneurship, specifically in the technology industry. He has been an active member of YPO (Young Presidents Organization) for ten years. He is a judge for the Queen's Entrepreneur's Competition, a mentor for the Next36, and has taught technology strategy at the University of Toronto. Mr. Martin also serves the boards of several private companies and early stage businesses in Canada and the US. His extensive background with emerging companies in the technology industry and his successful track record in forming successful large scale partnerships will no doubt be an asset to the Company moving forward.

1.4 Reverse Acquisition/Takeover Transaction

The consolidated financial statements of the combined entities are issued under the legal parent, MatNic, but are considered a continuation of the financial statements of the legal subsidiary, Graphene 3D Lab (U.S.) Inc. Since Graphene 3D Lab (U.S.) Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

On August 8, 2014, the Company acquired 100% ownership of Graphene 3D Lab (U.S.) Inc. by issuing 21,100,000 of its common shares the shareholders of Graphene 3D Lab (U.S.) Inc. and 4,500,000 common shares and 4,500,000 common share purchase warrants to the holders of the convertible promissory notes. For accounting purposes, the acquisition is considered to be a reverse acquisition/takeover transaction since MatNic, prior to the acquisition, did not constitute a business. Graphene 3D Lab (U.S.) Inc. is deemed to have issued shares and share purchase warrants in exchange for the net obligations of MatNic together with its listing status at the assessed fair value of the consideration which has been recorded in the consolidated statement of operations as listing expense.

1.5 Selected Financial Information

The following table contains selected financial information for the quarter ended February 28, 2015 and the previous five quarters commencing of September 3, 2013, the date of incorporation of Graphene 3D Lab (U.S.) Inc.:

	Quarter ended February 28, 2015 $	**Quarter ended November 30, 2014 $**	**Quarter ended August 31, 2014 $**	**Quarter ended May 31, 2014 $**	**Quarter ended February 28, 2014 $**	**September 3, 2013 to November 30, 2013 $**
Research and development	98,947	61,068	40,177	51,148	7,327	2,423
Salaries and benefits	121,037	89,238	14,618	-	-	-
Professional fees	67,254	126,655	71,604	50,622	3,951	13,704
Marketing and investor relations	44,727	56,111	26,335	8,279	6,104	971
Regulatory fees	15,448	30,729	4,857	-	-	-
Listing fee expense	-	(44,784)	1,507,997	-	-	-
Stock based compensation	411,454	390,886	300,585	-	-	-
Office and administrative	24,147	21,626	15,972	10,334	2,520	1,163
Travel	25,063	26,111	1,805	5,080	-	-
Depreciation	13,776	2,176	2,176	3,316	1,865	-
Foreign exchange loss	44,515	1,777	2,026	4,824	4,043	-
Net loss	866,368	761,593	1,988,153	133,603	25,810	18,260
Foreign currency translation	11,093	7,538	5,674	-	-	-
Comprehensive Loss	877,461	769,131	1,993,827	133,603	25,810	18,260
Net loss per share	$0.02	$0.02	$0.08	$0.006	$0.001	$0.001
Weighted average number of common shares outstanding	42,812,915	40,694,423	25, 616,875	21,100,000	24,680,605	16,391,735

1.6 Results of Operations

The current quarter provides for the second full operational quarter after the Company's RTO Transaction. The consolidated net loss for the quarter ended February 28, 2015 was $877,368 or $0.02 per share as compared to $761,593 or $0.02 per share in the quarter ended November 30, 2014. In the quarter ended August 31, 2014, there is a full accounting for the RTO Transaction including $1.5 million of listing fee expense and the Company's consolidated net loss for the quarter was $1,988,153 or $0.08 per share.

During the two full quarters since the corporate RTO transaction the Company ramped up its research and development budget and activities. In the current quarter the Company expanded these activities with the purchase of research and development equipment and supplies to set-up the extruders acquired late in the previous quarter. These costs accumulated to $80,000 for the period ended February 28, 2015 including $48,000 in the current quarter and $30,000 in the previous quarter. The Company also incurred costs for research scientists and consultants of $70,000 and patent registration costs of $24,000 in the period ended February 28, 2015.

Upon completion of the RTO Transaction, the Company commenced funding salaries and benefits for its executive and other permanent staff in mid August. In the quarter ended November 30, 2014, the Company funded salaries and benefits for the full three months and during this quarter the Company hired additional employees. The full cost of these new employees was included for the full quarter ended February 28, 2015.

