Letter to Shareholders

2017

Letter to Shareholders

Overview of 2016 and Objectives for 2017

Summary:

In 2017 the Company plans to grow on the solid foundation built in 2016 and continue to establish itself as a prominent advanced materials company and a leading graphene provider. The primary goal for 2017 is to take advantage of the Company's cutting-edge IP portfolio and expand the offerings in industrial-grade graphene materials, coatings, and composites. The Company will continue to expand its commercial product offering and build strategic relationships with research institutions and partners from high-tech industries; including energy storage, automotive, robotics, aerospace, oil & gas, water purification, as well as protective coatings and defense.

One of the key focus areas of 2017 will be to develop the next generation graphene-enhanced Lithium-Ion batteries. This ambitious project, if successful, will result in the creation of a battery that will produce significantly higher power with similar energy density when compared to current Lithium-Ion batteries. These high-performance batteries are critical for the future progress in mobile robotics, power tools, electrical vehicles and drones.

Highlights of 2016

In 2016, the Company set out to expand and diversify its presence in the advanced materials space. Key achievements in the year towards this goal included: adding to its production and R&D capabilities, establishing a new division, expanding its IP portfolio, developing new materials, strengthening its team with industry experts, and forming valuable business partnerships.

Industrial Materials Division: While the Company has primarily focused on 3D Printing and research grade materials as initial market entry points, the Company now is aggressively seeking an opportunity to lower the production cost of graphene and address larger market opportunities. There is a strong level of interest in graphene products with exceptional properties across a broad spectrum of industries. To take advantage of this market opportunity, the Company established its Industrial Materials Division on March 26, 2016. Since its inception, several new materials have been developed such as an ultra-light graphene foam (potential uses in oils and solvents absorption) and a graphene composite material "G6-IMPACT™".

2016 Collaborations and Partnerships: A substantial milestone achieved in the year of 2016 was signing an **MOU with Stony Brook University.** This partnership will provide the Company with access to the University's state of the art research facilities to develop a next generation Lithium-Ion battery.

The Company also formed a joint production collaboration with **Toner Plastics Inc**. ("Toner Plastics") to expand its manufacturing capabilities for larger volumes and size ranges of 3D printing filaments. The arrangement has also allowed for changes at the Company's own facility which has expanded its production capabilities for graphene nanoplatelets and has ensured that it now has sufficient production capacity to meet internal requirements for graphene for the Company's complete product line.

In 2016 the Company completed the integration of the operations of **Graphene Laboratories Inc.** (Acquisition completed in December 2015). Through this transaction, the Company gained access to an impressive customer base and a consistent revenue stream through sales of high-profit margin R&D graphene and other advanced materials.

The Company also continued working with its **Fortune 500 Partner** as announced on November 24, 2015. (Confidentiality agreement prevents disclosure the name of the Partner.) The goal of the collaborative project is to develop a novel graphene-based product using the resources and expertise of the Company.

According to this Agreement, all R&D expenses were to be handled by the Fortune 500 Partner, as well as a first-right-of-refusal granted to the Company for supply of any graphene related materials in future manufacturing and royalty obligations pertaining to any goods sold relating to Intellectual Property developed under the agreement. All IP developed under the scope of the Agreement will be jointly held by both parties. At the moment, the Company completed the first stage of the project and is waiting on the internal evaluation of the Fortune 500 Partner for the next stage.

The revenue stream from this project can only be realized after commercialization of the new product and approval by the US Food and Drug Administration, which is not guaranteed and could take an unspecified amount of time. Nevertheless, the Company considers the Research Agreement as an important development because it allows the Company to build a long lasting relationship with industry leaders. The management of the company considers establishing such partnerships as an imperative for the company's strategic growth and will continue to look for similar rewarding opportunities.

New Products

In 2016 the Company introduced several unique graphene products such as **Graphene Aerogel**, which is in the class of ultralight materials and has the density of approximately 20 mg/cm^3 (which is only about 17 times heavier than air). This new material can remarkably hold up to 3,500%-8,000% of their own weight of organic solvents and oils, while being unaffected by water. A potential application for this product could be in minimizing the damage caused by oil spills.

