

G6 MATERIALS CORP.
(formerly Graphene 3D Lab Inc.)

Management Discussion and Analysis
For the nine months ended February 28, 2021

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 nine months ended February 28, 2021 and February 29, 2020. The following information should be read in conjunction with the condensed interim consolidated financial statements and notes for the nine months ended February 28, 2021, 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, 2021.

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. 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 U.S. was incorporated on September 3, 2013 in the State of Delaware, U.S.A.

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 current President & 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”.

1.3 NATURE OF BUSINESS

G6 Materials Corp. is a technology company and world-leader in creating value through the development of innovative graphene-based solutions. Historically, it has been in the business of developing, manufacturing, and marketing proprietary composites and coatings 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 presented 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 client list of over 12,000 customers worldwide, including nearly every Fortune 500 technology company and major research university. Some of the Company’s notable past 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 as well as methods of producing fine chemical formulations 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 proof-of-concept to allow for a low-energy, chemical-free manufacture that is designed to achieve a high-grade graphene material at a low expected cost for the industry.

The Company also currently has three US patents granted, three provisional patents 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.

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

Air Purification and Hygiene Products

In 2020, the Company shifted its primary strategic focus to pursuing the large market opportunity presented 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 has filed a provisional patent application No. 63/021,996 that covers the method of manufacturing the graphene oxide based antiviral coating. Currently, the Company is working on the commercialization of this technology and developing consumer products and systems based on this concept.

The company is working with a manufacturer partner overseas to make the air purification equipment to be sold in the US market. The Company is engaged with an independent testing laboratory to perform various tests of the products being developed, including the safety certification, performance testing as well as microbiological testing. The Company is planning to obtain all necessary government accreditations and certifications necessary to start offering this new products in US.

Conductive Epoxies

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 and mechanical properties for electrically conductive epoxies. The Company's specialty adhesive epoxies are well suited for use in the aerospace, automotive, electronics and communication industries, among others. Adhesive materials produced by the company are distributed under the G6-Epoxy™ trade name and can be purchased at: <https://g6-epoxy.com/>.

Fine Chemicals (for Advanced Manufacturing and Drug Discovery)

ChemApproach is a worldwide supplier of a wide variety of building blocks, many of which are unique, to R&D facilities in the pharmaceutical, agriculture and biotechnology industries, as well as to academic institutions and various technology companies. Its team of PhD-level chemists holds many years of experience in the design, development and implementation of industrial projects, as well as experience in synthetic organic chemistry. The division's main expertise lies in the introduction of various substituents to aromatic rings, a large variety of functional group transformations and the selective incorporation of halogens in organic molecules, particularly, iodine. These classes of organic molecules have a wide range of applications in drug design, biochemistry, polymer chemistry, electronics, petrochemicals and other hi-tech industries. The website for this subsidiary can be found at: <https://chemapproach.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/>

R&D Materials

Graphene Supermarket (Graphene R&D Materials): The Company's suite of graphene products is available online at the Graphene Supermarket e-commerce platform (www.graphene-supermarket.com). 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.

Graphene Manufacturing Process Patent

The Company filed a non-provisional patent 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. This patent relates to graphene nanoplatelets (“GNP”). Specifically, the patent covers a new, energy-efficient and chemically non-invasive process that significantly lowers the cost of preparing and separating high-quality GNPs that is only a few atomic layers thick. The application claims priority to provisional application No. 62/058,313, filed on October 1, 2014.

1.4 HIGHLIGHTS OF EVENTS OCCURRING DURING AND SUBSEQUENT TO FEBRUARY 28, 2021

Corporate Developments

On June 23, 2020, the Company entered into a License and Option Agreement with a US-based clinical-stage biopharmaceutical company. As per the agreement, the Company received a one-time cash payment of \$220,000 by granting the partner an exclusive license to use the intellectual property for a period of two years. Further, the partner will also have an option to purchase the Company’s intellectual property rights for an incremental \$1,000,000 during the license period. As at November 30, 2020, the Company had received the one-time cash payment of \$220,000.