In the current quarter the Company incurred professional fees of $67,254 (previous quarter $126,655) including $21,393 (previous quarter - $32,025) for financial services and $20,512 (previous quarter - $16,626) for legal services associated with its transition from a private to a public company. The Company also incurred audit fees, certain patent filing costs and other consulting fees associated with its business transition and development processes. In the quarter ended August 31, 2014, the Company's professional fees of $71,604 (quarter ended May 31, 2014 - $50,622) which included initial legal fees associated with the establishment of the business, accounting fees and certain fees associated with the Company's patents.

In association with its new public listing the Company also incurred regulatory filing costs of $4,857 in the quarter ended August 31, 2014 and $30,729 in the quarter ended November 30, 2014. In the previous quarter the Company was verified to trade on the on OTCQB, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group. The initial costs to list on the OTCQB included $3,700 for the preparation of the Company's corporate description in recognized security manuals under the individual state securities laws also known as the "Blue Sky" laws. The Company incurred a one-time fee of $10,000 payable to EuroPac, the Company's qualified Principal American Liaison ("PAL"). The Company also incurred a prepaid annual PAL fee of $25,000 which is being amortized over the year. In the current quarter ended February 28, 2015, the Company continued to amortize the prepaid annual PAL fee at $6,300 per quarter and incurred approximately $4,000 in association with its last Annual General Meeting of MatNic for its year ended July 31, 2014. This meeting was held at the end of January 2015.

In the current quarter, the Company incurred marketing and investor relations costs of $44,726 (previous quarter - $56,111) including $13,698 (previous quarter - $9,242) for marketing and website development, investor relations fees of $15,982 (previous quarter $9,323) and public relations fees of $15,046 (previous quarter - $22,936). In the quarter ended August 28, 2014, the Company incurred marketing costs of $26,335 including $18,310 for marketing and website development and $8,025 for investor relations services.

As a result of the RTO Transaction, the Company incurred listing fees of $1,463,213 which is comprised Matnic's net working capital deficiency on the closing date, the fair value of shares and warrants of the Company deemed to be issued by Matnic to its former shareholders, the warrants issued to convertible promissory note holders, as well as, other direct expenses of the RTO Transaction. In the previous quarter the Company received a tax refund of $44,784 for exploration tax credits outstanding at the date of the RTO Transaction. This amount has been recorded as a reduction in the working capital deficiency acquired. The components of the listing fee expense are summarized as follows:

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Net working capital deficiency assumed	111,711
Common shares deemed to be issued by MatNic to its former shareholders (6,367,500 shares at US$0.091 (C$0.10) per share)	578,970
Warrants deemed to be issued by MatNic to its former warrant holders (3,000,000 warrants exercisable at US$0.0675 (C$0.075) until February 27, 2017)	228,000
Warrants issued in exchange for convertible promissory notes (4,500,000 warrants exercisable at US$0.064 (C$0.07) until August 8, 2017)	358,000
Sponsor's fee (including Sponsor's legal costs)	59,306
Legal and other transaction costs	127,227
	1,463,213

The Company has estimated the fair value of the equity instruments deemed to be issued by MatNic. The fair value of the common shares amounted to $578,970 (C$636,750), based on the trading value of the MatNic shares at the price of $0.091

(C$0.10) per share. The fair value of the Matnic warrants, exercisable at $0.0675 (C$0.075) per share for 30 months, amounted to $228,000. The fair value of the warrants issued in association with the convertible promissory notes, exercisable at $0.064 (C$0.07) per share for 36 months, amounted to $358,000. The fair values were estimated using the Black Scholes pricing model applying an expected volatility of 165%, a risk free interest rate of 1% with no expected dividend yield and a term of 30 and 36 months, respectively.

During the period ended August 31, 2014, the Company granted 2,075,000 stock options to directors, employees and consultants of the Company. During the current quarter to the Company issued an additional 400,000 to a new director and two consultants. The exercise price of the options is C$1.00. The fair value of the stock options granted was estimated at the grant date using the Black-Scholes option pricing model. The resulting weighted average fair value at the date of grant was assessed at $0.75. The weighted average assumptions used in the option pricing model include a volatility rate of 130% based on comparable companies, an expected life of five year based on the contractual term of the options, a risk free rate of 1% with no expected dividend yield. The options have various vesting schedules over a period of one year to 42 months.

