

Dear fellow shareholders,

We are at an inflection point for Zentek. Market conditions have shifted from an environment of abundant capital and high-risk tolerance to one where capital is more selective and business models are closely scrutinized. In that environment, Zentek has been carrying too many initiatives, deploying capital too broadly, and asking you to underwrite too much optionality without enough evidence of durable, cash-generating businesses. That is changing now.

### **A strategic reset, not another tweak**

Over the past weeks, I have taken a hard, unvarnished look at the Company's assets, capital allocation and operating model. The conclusion is clear: Zentek cannot be everything at once. Historically, we spread capital and management attention across too many programs, launched projects without clear roadmaps or exit ramps, and communicated more about possibilities than about cash, margins and milestones. That diluted the impact of genuinely differentiated technology and strained investor confidence.

We are implementing a new operating model built around the three core platforms, each required to deliver against a roadmap with defined milestones and explicit success criteria. This structure will govern how we deploy capital, measure performance, and make continuation or exit decisions for each platform.

- **Albany Graphite** – our high-purity graphite deposit which is our lead value creation asset with prior technical work supporting further evaluation of potential suitability for premium applications in nuclear and advanced materials markets. Current activities are focused on defined de-risking steps, including pilot-scale processing to generate additional performance data, updated economic analysis based on recent technical work, and continued environmental and social baseline studies in collaboration with local partners. The purpose of this work is to improve the quality and completeness of the technical and economic information supporting Albany so that the Company is better positioned to evaluate future options such as partnerships, offtake arrangements, strategic transactions or a potential separate listing, subject to prevailing market conditions and other relevant factors.
- **ZenGUARD** – our nanocoating platform that we are managing as a focused commercial business with specific revenue, margin and utilization targets over the next 12 months. Our immediate priority is regulatory clarity and compliant deployment: we are working closely with the relevant Health Canada teams, responding to requests for clarification and additional data to confirm the appropriate classification for ZenGUARD™-enhanced HVAC filters. Once that guidance is in hand, we intend to finalize a capital-efficient commercialization plan that may include licensing the underlying intellectual property in Canada and other jurisdictions, while continuing to support existing industry partners, so that any incremental capital committed to ZenGUARD™ is tied to clear regulatory outcomes and measurable commercial performance. We also want to acknowledge the significant efforts of Zentek's production and regulatory teams, and the constructive, solution-oriented engagement from our counterparts at Health Canada, whose work together is central to bringing this technology to market responsibly.
- **Triera** – our aptamer therapeutics platform that we believe has meaningful scientific potential, but that must progress in a disciplined way. We are continuing a detailed review of the underlying license structures, related intellectual property, their multiyear maintenance costs and marketability, alongside the discovery work that the research team has been advancing. Once there is a clearly defined asset to pursue and a full view of the capital requirements, we will look to support the next stage primarily through external, life sciences focused investors



and, where available, nondilutive government grants, rather than relying on open-ended funding from Zentek's core balance sheet. I also want to recognize the exceptional research team at McMaster University and how fortunate we are to be working alongside them on this platform; their scientific leadership has been instrumental to Trieria's progress to date, and I look forward to charting a thoughtful path ahead together as the data crystallize and a lead asset emerges.

Execution responsibility for each platform is clearly assigned under this focused operating model and rests with the Company's leadership team. At the same time, we have deliberately aligned our scientific talent to priority programs, ensuring the right expertise is positioned in the right place to support execution. Brief biographies of the team supporting this strategy are included at the end of this letter.

Within our ZenGUARD and graphene portfolio, we have also rationalized the pipeline so that only programs with a clear path to commercialization or external funding remain on the near-term agenda. Our immediate commercial focus is on HVAC filters, where regulatory clarity and channel partnerships can translate into recurring revenue, and on monetizing our mask inventory under strict margin thresholds, after which masks will be managed either as a focused niche line or as an OEM/licensing ingredient rather than a capital-intensive standalone business. At the same time, we are continuing development of our fire-retardant gel in partnership with our US-based partner, under a defined development budget that is funded by them and therefore does not draw on Zentek's core equity capital. By contrast, our ice phobic coating is being treated as a preserved strategic option: further testing and product enhancements will only proceed if and when incremental capital is available on acceptable terms, and until then the program will not compete with Albany, ZenGUARD, or Trieria for scarce cash.