On August 17, 2020, the Company announced that it had finalized a research and development project to develop graphene-based composite materials for marine vessel applications with a private Singaporean partner company. At that time, the partner had accepted G6’s final research report and the Company expected to receive a final payment from the partner of approximately \$117,500, or \$161,400 Singapore dollars. During the project, G6 successfully developed two formulations for graphene-enhanced resins for fiberglass and carbon fiber marine composites.

On August 31, 2020, the Company announced that it had bolstered its IP portfolio by securing various IP rights. G6 filed a provisional patent application to secure its proprietary technology of manufacturing antiviral products. Further, the Company received approvals from the U.S. Patent and Trademark Office for a patent covering the technology of making graphene-based energy storage devices by additive manufacturing as well as a patent covering multisegmented 3D printing filaments. These were in addition to the patent covering a proprietary method of trifluoroketone production that was granted earlier in 2020. These additions to G6’s IP portfolio empowered the Company to either develop the IP internally or leverage any or all of the rights with external parties, as appropriate.

On October 21, 2020, the Company provided a business update regarding G6’s ongoing sale of air purification products, among other items. The Company’s research and development team had developed a graphene-based technology to create a proprietary, enhanced air filtration system. Subsequently, a provisional patent application was filed to protect the IP rights for this technology.

On November 10, 2020, the Company announced that it had unveiled a new corporate website at www.G6-Materials.com. The new website was announced as being much faster to load on both desktop and mobile devices, featuring a responsive design optimized for various display sizes and extra content such as stock information, media articles and enhanced contact forms for investors and other stakeholders.

On March 15, 2021, the Company announced that it had entered into a letter agreement (the “LOI”) pursuant to which it intended to acquire all of the issued and outstanding shares of GX Technologies, Inc. (“GX Technologies”, the “Vendor”), in exchange for 25,000,000 common shares (the “Consideration Shares”) of G6 at a deemed price of \$0.20 per common share of the Company (the “Transaction”).

Financial Update

On May 7, 2020, the Company entered into a loan agreement with a third party under the Small Business Administration Payroll Protection Program and borrowed a total of \$83,300 which is forgivable subject to the certain conditions. Subject to the agreement, the loan will be forgivable if the Company only spends the funds on the Company’s payroll, rent, and utilities for the subsequent 8 weeks with appropriate supporting documents. The \$83,300 in total consisting of principal of loan. Interest of 1% accrues on the loan during the time between the disbursement of the loan and SBA remittances of the forgiveness amount. Loan payments are deferred for the first six months and the loan is set to mature two years after its initial grant. On January 15, 2021, the loan payable of \$83,300 has been fully forgiven as per SBA’s review and approval.

On September 11, 2020, the Company entered into a loan agreement with an arm's length third-party company, pursuant to which the Company can draw up to an aggregate principal amount of \$1,500,000 dollars on an unsecured basis for 6 months. The Company has agreed to pay a commitment fee of 5% and interest shall accrue on the principal advance under the loan from the date of disbursement at 10% per annum. The loan can be used for any general working capital need, however, the Company expects to use the proceeds to more specifically fund, in whole or in part, inventory purchases, incremental human resources, ongoing research and development, as well as a new production facility. On December 21, 2020, the Company drawn \$250,000 from the loan. Subsequently, on April 5, 2021 the Company repaid the \$250,000 principal amount of the loan, the commitment fee of \$25,000 and accrued interest of \$10,618.

On October 14, 2020, the Company granted 5,100,000 incentive stock options to certain directors, officers, employees, and Consultants of the Company. The options vested immediately and are exercisable at C\$0.08 per share for a period of five years from the date of grant.

During the quarter ended February 28, 2021, the Company issued 600,000 common shares for the exercise of options for net proceed of \$38,087 (C\$48,000).

