

Newsletter – January 2014

Welcome to the first in our series of newsletters aimed at keeping our stakeholders current on Grafoid's corporate activities, achievements and expansion plans as the graphene industry moves towards commercialization.

On September 9, 2011, we announced the incorporation of Grafoid Inc.

Today, Grafoid has established itself as a global leader in graphene innovation through its investment in unique graphene transformation and production methods leading to novel commercial applications.

On Monday, December 2, we opened the doors to our new facilities at Queen's University's Innovation Park in Kingston, Ontario. We'll be holding an official opening and be fully operational in February 2014.

Part of Grafoid's new premises include the addition of laboratory and production facilities for Graphite Zero Pte. Ltd.

A spinoff from the National University of Singapore and part of Grafoid's global graphene platform, Graphite Zero is expanding beyond its pilot plant facility in Singapore to full production facilities in Canada and the United States.

Graphite Zero's second North American laboratory and MesoGraf™ production facility will be based in New Jersey and should be operational by the end of the second quarter this year.

Innovation Park will soon become host to some of our application development joint venture partners and it will afford us opportunities to undertake new research initiatives with Queen's University and a number of other public and private sector institutions and technology companies.

We envision our new facility becoming one of Canada's nanotechnology centers of excellence and we are actively engaged in efforts with Queen's and others to make this goal a reality. We anticipate further announcements in this regard in the coming weeks and months as we secure private and public commitments.

Innovation Park provides Grafoid and Graphite Zero with access to the tools and the engineering know-how to move our scientific developments to the commercialization stages for MesoGraf™-based materials and products.



Based on the overwhelming global interest in our ability to adapt our low-cost, high-quality MesoGraf™ graphene materials to industrial applications, Grafoid has become a magnet for development projects from some of the world's leading corporations and institutions.

Infiniti Research Limited, an internationally recognized technology market research company in its October 2013 report confirmed Grafoid's ranking on the world stage.

Here's how they placed us:

Research and Markets: Global Graphene Market 2012-2016 with Grafoid Inc., IBM Corp., and Samsung Electronics Co. Ltd. Dominating

"The key vendors dominating this (graphene) market space are BASF SE, Grafoid Inc., IBM Corp., and Samsung Electronics Co. Ltd."

The analysts forecast the global graphene market to grow at a CAGR of 60.4 percent over the period 2012-2016. One of the key factors contributing to this market growth is the growing demand for graphene due to its superior attributes.

About MesoGraf™

The American computer pioneer Alan Kay said in 1971, "The best way to predict the future is to invent it."

Grafoid is doing just that through its investments in graphene.

MesoGraf™ - which we debuted in May 2013 in Singapore - is the first graphene to be trademarked in the world. MesoGraf™ is the global standard for graphene.

Its five core attributes are:

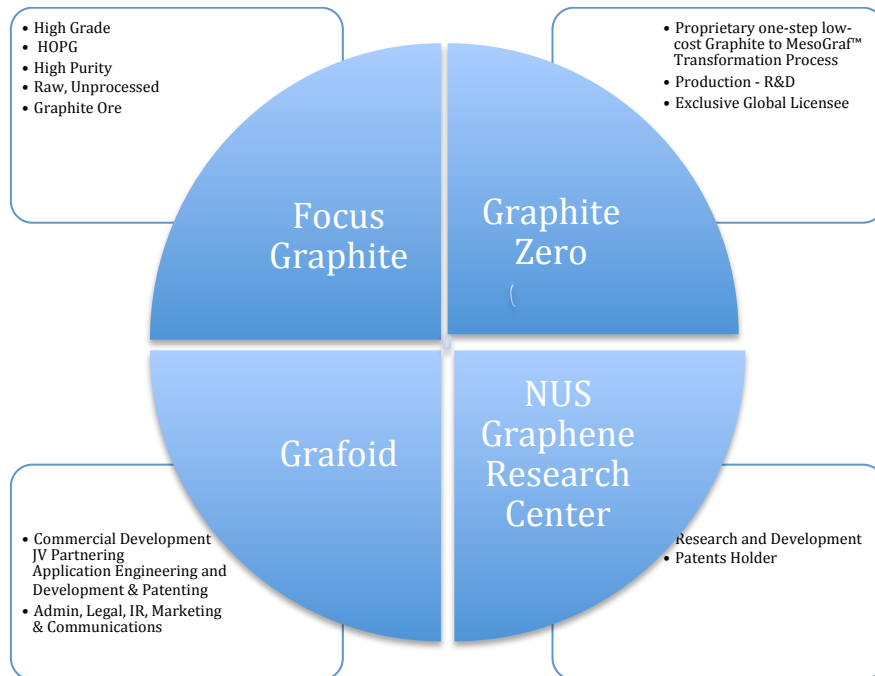
- ✓ **Cost:** - Its one-step, low-cost transformation to MesoGraf™ from raw graphite ore is incomparable in terms of cost competitiveness against other processes.
- ✓ **High Purity:** Because the proprietary transformation process avoids the need to mechanically crush or apply harsh chemicals to the graphite source, our exfoliated graphene is produced in near pristine condition, retaining its inherent high energy density and physical integrity.
- ✓ **High Yield:** From any high-quality graphite source grading at 15% or higher. MesoGraf™ derived from Focus Graphite's Lac Knife highly ordered pyrolytic graphite resource was chosen because of its unique characteristics.
- ✓ **Scalable** - From Kilograms to Tons
- ✓ **Versatile** – MesoGraf™ is adaptable to the broadest possible range of industrial and consumer product applications.

