



## NASDAQ STATEMENT OF CORPORATE GOVERNANCE DIFFERENCES

As a Canadian corporation listed on NASDAQ Capital Market (“Nasdaq”), under Nasdaq Stock Market Rule 5615(a)(3), Zentek Ltd. (“Zentek” or “Registrant”) is not required to comply with certain of the Nasdaq corporate governance standards, so long as it complies with Canadian corporate governance practices. In order to claim such an exemption, however, it must disclose the significant differences between its corporate governance practices and those required to be followed by U.S. domestic issuers under Nasdaq’s corporate governance standards. Zentek’s common shares are quoted for trading on the TSX Venture Exchange (“TSXV”) under the trading symbol “ZEN” and on Nasdaq under the symbol “ZTEK”.

The following is a summary of the significant ways in which Zentek’s corporate governance practices differ from those required to be followed by U.S. domestic issuers under Nasdaq’s corporate governance standards. Except as described in this summary, Zentek is in compliance with the Nasdaq corporate governance standards in all significant respects. Any references to the “Registrant” refer to Zentek Ltd. unless the context suggests otherwise.

### **Audit Committee Composition**

The Registrant is not currently following Rule 5605(c)(2)(A), under which the Registrant must have an Audit committee of at least three members comprised solely of directors each of whom: (1) meets Nasdaq's definition of independence contained in Rule 5605(a)(2) (subject to the exception provided in Rule 5605(c)(2)(B) and the cure period provided in Rule 5605(c)(4)); (2) meets the requirements of SEC Rule 10A-3(b)(1) (subject to exceptions provided in Rule 10A-3(c) and the cure period provided in Rule 5605(c)(4)); (3) has not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and (4) is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement, as required by Rule 5605(c)(2). Additionally, the Registrant needs to have, at least one member of the Audit Committee who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. In lieu of following Rule 5605(c)(2)(A), the Registrant is currently utilizing the phase-in provisions of Rule 5615(b) for the Audit Committee Composition requirement. The Registrant intends to fully comply with this requirement as of the end of the phase-in period before March 2023.

### **Audit Committee Charter**

The Registrant does not follow Rule 5605(c)(1), which requires the Registrant to adopt a formal written Audit Committee charter specifying the items enumerated in Rule 5605(c)(1), with the Audit Committee reviewing and assessing the adequacy of the charter on an annual basis. In lieu of following Rule 5605(c)(1), the Registrant follows the rules of the TSX Venture Exchange.

### **Independent Director Oversight of Director Nominations**

The Registrant does not follow Rule 5605(e)(1), which requires the Registrant to have independent director involvement in the selection of director nominees, by having a nominations committee comprised solely of independent directors. In lieu of following Rule 5605(e)(1), the Registrant follows the rules of the TSX Venture Exchange.

### **Nominations Committee Charter**

The Registrant does not follow Rule 5605(e)(2), which requires the Registrant to adopt a formal written charter or board resolution, as applicable, addressing the director nomination process and such related matters as may be required



under the federal securities laws. In lieu of following Rule 5605(e)(2), the Registrant follows the rules of the TSX Venture Exchange.

#### **Compensation Committee Charter**

The Registrant does not follow Rule 5605(d)(1), which requires the Registrant to adopt a formal written compensation committee charter specifying the items enumerated in Rule 5605(d)(1), with the compensation committee reviewing and reassessing the adequacy of the charter on an annual basis. In lieu of following Rule 5605(d)(1), the Registrant follows the rules of the TSX Venture Exchange.

#### **Compensation Committee Composition**

The Registrant does not follow Rule 5605(d)(2), which requires the Registrant to have, a compensation committee of at least two members, with each member being an “Independent Director”, as defined under Rule 5605(a)(2). In lieu of following Rule 5605(d)(2), the Registrant follows the rules of the TSX Venture Exchange.

#### **Director Independence**

The Registrant is not currently following Rule 5605(b)(1), which requires the Registrant to have a board of directors comprised of a majority of independent directors as required by Rule 5605(b)(1). In lieu of following Rule 5605(b)(1), the Registrant is currently utilizing the phase-in provisions of Rule 5615(b) for the Majority Independent Director requirement. The Registrant intends to fully comply with this requirement as of the end of the phase-in period before March 2023.

The foregoing is consistent with the laws, customs, and practices in the province of Ontario and Canada.