On April 12, 2021, the Company announced the closing of a non-brokered, private placement financing by issuing 27,071,000 units at a price of C\$0.20 per unit for gross proceeds of \$4,313,073 (C\$5,414,200). Each unit consists of one common share and one-half common share purchase warrant. Each unit entitles the holder to purchase one-half additional common share at a price of C\$0.30 for a period of two years.

As of April 29, 2021, the Company issued 13,499,618 common shares for the exercise of warrants for net proceed of \$1,210,123 (C\$1,461,619).

1.5 RESULTS OF OPERATIONS

Nine months ended February 28, 2021 compared with the nine months ended February 29, 2020

During the nine months ended February 28, 2021, the Company reported a net loss of \$520,208 compared to a net loss of \$752,588 in 2020. The decrease in net loss was primarily the result of increases in the sales of intellectual property consulting services, air purification products and hygiene products, which was partially offset by increases in professional fees and office and administration expenses.

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

	Quarter ended Feb 28, 2021	Quarter ended Nov 30, 2020	Quarter ended Aug 31, 2020	Quarter ended May 31, 2020	Quarter ended Feb.29, 2020	Quarter ended Nov.30, 2019	Quarter ended Aug 31, 2019	Quarter ended May 31, 2019
R&D personnel	15,132	21,559	18,461	8,023	9,231	10,769	9,231	10,769
R&D equipment and supplies	7,212	1,145	350	438	724	2,831	3,292	7,346
Patent registration expense	4,720	7,685	2,420	15,285	1,786	12,829	-	10,397
Total R&D expenses	⁽¹⁾ 27,064	⁽¹⁾ 30,389	⁽¹⁾ 21,231	⁽²⁾ 23,746	⁽²⁾ 11,741	⁽³⁾ 26,429	12,523	28,512

⁽¹⁾ During the nine months ended February 28, 2021, the Company increased its expenditures on R&D personnel primarily due to the receipt of a one-time US\$220,000 cash payment related to the License and Option Agreement, the payment of which is not expected to recur over the next two years.

⁽²⁾ During the quarters ended February 29 and May 31, 2020, the Company continued its cost reduction efforts that were initiated several quarters previously. As a result, the costs of R&D personnel and related equipment and supplies continued to decrease as the Company focused its efforts on revenue generating activities.

⁽³⁾ During the quarter ended November 30, 2019, the Company increased its expenditures on R&D personnel and related equipment and supplies to capitalize on the opportunity presented by the R&D Agreement that the Company entered into with a private Singaporean company to develop graphene-based composite material for marine vessel applications.

1.6 SELECTED FINANCIAL INFORMATION

The following table contains selected financial information (expressed in US dollars, unless otherwise noted) for the Company for the year ended May 31, 2020 as compared to the years ended May 31, 2019 and May 31, 2018. 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.

	Year ended May 31, 2020 \$	Year ended May 31, 2019 \$	Year ended May 31, 2018 \$
Revenue	922,614	946,834	909,512
Gross profit	202,245	592,964	617,683
Net loss	1,014,348	599,373	1,064,075
Comprehensive Loss	1,002,112	601,565	1,046,521
Net loss per share	\$0.01	\$0.01	\$0.02
Total assets	1,165,686	1,066,851	1,481,232
Total non-current financial liabilities	-	24,000	56,525

Non-current financial liabilities consist of the long-term portion of the finance lease obligation and deferred tax liability related to the acquisition of GLI in December 2015.

1.7 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.