### **Operating decisions to support long-term value**

A strategy is only real when it shows up in budgets and operating structures. To align the organization with this focused model, we have implemented a series of cost and structural actions, including:

- A workforce realignment that is expected to reduce annual operating expenses by approximately C\$1 million while preserving our ability to execute on Albany, ZenGUARD and Trieria;
- Optimizing our R&D laboratory and facility footprint, including stepping away from higher-cost space and consolidating operations into a more efficient configuration; and
- Pausing non-core initiatives, monetization of surplus equipment and inventories, and tighter corporate cost controls across travel, professional fees and overhead.

We expect to complete the implementation of the targeted efficiency measures by January 29, 2026. After that date, we will continue to assess operational efficiency on an ongoing basis to help ensure that Zentek's cost structure remains aligned with its strategy and that disciplined cost management becomes part of the Company's culture.

These decisions affect people who have contributed meaningfully to the Company, and they were not taken lightly. We are grateful for the contributions of those impacted and are committed to treating everyone affected with respect. Our responsibility, however, is to ensure Zentek remains financially resilient and strategically focused. Aligning our cost base with a disciplined, three platform strategy is intended to protect the long-term interests of shareholders and support the Company's ability to execute effectively.

### **Capital position and funding discipline**

Transparency on capital is non-negotiable. As at September 30, 2025, Zentek held approximately \$1.3 million in cash and cash equivalents, supplemented by the \$2.0 million secured convertible debenture



financing completed in April 2025 and approximately \$2.0 million of net proceeds from the sale of 24 Corporate Court after repayment of the associated mortgage. Q2 fiscal 2026 operating cash burn was approximately \$2.8 million for the quarter, which, before any cost actions or additional funding, implied a cash runway of less than 12 months at that time.

In response, we implemented a disciplined working capital and cost reset, including workforce realignment, optimization of laboratory and facility footprint, and pausing or exiting non-core initiatives. As a result of these actions, underlying quarterly operating cash burn has been reduced to approximately \$1.3 million, before onetime items such as severance and contract termination costs, resulting in more than a 50% reduction versus the prior runrate. We will continue to target further efficiencies while protecting the Company's highest value commercial and regulatory milestones.

We are therefore managing the Company using explicit base and downside scenarios:

- A base plan, under which we extend our cash runway to at least 24 months by March 31, 2027, through a combination of cost reductions, disciplined segment spending and assuming additional financing of up to approximately \$8 million raised in a staged, milestone-linked manner; and
- A downside plan, which assumes slower revenue and higher costs, and under which we will maintain a minimum of 6-12 months of runway at all times by further tightening expenditures and, if necessary, slowing or pausing elements of our roadmap.

As Zentek advances its core platforms, additional capital will be required. Capital will be raised and deployed with greater discipline, aligned to disclosed milestones for Albany, ZenGUARD and Trieria, with a preference for non-dilutive or strategic capital where available. The Company will be explicit about dilution trade-offs and will avoid open-ended development programs or speculative expansion. There are also conditions under which we would choose not to raise equity capital; for example, if the Company's market valuation does not reasonably reflect executed milestones, if high-cost capital would undermine existing shareholders, or if we can bridge to a better window through non-dilutive means and additional cost discipline. In those circumstances, we will adjust our spending and pacing rather than assume that capital will always be available on our preferred terms.

How each platform will be managed:

For Albany Graphite, we will continue to advance and de-risk the project for potential spin-out or M&A opportunities through:

- Updating and communicating a technical narrative that links Albany's high-purity graphite to nuclear and other specialty markets;
- Proceeding with updated technical reports reflecting current costs and realistic development pathways;
- Formalizing a co-development framework with Constance Lake First Nation; and
- Securing strategic MOUs, conditional offtakes and non-dilutive funding from critical-minerals programs and industrial partners.

For ZenGUARD, our priority is to move from pilots and announcements to a small number of scalable channels and recurring revenue. That means:

- Securing definitive Canadian regulatory clarity for HVAC applications and documenting the U.S. regulatory route;
- Focusing on three monetization paths – IP licensing to large manufacturers, coated-media supply to converters, and targeted direct-to-customer channels – that leverage partners' capital rather than our own; and
- Managing the Guelph coating facility to defined utilization, cost-per-unit and margin targets, rather than as an open-ended capacity build.



For Trieria, we are protecting upside while capping downside:

- Current grant-funded work will conclude with a clear technical and commercial recommendation on a single lead asset;
- From that point forward, Trieria advances with support by external, life-sciences capital or grant funding that covers the majority of its costs;

In all three cases, success is defined not by scientific promise alone, but by the ability to reach concrete value-realization events: revenue generation, strategic sale or M&A, licensing, or structured partnership—within a visible time horizon.