Based on the Black Scholes option pricing model and the assumptions outlined, the estimated fair value of the stock option grant is $1,630,623 for the first tranche and $236,808 for the second tranche issued in the current quarter. These amounts are amortized over the corresponding vesting periods. As a result, stock-based compensation of $411,454 has been recorded in the current quarter as compared to $390,866 in the previous quarter and $300,585 on the issuance of the first tranche. Stock based compensation for the period ended February 28, 2015 amounts to $1,463,214. Upon issuance 482,500 options vested immediately and an additional 479,107 options vested during the period ended February 28, 2015 for a total of 961,607 vested options.

The office and administrative amounts included typical administration expenses including rent, communication, insurance and other general office cost. These amounts increased slightly to $24,147 in the recent quarter with increased activities. Travel costs increased significantly over the past two quarters with $25,063 in the current quarter (previous quarter - $26,111) with extensive travel in the recent quarters for conferences, speaking engagements, financing meetings as well as some European travel.

The Company ordered lab and commercial scale extruders from China and Florida for the manufacture of filament, and has devised several formulations of filaments. Equipment costing $152,346 was purchased during the period ended February 28, 2014 and the Company commenced recording amortization on most of this equipment in the current quarter. As a result depreciation expense of $13,776 has been recorded in the current quarter as compared to $2,176 in each of the previous two quarters. Graphene 3D has made progress in the production of its conductive graphene-enhanced filaments, and continues to advance towards commercial-scale capabilities.

In the current quarter, the Company completed a financing for $1.22 million the proceeds of which were primarily denominated in Canadian dollars. Since the financing in early January to the end of the quarter the exchange rate of the Canadian dollar against the US dollar weakened from 1.186 on January 9th to 1.251 at the end of February. This resulted in the Company recording a foreign currency exchange loss in the current quarter of $44,515 (previous quarter - $1,777) which relates to its Canadian currency account. The foreign exchange loss in the quarters ended May 31, 2014 and February 28, 2014 of $4,824 and $4,043 respectively, related to its convertible promissory notes payable which were denominated in Canadian dollars. In the current quarter, the foreign currency adjustment to other comprehensive income of $11,093 (previous quarter - $7,358) represents the effect of changes in exchange rates on the foreign currency translation of the Canadian listed entity.

1.7 Liquidity and Capital Resources

	As at February 28, 2015 $	**As at May 31, 2014 $**	**As at December 31, 2013 $**
Total current assets	**1,310,125**	76,919	27,787
Equipment	**154,526**	20,308	23,623
Total assets	**1,464,651**	97,227	51,410
Total liabilities	**65,621**	228,883	22,829
Shareholders' Equity	**1,399,030**	(131,656)	28,581

As of February 28, 2015 the Company had a working capital balance of $1,244,504 as compared to a negative working capital of $151,964 at May 31, 2014. Concurrent with the RTO Transaction, the Company completed a private placement offering for gross proceeds of US$1,636,661 (C$1,800,000) by the issuance of 7,200,000 common shares at C$0.25 per share. In connection with the private placement financing the Company incurred share issue costs of $119,955. In the period ended February 28, 2015 the Company received $200,750 (C$225,000) on the exercise of 3,000,000 common share purchase warrants. On January 9, 2015 the Company completed a private placement financing issuing 1,220,000 common shares and 610,000 common share purchase warrants for gross proceeds of $1,042,735 (C$1,220,000). The common share purchase warrants have an exercise price of C$1.25 and expire on January 9, 2017. In connection with the private placement financing the Company incurred share issue costs of $44,779.

During the period ended May 31, 2014, the Company received net proceeds from the issuance of common stock of $43,021 and issued convertible promissory notes payable in the amount of $204,581 (C$225,000) which were converted to common shares and common share purchase warrants concurrent with the RTO Transaction.

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. 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 Off-Balance Sheet Arrangements

At February 28, 2015, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.9 Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in note 3 to the May 31, 2014 audited financial statements of Graphene 3D Lab (U.S.) Inc.

1.10 Transactions with Related Parties

The Company entered into the following transactions with related parties:

- During the nine months ended February 28, 2015, the Company reimbursed payroll costs of $14,087 and paid $28,007 for reimbursement of rent, accounting, research and development and other expenses to a Company controlled by common officers and directors. During the period from incorporation on September 3, 2013 to May 31, 2014 the Company paid $26,580 for similar items to a Company controlled by common officers and directors.