	Quarter ended Feb 28, 2021 ⁽¹⁾ \$	Quarter ended Nov 30, 2020 ⁽²⁾ \$	Quarter ended Aug 31, 2020 ⁽³⁾ \$	Quarter ended May 31, 2020 ⁽⁴⁾ \$	Quarter ended Feb.29, 2020 ⁽⁵⁾ \$	Quarter ended Nov.30, 2019 \$	Quarter ended Aug 31, 2019 \$	Quarter ended May 31, 2019 \$
Revenue	263,425	506,140	1,169,426	406,684	169,237	150,765	195,928	206,609
Cost of goods sold	(193,993)	(297,236)	(742,818)	(365,059)	(104,636)	(128,215)	(122,459)	⁽⁸⁾ (13,851)
Gross profit	69,432	208,904	426,608	41,625	64,601	⁽⁶⁾ 22,550	⁽⁷⁾ 73,469	220,460
Operating expenses	(476,373)	(530,525)	(301,554)	(327,385)	(292,789)	(366,501)	(253,918)	(337,404)
Net income (loss)	(323,641)	(321,621)	125,554	(261,760)	(228,188)	(343,951)	(180,449)	(171,319)
Comprehensive income (loss)	(321,152)	(320,759)	110,765	(251,168)	(226,213)	(343,996)	(180,735)	(72,212)
Net income (loss) per share (basic and diluted)	(\$0.002)	(\$0.002)	\$0.002	(\$0.002)	(\$0.003)	(\$0.005)	(\$0.002)	(\$0.001)
Total assets	1,617,187	1,342,561	1,472,872	1,165,686	740,029	896,299	1,057,297	1,066,851
Shareholders’ equity	836,567	802,039	855,943	716,600	254,399	480,612	664,136	844,871

⁽¹⁾ The decrease in gross profit for the quarter ended February 28, 2021, was primarily due to supply chain disruption related to the pandemic, in particular delays of the delivery of the goods from our manufacturing partners overseas during the previous quarter, resulting in decreasing in revenue. In addition, there was an increase in the shipping costs of direct materials and customer shipments mainly from the imports of air purification materials, resulting in increasing costs of goods sold.

⁽²⁾ The increase in revenue and gross profit for the quarter ended November 30, 2020, in comparison with the same period of the prior year, was due to the continuing strong demand for the Company’s new offering of air purification products. The revenue was also from graphene-related consulting services provided to third-party clients with a higher margin.

(3) The increase in revenue and gross profit for the quarter ended August 31, 2020, in comparison with the previous quarters, was due to the strong demand for the Company's new offering of air purification products; the receipt of a one-time US\$220,000 cash payment related to the License and Option Agreement, the payment of which is not expected to recur over the next two years; as well as from graphene-related consulting services provided to third-party clients.

(4) The increase in revenue and gross profit for the quarter ended May 31, 2020, in comparison with the previous quarters, was due to a new source of demand for the Company's air purification products as, among other factors. While there was significant growth in revenue the net loss was in line with previous quarters due to being relatively low margin products.

(5) The sales and gross profit for the quarter ended February 29, 2020, in comparison with the previous quarters, was somewhat lower partially due to the reduced demand for some of its core products as a result of the closure of many universities around the world. The net loss was roughly in line with that of previous quarters due to staffing reductions implemented by the company in anticipation of the slowdown.

(6) The decrease in gross profit for the quarter ended November 30, 2019, was primarily due to certain projects that were ended during the previous quarter, resulting in decreasing in revenue. In addition, there was an increase in the shipping costs of direct materials and customer shipments due to the deficiency in production, resulting in increasing costs of goods sold.

(7) The decrease in gross profit for the quarter ended August 31, 2019 was primarily due to certain projects that were ended during the quarter, resulting in decreasing in revenue. In addition, there was an increase in the shipping costs of direct materials and customer shipments, resulting in increasing costs of goods sold.

(8) The decrease in costs of goods sold for the quarter ended May 31, 2019 was primarily due to the Company continuing to utilize the previously expensed raw materials inventory and extra non-inventory items, resulting in a higher gross margin in comparison with other previous quarters.

1.8 LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2021, the Company had working capital surplus of \$562,330 (May 31, 2020 - working capital surplus \$335,273). As at February 28, 2021, cash and cash equivalents totaled \$521,422 (May 31, 2020 - \$561,711). The Company has generated additional funds from the recent sales of goods and the net proceeds of options and warrants exercised.