### **Strengthening transparency and accountability**

We believe shareholders should be able to assess our progress based on clear, consistent information. To that end, we are committing to a small set of cross-company metrics that will anchor our reporting and future communications, including:

- Cash runway – months of funded operations under base and downside cases.
- Capital efficiency – the proportion of spend that is milestone-gated and re-deployable if gates are not met.
- Segment P&Ls – clean financial reporting for Albany, ZenGUARD, Trieria and Corporate, including segment-level burn, revenue and external funding.
- Milestone delivery – the percentage of planned quarterly milestones delivered on time and within budget.

We will provide a small set of clear performance indicators for each segment on a quarterly basis, and we will maintain a Strategic Roadmap page on our website outlining our 24-month plan and key milestones. Public disclosures will focus on material developments, including regulatory decisions, signed partnerships, funding events and major technical milestones, and will be tied back to this roadmap to provide context on execution and progress.

### **Our focus and standards going forward**

We have always spoken about Zentek in terms of three core platforms; going forward, the more important idea is that we will direct our time and capital to the opportunities that create the most value for shareholders. Each platform will be required to earn continued investment by meeting clear technical, commercial and financial milestones and by demonstrating attractive returns on capital. Those that do so will receive additional resources, while those that do not will be restructured, partnered or wound down so that we can redeploy capital to higher-return opportunities. Our current share price does not yet reflect the value we believe disciplined execution on this approach can unlock, but we are convinced that focusing relentlessly on fundamentals, capital discipline and transparency is the best path to long-term share price appreciation.

Zentek today is not yet the Company it aims to become, but it has real assets, real capabilities and now a more disciplined plan. The environment around us is becoming more challenging. Capital is scarce, investors are rightly skeptical, and patience is limited. In that context, our responsibility is to be clear-eyed about where we stand, transparent about the risks, and disciplined in how we deploy your capital.

We are narrowing our focus, reducing our cost base, aligning our operating model with cash and milestones, and planning capital raises that are tied to tangible progress rather than to aspirational breadth. This approach is intended to give Zentek the best opportunity not only to navigate the current environment, but to advance de-risked assets that can stand on their own merits.



We value the engagement and scrutiny of our long-term shareholders. Going forward, you should expect greater transparency, fewer distractions, and a consistent emphasis on execution and accountability. If you have questions about this reset or the Company's path forward, we encourage you to reach out through the email address below.

Sincerely,

A handwritten signature in black ink, appearing to be "Moe Jiwan". The signature is fluid and stylized, with a long horizontal stroke at the end.

Moe Jiwan  
Chief Executive Officer, Zentek Ltd.  
[Mjiwan2@zentek.com](mailto:Mjiwan2@zentek.com)

### **Appendix: R&D Team Biographies**

Our updated R&D structure is designed around three core technical pillars and will ensure that key programs are led by individuals whose experience and expertise closely match Zentek's next phase of development.

#### Adam MacIntosh – Translational R&D and Program Integration

Dr. Adam MacIntosh will take on a central role in connecting Zentek's external research partners with its internal research, product development, business development, quality, regulatory and executive teams. Drawing on his background in synthetic chemistry, nanomaterials and complex analysis, as well as his experience leading multidisciplinary projects across multiple institutions, Dr. MacIntosh will focus on translating complex data into clear decisions, prioritizing projects along the technology readiness spectrum, and ensuring that Zentek's most promising technologies are advanced efficiently toward commercialization.

#### Anthony Raj Thiruppathi, Ph.D. – Albany Materials and Electrochemistry

Dr. Anthony Thiruppathi will work closely with the Company's corporate and project teams to ensure the Albany Graphite deposit is presented to the market for its most important technical and commercial attributes. With more than seven years of R&D experience as an electrochemist and materials scientist, a strong publication and patent record, and prior industrial experience in battery manufacturing, quality and process improvement, Dr. Thiruppathi will lead the characterization and positioning of Albany materials for high-value applications, including energy storage and advanced electrochemical systems.

#### Seyyedarash Haddadi, Ph.D. – Advanced Graphene, Polymers and Coatings

As Principal R&D Scientist, Dr. Seyyedarash Haddadi will continue to anchor Zentek's work at the frontier of graphene and advanced materials. With a Ph.D. in Chemical Engineering (Polymer Engineering) and deep expertise in nanomaterial synthesis, polymer nanocomposites, self-healing and corrosion-protective coatings, Dr. Haddadi will be responsible for driving innovation and differentiation in Zentek's materials platforms, including graphene-based coatings and novel polymer systems that underpin products such as ZenGUARD™ and emerging fire-retardant technologies.