- During the nine months ended February 28, 2015, the Company paid professional fees of $53,300 (period ended May 31, 2014 - $7,500) to a company controlled by an officer of the Company and $3,800 to companies controlled by directors.

- During the period from incorporation on September 3, 2013 to May 31, 2014 the Company paid for reimbursements of expenses and equipment rental to directors and officers of the Company in the amount of $18,936 and the Company purchased laboratory equipment from and reimbursed research costs to a company controlled by common officers and directors of the Company in the amounts of $26,110 and $35,910, respectively.

1.11 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 occurs, 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 Graphene 3D'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 Our Business and Industry

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

Our future success depends on the acceptance of the products we will market in the marketplace. Market acceptance will depend upon several factors, including (i) the adoption by industries of graphene-based products and (ii) additive manufacturing gaining market acceptance as an alternative for industrial manufacturing. A number of factors may inhibit acceptance of the products, including (i) the existence of competing products, (ii) our inability to convince customers that they need to pay for the products and services we offer, (iii) our inability to convince corporations that they need to pay for the products and services we offer or (iv) failure of individuals and corporations to use the products. If the products are not accepted by the market, we may have to curtail our business operations, which could have a material negative effect on operating results and result in a lower stock price.

There is significant competition in our market, which could make it difficult to attract customers, cause us to reduce prices and result in reduced gross margins.

We will compete in our proposed businesses with other companies, some of which have far greater marketing and financial resources and experience than we do. We cannot guarantee that we will be able to penetrate this market and be able to compete at a profit. In addition to established competitors, other companies may enter our market and compete with us. Effective competition could result in price reductions, reduced margins or have other negative implications, any of which could adversely affect our business and chances for success. Competition is likely to increase significantly as new companies enter the market and current competitors expand their services and products. Many of these potential competitors are likely to enjoy substantial competitive advantages, including: larger technical staffs, greater name recognition, larger customer bases and substantially greater financial, marketing, technical and other resources. Any pricing pressures, reduced margins or loss of market share resulting from increased competition or our failure to compete effectively, could seriously damage our business and chances for success.

The long sales cycle for our products makes the timing of our revenues difficult to predict.

Initially, our 3D printers may have a long sales cycle. Because 3D printers are complex and typically involve significant capital investments by prospective purchasers, we and our sales agents generally will need to invest a significant amount of time educating prospective purchasers about the benefits of our products. As a result, before purchasing our products, potential purchasers may spend a substantial amount of time performing internal assessments before making a purchase. This may cause us to devote significant effort in advance of a potential sale without any guarantee of receiving any related revenues. Additionally, the "lock-in" practices of some of our competitors whereby through incentives and other means purchasers of a competitor's printer are induced into purchasing most or all of their supplies or additional equipment from that competitor may mean that we are unable to sell our filaments and other products to customers who have not purchased our printers. The effect of this may be that our potential client base is limited to those customers who have purchased one or more of our printers, and therefore our success or failure may greatly depend on our ability to sell 3D printers.

We may not be able to generate operating profits.

Since our inception, we have not generated operating profits. In the event that we are unable to execute on our business plan, we may be unable to generate profits in the future. We expect that our operating expenses will continue to increase in future periods as we pursue our growth strategies. Any future increases in our research and development expenses and selling, general and administrative expenses will directly affect our future results of operations and may have an effect on our financial condition.

We plan to grow very rapidly, which will place strains on management and other resources.

We plan to grow rapidly and significantly expand our operations. This growth will place a significant strain on management systems and resources. We will not be able to implement our business strategy in a rapidly evolving market without an effective planning and management process, and, to date, we have not implemented sophisticated managerial, operational and financial systems and controls. We may be required to manage multiple relationships with various strategic partners, users, advertisers and other third parties. These requirements will be strained in the event of rapid growth or in the number of third party relationships, and our systems, procedures or controls may not be adequate to support our operations and management may be unable to manage growth effectively. To manage our expected growth, we will be required to significantly improve or replace existing managerial, financial and operational systems, procedures and controls, and to expand, train and manage our intended growing employee base. We will be required to expand our finance, administrative and operations staff. We may be unable to complete in a timely manner the improvements to our systems, procedures and controls necessary to support future operations, management may be unable to hire, train, retain, motivate and manage required personnel and management may be unable to successfully identify, manage and exploit existing and potential market opportunities.

We may not be able to hire the number of skilled employees that we need to achieve our business plan.