Cash used in operating activities during the nine months ended February 28, 2021 was \$585,682 (2020 – \$199,824). Cash spent in investing activities during the nine months ended February 28, 2021 was \$nil (2020 –\$72,988). As at February 28, 2021, the Company's net assets totalled \$836,567 (May 31, 2020 - \$716,600). Cash used from financing activities during the nine months ended February 28, 2021 was \$538,178 (2020 –\$88,472). The main contributor was that the loan payable and net proceeds of options and warrants exercised partially offset by the principal of lease payments.

As at February 28, 2021, the Company's share capital at \$8,693,541 (May 31, 2020 - \$8,299,942), which represented 101,400,891 issued and outstanding common shares without par value. As at February 28, 2021, warrant reserves \$33,946 (May 31, 2020- \$33,946) and contributed surplus \$3,057,576 (May 31, 2020 -\$2,821,938), respectively. As at February 28, 2021, the Company's retained losses increased to \$10,876,595 (May 31, 2020 - \$10,356,387) as the result of net loss during the period of \$520,208.

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.

1.9 COMMITMENTS

The Company adopted IFRS 16, Leases as of June 1, 2019 using the modified retrospective approach with measurement of the right-of-use asset at an amount equal to the present value of the future lease payments.

The Company entered into a three-year lease agreement for the Company's facilities beginning on January 1, 2018 and ending on December 31, 2020, which requires monthly payments of \$8,000. Subsequent to December 31, 2020, 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. 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 company continued using the same 6% discount rate and approach for the recognition and calculation of the renewal three-year lease agreement ending on December 31, 2023.

RIGHT-OF-USE ASSET

	\$
Cost:	
Balance, May 31, 2019	-
Recognition upon adoption of IFRS 16	145,382
Addition	272,211
Balance, May 31, 2020 and February 28, 2021	417,593
Accumulated Amortization:	
Balance, May 31, 2019	-
Amortization	91,820
Balance, May 31, 2020	91,820
Amortization	68,685
Balance, February 28, 2021	160,505
Net Book Value:	
May 31, 2019	-
May 31, 2020	53,562
February 28, 2021	257,088

LEASE LIABILITY

	\$
Balance, May 31, 2019	-
Recognition upon adoption of IFRS 16	145,382
Lease interest expense	6,195
Payments	(96,000)
Balance, May 31, 2020	55,577
Lease interest expense	3,028
Addition	272,211
Payments	(72,480)
Balance, February 28, 2021	258,336
Current portion of lease liability	21,073
Long-term portion of lease liability	237,263

1.10 RELATED PARTIES TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities.

Key management includes directors and officers of the Company. The Company incurred the following key management compensation charges during the nine months ended February 28, 2021 and May 31, 2020:

	February 28, 2021	May 31, 2020
	\$	\$
Salaries, bonuses, fees and benefits	90,000	120,000

The Company entered into the following transactions with related parties:

- a) During the nine months ended February 28, 2021, the Company incurred a director and officer's salaries expense in the amount of \$90,000 (2020 - \$95,769).
- b) During the nine months ended February 28, 2021 the Company incurred consulting fees of \$90,000 (2020 - \$20,000) to the spouse of a director and officer.
- c) During the nine months ended February 28, 2021, the Company paid professional fees to companies controlled by officers, directors and spouses of officers of the Company in the amount of \$107,910 (2020 - \$108,066).
- d) As at February 28, 2021, the Company had \$7,154 (2020 - \$nil) receivable from a director and officer. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.
- e) During the nine months ended February 28, 2021, the Company issued 3,200,000 (2020- nil) stock options with a fair value of \$168,520 (2020 - \$nil) to related directors and officers of the Company. During the quarter ended February 28, 2021, \$268,579 in total (2020- \$nil) has been included in share-based compensation.