The Company also continued to expand its portfolio of 3D printing materials. Several new products have been introduced, such as the **Scorpion Flexible Nylon**, which was brought to market in March 2016. This material offers outstanding mechanical performance of the 3D printed parts. The Flexible Nylon Filament was well received by the 3D printing community. In the independent review of emerging 3D printing

materials done by re3d.com, the material received an excellent evaluation (https://re3d.org/filament-testing-scorpion-flexible-nylon-by-black-magic-3d/).

Another addition to the family of 3D printing materials with improved mechanical performance was graphene-carbon fiber composite (**G6-IMPACT™**). This material exhibits outstanding vibration damping performance. The need for vibration damping manifests itself when 3D printing is used for manufacturing. The mechanical components are assembled from multiple parts and held together by fasteners, which also play a role in damping unwanted vibration. 3D printing offers an effective way of manufacturing the mechanical parts as a single piece thereby reducing the labor costs. However, the structural component built in this way would suffer from the destructive power of undesirable vibration. The purpose of the G6-IMPACT™ material is to resolve this issue. The Company filed a provisional patent application summarizing the recipe and method of preparation of the material.

The Company also expanded its line of conductive composites in response to the multiple requests from its customers who were looking for flexible 3D printing materials by developing, "**Flexible Conductive TPU**". This highly flexible product is ideal for applications involving flexible sensors, electromagnetic/ radiofrequency shielding, flexible conductive traces and electrodes to be used in wearable electronics.

3D Printer Hardware

On December 3, 2015 the Company announced Romulus III, the prototype of functional 3D printer capable of printing working OLED device. The motivation for this development was to demonstrate the benefits of Functional 3D printing and the capabilities of Graphene 3D's research team in the development of novel 3D printing materials. Upon careful consideration, the Management decided not to pursue further internal development of the functional 3D printer hardware and stayed focused within the Company's core expertise in advanced materials. The Company is currently seeking partnerships with manufacturers of specialty 3D printers suitable for Functional 3D printing and will keep shareholders informed on the progress made on this front.

Changes in Management:

The Company also underwent significant board and management changes in 2016 by bringing onboard industry experts. While it received valuable contributions from those who moved on during the year, the Company believes that the new members of the board and management will be important components of its long term vision. The following changes had occurred:

- John (Gary) Dyal and Paul Gill joined the Board. Mr. Dyal was appointed as the Board Chairman.
- Ian Klassen and Robert Coultura who were the members of the Board in Matnic. Resources Inc., the company that was acquired in Reverse Take Over, left the Board.
- Rob Scott and Jeff Dare joined the management team in the capacity of CFO and Corporate Secretary. These appointments come with the departure of Robert Randall from the role of Graphene 3D CFO and Ian Klassen as COO and Corporate Secretary.

New Chairman of the Board: Mr. Dyal, is a recognized leader in the commercialization of nanotechnology and graphene related products. He brings over 35 years of manufacturing and technology experience to the Company. Mr. Dyal currently serves as Vice-President of Cryo Pure Corp. an international company that

packages and distributes industrial/ultra-high purity specialty gases, chemicals, cryogenics and cryogenic chemical delivery equipment. Prior to his co-founding of Cryo Pure Corp, Mr. Dyal was the Director of Marketing & Sales for CVD Equipment Corporation (NASDAQ: CVV) a company that designs, develops, and manufactures a broad range of state-of-the-art graphene manufacturing equipment and process solutions for research and industrial applications. Mr. Dyal was responsible for global sales of R&D products related to graphene, carbon nanotubes, semiconducting nanowires, 2D materials and thin films for research laboratories.

New CFO: Robert Scott, being CPA, CA, and CFA, brings more than 20 years of professional experience in corporate finance, accounting and merchant and commercial banking. Mr. Scott earned his CFA in 2001, his CA designation in 1998 and has a B.Sc. from the University of British Columbia. He is a Founder and President of Corex Management Inc., a private company that provides accounting, administration, and corporate compliance services to both privately held and publicly traded companies. Mr. Scott has a strong track record of running cost effective operations as he has served on the management teams and boards of numerous Canadian publicly traded companies. Mr. Scott has also listed several companies on the TSX Venture Exchange, gaining extensive IPO, RTO, regulatory and reporting experience. He currently serves as the CFO of Riverside Resources Inc. (TSXV: RRI) and Nickel One Resources Inc. (TSXV: NNN) as well as being a board member of Genesis Metals Corp. (TSXV: GIS) and Mongolia Growth Group Ltd (TSXV: YAK).