For our business to grow in accordance with our business plan, we will need to hire and retain additional employees with the technical competence and engineering skills to operate our machines, improve our technology and processes. People with these skills are in short supply and may not be available in sufficient numbers to allow us to meet the goals of our business plan. If we cannot obtain the services of a sufficient number of technically skilled employees, we may not be able to achieve our planned rate of growth, which could adversely affect our results of operations.

Loss of key management or sales or customer service personnel could adversely affect our results of operations.

Our future success depends to a significant extent on the skills, experience and efforts of our management and other key personnel. We must continue to develop and retain a core group of management individuals if we are to realize our goal of continued expansion and growth. High demand exists for management and other key personnel in the additive manufacturing industry, and there can be no assurance that we will be able to retain such personnel and the loss of any or all of these individuals could materially and adversely affect our business. We do not carry key-man insurance on any member of management.

If our manufacturing facilities are disrupted, sales of our products will be disrupted, and we could incur unforeseen costs.

We plan on performing the final assembly of our 3D printers and manufacturing our filament at our facilities in Calverton, New York. If the operation of this facility is disrupted, we would be unable to fulfill customer orders for the period of the disruption. We would not be able to recognize revenue on orders that we could not ship, and we might need to modify our standard sales terms to secure the commitment of new customers during the period of the disruption and perhaps longer. Depending on the cause of the disruption, we could incur significant costs to remedy the disruption and resume product shipments. Such a disruption could have a material adverse effect on our revenue, results of operations and earnings.

Global economic, political and social conditions may harm our ability to do business, increase our costs, and negatively affect our stock price.

We are subject to global economic, political and social conditions that may cause customers to delay or reduce technology purchases due to economic downturns, volatility in fuel and other energy costs, difficulties in the financial services sector and credit markets, geopolitical uncertainties and other macroeconomic factors affecting spending behavior. We face risks that may arise from financial difficulties experienced by our suppliers, resellers or customers, including:

- The risk that customers or resellers to whom we sell our products and services may face financial difficulties or may become insolvent, which could lead to our inability to obtain payment of accounts receivable that those customers or resellers may owe;

- The risk that key suppliers of raw materials, finished products or components used in the products that we sell may face financial difficulties or may become insolvent, which could lead to disruption in the supply of printers, print materials or spare parts to our customers; and

- The inability of customers, including resellers, suppliers and contract manufacturers to obtain credit financing to finance purchases of our products and raw materials used to build those products.

We may need to raise additional capital from time to time if we are going to meet our growth strategy and may be unable to do so on attractive terms.

Expanding our business to meet our growth strategy may require additional investments of capital from time to time, and our existing sources of cash and any funds generated from operations may not provide us with sufficient capital. For various reasons, additional financing may not be available when needed, or may not be available on terms favorable to us. If we fail to obtain adequate capital on a timely basis or if capital cannot be obtained at reasonable costs, we will not be able to achieve our planned rate of growth, which will adversely affect our results of operations.

Our operating results and financial condition may fluctuate on a quarterly and annual basis.

Our operating results and financial condition may fluctuate from quarter to quarter and year to year, and are likely to vary due to a number of factors, some of which are outside of our control. In addition, our actual or projected operating results may fail to match our past performance. These events could in turn cause the market price of our common stock to fluctuate. If our operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of our common stock will likely decline.

Our operating results and financial condition may fluctuate due to a number of 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 our market whether by established companies or by new companies;

- changes in the size and complexity of our organization, including our international operations;

- levels of sales of our products and services to new and existing customers;

- the geographic distribution of our sales;

- changes in product developer preferences or needs;

- delays between our expenditures to develop, acquire or license new technologies and processes, and the generation of sales related thereto;

- our ability to timely and effectively scale our business during periods of sequential quarterly or annual growth;

- limitations or delays in our ability to reduce our expenses during periods of declining sequential quarterly or annual revenue;

- changes in our pricing policies or those of our competitors, including our responses to price competition;

- changes in the amount we spend in our marketing and other efforts;

- 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; and

We could be subject to personal injury, property damage, product liability, warranty and other claims involving allegedly defective products that we supply, which could result in material expense, diversion of management time and attention and damage to our business reputation.