The following amounts were due to related parties:

	February 28, 2021	May 31, 2020
	\$	\$
Salary to officers	-	75,000
Expense reimbursements to related parties	6,841	20,419
	6,841	95,419

The amounts due to related parties are included in accounts payable and are unsecured, have no fixed repayments and are non-interest bearing.

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 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;
- 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;
- 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.

Risks Related to COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company continues to closely monitor developments in the novel coronavirus ("COVID-19") pandemic, including the potential impact on the Company's operations. The impact of COVID-19 is uncertain and COVID-19 could have a significant impact on the Company if G6 or its suppliers are not able to maintain operations.

1.12 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	138,079,193		
Share Purchase Warrants	3,800,000	C\$0.12	October 15, 2021
	6,157,143	C\$0.12	May 5, 2022
	14,476,000	C\$0.30	April 12, 2023
Stock Options	645,000	C\$0.21	August 24, 2021
	200,000	C\$0.21	September 13, 2021
	300,000	C\$0.11	July 28, 2022
	2,450,000	C\$0.12	November 13, 2022
	4,500,000	C\$0.08	October 14, 2025
Fully Diluted at April 29, 2021	170,607,336		

As of the date of this MD&A, there are nil common shares (2020 - nil common shares) subject to escrow agreement.

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 the Company in accordance with the standards for trading on OTCQB.

1.13 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.

1.14 CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated 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 consolidated 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 and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

The Company’s significant accounting policies and estimates are included in Note 3 to the May 31, 2020 audited consolidated financial statements of G6 Materials Corp. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the valuation of share-based payments expense;
- the useful lives for depreciation of equipment;
- the valuation of inventories and recognition of inventory impairment;
- the determination of the allowance of doubtful accounts; and
- the useful lives and recoverability of intangible asset.

Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

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.

1.15 NEW STANDARDS AND INTERPRETATIONS ADOPTED

Standards effective for annual periods beginning on or after June 1, 2019:

IFRS 16 Leases – The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 replaced IAS 17 Leases and this standard substantially carries forward the lessor accounting requirement of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or deficit at that date, subject to permitted practical expedients. Therefore, the Company will not restate comparative information.

The adoption of IFRS 16 resulted in the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the consolidated statements of financial position for a majority of the Company's leases that were considered operating leases under IAS 17. Amortization expense on the right-of-use asset and interest expense on the lease liability will replace the operating lease expense. IFRS 16 will change the presentation of cash flows relating to leases in the Company's consolidated statements of cash flows, but does not cause a difference in the amount of cash transferred between the parties of a lease. Refer to Note 7 in the condensed interim consolidated financial statements for the impact of adoption of IFRS 16.

1.16 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities is the amount recorded on the statement of financial position due to their short-term nature.

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, accounts payable 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	521,422	-	-	521,422

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 trade and other receivables through established credit monitoring activities. As at February 28, 2021 and February 29, 2020, the Company's maximum exposure to credit risk is the carrying value of cash and cash equivalents and trade 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 28, 2021 and February 29, 2020, the Company is not exposed to significant interest rate risk as the outstanding loan payable as at February 28, 2021 carries a 1% fixed variable rate.

iii) Currency risk

The Company has transactions internationally, however, is principally 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 28, 2021, the Company held \$390,568 (May 31, 2020 - \$485,107) in Canadian dollar cash and cash equivalents. A 10% increase or decrease in the Canadian dollar would increase or decrease comprehensive income by \$39,057 (May 31, 2020 - \$35,185).

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 28, 2021, the Company has cash and cash equivalents of \$521,422 and a working capital surplus of \$562,330.

As at February 28, 2021	Up to 1 year	1 - 5 years	Total
Accounts payable	272,284	-	272,284
Loan payable	250,000	-	250,000
Lease liability	258,336	-	258,336
	780,620	-	780,620

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.sedar.com and the Company's website <http://www.G6-Materials.com>.