These are truly remarkable accomplishments.

Our corporate and institutional R&D partnerships continue to advance their processes for creating new materials and substances and we see a long-term, growth opportunity.

Grafoid is the pivotal player in a vertically-integrated, mine-to-technology enterprise comprised of Focus Graphite Inc., Graphite Zero Pte Ltd., and the National University of Singapore's Graphene Research Center.

Our business model is unique. The advantages of a cost-mitigated and managed supply chain bring business efficiencies and ultimately, higher operating margins.



The following segments provide a general update of our current corporate activities, application and facilities procurement and commissioning developments and a look ahead to some of the upcoming conferences Grafoid will be attending.

As always, we look forward to your questions and comments about our company and our goals and objectives for the foreseeable future.

Grafoid has accomplished much during the last 24 months and we believe 2014 will be a breakout year as we scale up our MesoGraf™ developments globally with an eye on becoming the global leader in graphene's commercialization.

I would like to personally thank you for your support and wish you the very best for 2014.

Sincerely,

Gary Economo
 President and Chief Executive Officer
 Grafoid Inc.

Application Update

To date, Grafoid has publicly announced six joint venture graphene application development partnerships. Two of those development projects have achieved patent pending status and have moved to the product testing stage.

Our JV partnerships with Rutgers University's AMIPP advanced polymer materials institute and Hydro-Quebec's research institute IREQ are on track to become our first-to-market commercialized projects.

Announced Partnerships

- **Hydro-Quebec** - Developing quick-charge, long-life MesoGraf™ lithium iron phosphate battery materials for the consumer electronics and electric vehicle markets.
- **Calevia** - Developing an entirely new graphene-based nanotechnology platform for the precise targeting and thermal eradication of solid cancer tumors in the prostate.
- **Rutgers University** - Producing an advanced MesoGraf™ - plastic material we'll be formally announcing in due course.
- **University of Waterloo** - Investigating graphene substitutions for graphite in fuel cells and supercapacitors and MesoGraf's functionalization for use in oil recovery and water treatment projects
- **CapTherm Systems** - Developing next generation, multiphase thermal management systems for electric vehicle (EV) battery and light emitting diode (LED) technologies.
- **CVD Equipment Corporation** - Developing large-scale graphene papers.

Areas of Development Interest

We have interest in numerous development areas and are currently exploring a number of these with interested potential joint venture partners. We may be in a position to announce some of these over the course of the coming year.

- 3D printing materials, Lubricants, Fire Retardants, Desalination, Solar, Water Filtration, Heat Sinks, Cables & Transmission Lines
- Conductive inks, conductive programmable construction wall panels, organic electronics and lighting, transparent conductive films, touch screens
- Specialty coatings, flame retardants, other renewable energy and fabrication materials sectors

Industry News

Recent market research projects the first commercially significant sales of graphene products to develop before 2017, by which time the market is projected to be worth almost \$123 million. The graphene market should start to take off after 2017, reaching nearly \$987 million by 2022.

Conference Participation

Grafoid has taken an active role in engaging with potential joint venture and strategic partners - as well as potential investors - through a presence at major graphene events around the world.

- Sponsor at the Graphene2012 Conference in Brussels, Belgium
- Sponsor at the Graphene2013 Conference in Bilbao, Spain
- Lead Sponsor at the New Diamond and Nano Carbons Conference in Singapore, in May 2013
- Lead sponsor at the Industrial Minerals Graphite and Graphene Conference in New York City, November 2013
- Lead sponsor at Graphene LIVE USA 2013 in Santa Clara
- Lead sponsor at the 2014 NAATBatt Annual General Meeting in San Diego

And once again we will sponsor Graphen2014 to be held in May in Toulouse, France.