The products we plan to supply may be used in potentially hazardous applications, such as the assembled parts of an aircraft or automobile, that could result in death, personal injury, property damage, loss of production, punitive damages and consequential damages. Actual or claimed defects in the products we supply could result in our being named as a defendant in lawsuits asserting potentially large claims. Any such lawsuit, regardless of merit, could result in material expense, diversion of management time and efforts, and damage to our reputation, and could cause us to fail to retain or attract customers, which could adversely affect our results of operations.

Products as complex as those we offer may contain undetected defects or errors when first introduced or as enhancements are released that, despite testing, are not discovered until after the product has been installed and used by customers. This could result in lost revenue, delayed marketplace acceptance of the product, claims from customers or others, damage to our reputation and business or significant costs to correct the defect or error.

The sale and support of our products entails the risk of product liability claims. Any product liability claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, damage to our business reputation and failure to retain existing customers or to fail to attract new customers.

We could face liability if our 3D printers are used by our customers to print dangerous objects.

Customers may use our 3D printers to print parts that could be used in a harmful way or could otherwise be dangerous. For example, there have been recent news reports that 3D printers were used to print guns or other weapons. We will have little, if any, control over what objects our customers print using our 3D printers, and it may be difficult, if not impossible, for us to monitor and prevent customers from printing weapons with our 3D printers. While we have never printed weapons in our service center, there can be no assurance that we will not be held liable if someone were injured or killed by a weapon printed by a customer using one of our 3D printers.

We may not have adequate insurance for potential liabilities.

In the ordinary course of business, we may be subject to various product and non-product related claims, lawsuits and administrative proceedings seeking damages or other remedies arising out of our commercial operations. We maintain insurance to cover our potential exposure for most claims and losses. However, our insurance coverage is subject to various exclusions, self-retentions and deductibles, may be inadequate or unavailable to protect us fully, and may be cancelled or otherwise terminated by the insurer. Furthermore, we face the following additional risks under our insurance coverage:

- we may not be able to obtain insurance coverage on commercially reasonable terms, or at all;
- we may be faced with types of liabilities that are not covered under our insurance policies, such as environmental contamination or terrorist attacks, and that exceed any amounts what we may have reserved for such liabilities;
- the amount of any liabilities that we may face may exceed our policy limits and any amounts we may have reserved for such liabilities; and
- we may incur losses resulting from interruption of our business that may not be fully covered under our insurance policies.

Even a partially uninsured claim of significant size, if successful, could materially adversely affect our business, financial condition, results of operations and liquidity. However, even if we successfully defend ourselves against any such claim, we could be forced to spend a substantial amount of money in litigation expenses, our management could be required to spend valuable time in the defense against these claims and our reputation could suffer, any of which could adversely affect our results of operations.

Risks Related to Our Intellectual Property

We may not be able to obtain patent protection or otherwise adequately protect or enforce our intellectual property rights, which could impair our competitive position.

Our success and future revenue growth will depend, in part, on our ability to protect our intellectual property. We will rely primarily on patents, trademarks, and trade secrets, as well as non-disclosure agreements and other methods, to protect our proprietary technologies and processes globally. Despite our efforts to protect our proprietary technologies and processes, it is possible that competitors or other unauthorized third parties may obtain, copy, use, or disclose our technologies and processes. For instance, if unauthorized disclosure of our trade secrets occurs, we could potentially lose trade secret protection. The loss of trade secret protection could make it easier for third parties to compete with our products by copying previously confidential features, which could adversely affect our revenue and operating margins.

We can provide no assurance that any of our existing or future patents or other intellectual property rights will not be challenged, invalidated, or circumvented or will otherwise provide us with meaningful protection. We may not be able to obtain foreign patents corresponding to our U.S. or foreign patent applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents and other intellectual property protections do not adequately protect our technology, our competitors may be able to offer products similar to ours. We may not be able to detect the unauthorized use of our proprietary technology and processes or take appropriate steps to prevent such use. Our competitors may also be able to develop similar technology independently or design around our patents. Any of the foregoing events would lead to increased competition and lower revenue or gross profits, which would adversely affect our results of operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the U.S. Patent and Trademark Office, or USPTO, and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our exclusive licensors fail to maintain the patents and patent applications covering our products and processes, our competitive position would be adversely affected.

We may incur substantial costs defending against third party infringement claims as a result of litigation or other proceedings.