New Corporate Secretary: Jeffrey Dare has over 8 years of professional experience with respect to managing external reporting and corporate compliance for TSX Venture Exchange listed issuers. He currently serves as the Corporate Secretary for Riverside Resources Inc. (TSX-V: RRI), Kivalliq Energy Corporation (TSX-V: KIV), Nickel One Resources Inc. (TSX-V: NNN), Bluestone Resources Inc. (TSX-V: BSR), and Corex Management Inc., a private administration company. At Corex Management Inc., he also advises a number of private companies that span through different industries and jurisdictions. Mr. Dare works closely with external partners and service providers in the areas of legal, compliance, transfer agency, audit, banking and insurance. Mr. Dare earned a BA from Simon Fraser University and has completed the Canadian Securities Course.

New Director: Mr. A. Paul Gill has extensive experience in restructuring organizations. He currently holds titles as the CEO of Lomiko Metals (TSXV: LMR), CEO of Lomiko Technologies and a Director of Graphene ESD. Until October 2006, Mr. Gill was heavily involved in the dynamic growth stage of Norsemont Mining, where he helped take the market capitalization from $1M to $50M. Mr. Gill held various roles throughout his tenure with Norsemont Mining, where he served as the Vice President of Business Development, as well as the director, president and CEO, CFO, and corporate secretary.

2017 Objectives:

In 2017, the Company intends to **focus on advancing graphene materials towards commercialization**. Management strongly believes that the Company is at the turning point and has the potential for rapid growth in the near future. More specific objectives include:

- Accelerate R&D in energy storage sector and develop a prototype of Lithium-Ion battery and prove its superiority to the commercial counterparts.

- Expand production capacity and lower price of graphene materials.
- Grow our business development team and establish collaboration with a number of large industrial organizations.
- Expand product line in 3D Printing space.
- Offer new innovative materials by incorporating graphene into polymers and resins with focus applications in defense, aerospace, transportation, energy and construction.
- Expand the Company's IP portfolio.

The Company's team is highly motivated and ready to implement the long term vision for success. The Company's management strives for excellence and is committed to increasing the long term shareholder value.

About Graphene 3D Lab, Inc.

Graphene 3D Lab, Inc. is a world leader in the development, manufacturing and marketing of proprietary composites and coatings based on graphene and other advanced materials. These diverse materials have a wide spectrum of commercial, research and military applications. The Company's wholly owned subsidiary, Graphene Laboratories Inc., currently offers over 100 graphene and related products to a client list comprised of more than 11,000 customers worldwide, including nearly every Fortune 500 tech company and major research university. Some notable clients are: NASA, Ford Motor Co., GE, Apple, Xerox, Samsung, Harvard University, IBM and Stanford University. The Company's suite of products are available online at the company's e-commerce platform Graphene Supermarket (www.graphene-supermarket.com).

The 3D printing division of the Company offers a portfolio of specialty fused filament fabrication filaments. These materials can be purchased through multiple distribution networks worldwide or directly online at www.blackmagic3D.com. Graphene 3D also holds a new proprietary technology encompassing the preparation and separation of atomic layers of graphene. This technological breakthrough represents a new, energy efficient process to manufacture, sort and classify graphene nanoparticles resulting in the potential for large scale production of high grade graphene at lower costs than exist in today's marketplace.

The Graphene 3D facility is located in Calverton, NY and is equipped with material processing and analytical equipment. The company has seven US patent applications pending for its technology. For more information on Graphene 3D Lab Inc., visit www.graphene3dlab.com.

ON BEHALF OF THE BOARD

Daniel Stolyarov,

President & Co-CEO

For More Information:

Commercial Inquiries:

Daniel Stolyarov

Co-Chief Executive Officer

Telephone: (631) 405-5116

Email: daniel.stolyarov@graphene3Dlab.com

Investor Inquiries:

Keith Lehn

Investor Relations Coordinator

Telephone (631) 405-5114

Email: investors@graphene3Dlab.com

FORWARD LOOKING INFORMATION

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.