Third-party intellectual property claims asserted against us, regardless of the merit or resolution of such claims, could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from assembling or licensing certain of our products, subject us to injunctions restricting our sale of products, cause severe disruptions to our operations or the marketplaces in which we compete, or require us to satisfy indemnification commitments with our customers including contractual provisions under various license arrangements. In addition we may incur significant costs in acquiring the necessary third-party intellectual property rights for use in our products. If we are unable to effectively defend and manage these, our market share, sales and profitability could suffer, which could adversely affect our results of operations.

Our failure to expand our intellectual property portfolio could adversely affect the growth of our business and results of operations.

Expansion of our intellectual property portfolio is one of the available methods of developing our revenues and our profits. This involves a complex and costly set of activities with uncertain outcomes. Our ability to obtain patents and other intellectual property can be adversely affected by insufficient inventiveness of our employees, by changes in intellectual property laws, treaties, and regulations, and by judicial and administrative interpretations of those laws treaties and regulations. Our ability to expand our intellectual property portfolio could also be adversely affected by the lack of valuable intellectual property for sale or license at affordable prices. There is no assurance that we will be able to obtain valuable intellectual property in the jurisdictions where we and our competitors operate or that we will be able to use or license that intellectual property.

Risks Related to the Securities Markets and Ownership of Our Common Stock

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock may fluctuate and may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of companies in our sector, which is not necessarily related to the operating performance of these companies;
- delays between our expenditures to develop and market new products and the generation of sales from those products;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in our expenditures to promote our products and services;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- success or failure of research and development projects of us or our competitors;
- announcements of acquisitions by us or one of our competitors;
- the general tendency towards volatility in the market prices of shares of companies that rely on technology and innovation;
- changes in regulatory policies or tax guidelines;
- changes or perceived changes in earnings or variations in operating results;
- any shortfall in revenue or earnings from levels expected by investors or securities analysts; and
- general economic trends and other external factors.

If equity research analysts do not publish research or reports about our business, or if they issue unfavorable commentary or downgrade our shares, the price of our shares could decline.

The trading market for our shares will rely in part on the research and reports that equity research analysts publish about us and our business. We do not have control over these analysts, and we do not have commitments from them to write research reports about us. The price of our shares could decline if one or more equity research analysts downgrades our shares, issues other unfavorable commentary, or ceases publishing reports about us or our business.

Future sales of our shares could reduce the market price of our shares.

The price of our shares could decline if there are substantial sales of our common stock, particularly by our directors, their affiliates or our executive officers, or when there is a large number of shares of our common stock available for sale. The perception in the public market that our stockholders might sell our shares also could depress the market price of our shares. From time to time, we may conduct offerings of our securities and our executive officers, directors and selling stockholders would be subject to lock-up agreements that restrict their ability to transfer their shares following the offering. The market price of our shares may drop significantly when the restrictions on resale by our existing stockholders lapse and these stockholders are able to sell their shares into the market. If this occurs, it could impair our ability to raise additional capital through the sale of securities, should we desire to do so.

We do not anticipate paying any cash dividends in the foreseeable future. Therefore, if our share price does not appreciate, our investors may not gain and could potentially lose on their investment in our shares.

We have never declared or paid cash dividends on our common stock, nor do we anticipate paying any cash dividends on our share capital in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our shares will be investors' sole source of gain for the foreseeable future.

Provisions in our charter documents or Delaware law may inhibit a takeover, which could adversely affect the value of our common stock.

Our certificate of incorporation and bylaws contain, and Delaware corporate law contains, provisions that could delay or prevent a change of control or changes in our management, even if doing so might be beneficial to our stockholders by providing them with the opportunity to sell their shares, possibly at a premium over the then market price of our common stock. One of these Delaware laws prohibits us from engaging in a business combination with any interested stockholder (as defined in the statute) for a period of three years from the date that the person became an interested stockholder, unless certain conditions are met. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

Raising additional capital by issuing securities may cause dilution to our stockholders.

We may need or desire to raise substantial additional capital in the future. If we raise additional funds by issuing equity or convertible debt securities, we will reduce the percentage ownership of our then-existing stockholders, and the holders of those newly-issued equity or convertible debt securities may have rights, preferences, or privileges senior to those possessed by our then-existing stockholders. Additionally, future sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity or equity-linked securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

1.12 Outstanding Share Data

Common Shares

On July 18, 2014, Graphene 3D (US) Inc. increased its authorized capital to 45 million common shares and completed a stock split whereby the Graphene 3D (US) Inc. issued to each shareholder of record 12.787878 shares of common stock, par value $0.0001 per share, for each share of common stock held by each shareholder as at the record date. Under International Financial Reporting Standards this stock split is applied retroactively in the audited financial statements. As at May 31, 2014, 21,100,000 common shares of Graphene 3D (US) Inc. are deemed to be outstanding.

On August 8, 2014, as a result of the RTO Transaction, the Company has acquired all of the issued and outstanding common shares of Graphene 3D Lab (U.S.) Inc. in exchange for 21,100,000 common shares of the Company.

The Company has estimated the fair value of its 6,367,500 common shares deemed to be issued by MatNic to its former shareholders on the reverse acquisition transaction as $578,970 (C$636,750), based on the trading value of the MatNic shares of $0.091 (C$0.10) per share. The Company also estimated the fair value of the 3,000,000 outstanding MatNic warrant (see below).

Concurrent with the RTO Transaction, the Company also acquired all of the common shares of Graphene 3D US Inc. held as a result of the conversion of the promissory notes which had a fair value of $204,581 (C$225,000). The Company issued 4,500,000 common shares and 4,500,000 non-transferable share purchase warrants to the note holders (see below).

The Company completed a concurrent private placement offering for gross proceeds of US$1,636,661 (C$1,800,000) by the issuance of 7,200,000 common shares at C$0.25 per share. In connection with the private placement financing the Company incurred share issue costs of $119,955. On January 9, 2015 the Company closed a private placement financing issuing 1,220,000 common shares and 610,000 common share purchase warrants for gross proceeds of $1,042,735 (C$1,220,000). In connection with the private placement financing the Company incurred share issue costs of $44,779.

As at February 28, 2015 and April 27, 2015, the Company had 43,387,500 issued and outstanding common shares of which 18,990,000 are subject to escrow agreements.

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 Oct. 7, 2014. Euro Pacific Capital, Inc. is a qualified Principal American Liaison ("PAL") and has submitted a Letter of Introduction for Graphene 3D in accordance with the standards for trading on OTCQB.

Warrants

At the time of the RTO Transaction, the Company estimated the fair value of its 3,000,000 common share purchase warrants deemed to be issued by MatNic to its former shareholders at $228,000. The Matnic warrants are exercisable at $0.0675 (C$0.075) per share for 30 months. The Company also issued to the note holders 4,500,000 non-transferable share purchase warrants, exercisable at $0.064 (C$0.07) per share for a period of 36 months. The fair value of the warrants issued to the note holders was assessed at $358,000.

The fair value of these two groups of warrants was estimated using the Black-Scholes pricing model applying an expected volatility of 165%, a risk free interest rate of 1% with no expected dividend yield with a term of 30 and 36 months, respectively. The fair value of these equity instruments has been recorded as a listing fee expense.

During the period ended February 28, 2015, 3,000,000 warrants were exercised for a recorded value of $428,750 which includes cash proceeds of $200,750. On January 9, 2015, the Company issued 610,000 warrants with the Company's private placement financing. Each of these common share purchase warrant entitles the holder to acquire one common share of the Company at a price of C$1.25. These warrants expire on January 9, 2017.

As at February 28, 2015 and April 27, 2015, the Company has 5,110,000 warrants outstanding.

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 up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price not less than the closing share price of the day preceding the date of grant.

During the period ended August 31, 2014, the Company granted 2,075,000 stock options to directors, employees and consultants of the Company. During the quarter ended February 28, 2015, the Company granted 400,000 stock options to a new director and two consultants. The fair value of the stock options granted was estimated at the grant date 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.

The resulting weighted average fair value at the date of grant was assessed at $0.75 per option. The weighted average assumptions used in the pricing model include a volatility rate of 130% based on comparable companies, an expected life of 5 years based on the contractual term, a risk free rate of 1% with no expected dividend yield. The options have various vesting schedules ranging from one year to 42 months. Based on the Black-Scholes option pricing model and the outlined assumptions, the estimated fair value of the options granted is $1,867,431. This amount is recognized over the vesting period of the option grants. As a result, stock-based compensation of $411,454 has been recorded in the current quarter (previous quarter - $390,866). Stock based compensation for the nine months ended February 28, 2015 amounts to $1,102,925. Upon issuance 482,500 options vested immediately and an additional 479,107 options vested in the period ended February 28, 2015.

As at February 28, 2015 and April 27, 2015 there are 2,475,000 outstanding with a weighted average remaining life of 4.5 years and an exercise price of C$1.00, of which 961,607 are vested.