

**XG SCIENCES, INC.**  
**DIRECTOR CONFIDENTIALITY AND NONSOLICITATION AGREEMENT**

This XG Sciences, Inc. Director Confidentiality and Nonsolicitation Agreement (the "**Agreement**") dated this \_\_\_\_\_ day of \_\_\_\_\_, 2014 is entered into by and between \_\_\_\_\_ ("**Director**"), and XG Sciences, Inc., a Michigan corporation ("**XGS**") and collectively with any entity that is wholly or partially owned by XGS or otherwise affiliated with XGS, the "**Company**"). Hereinafter, each of Director or the Company may be referred to as a "**Party**" and together be referred to as the "**Parties**".

**RECITALS:**

**WHEREAS**, the Company desires to protect and preserve its reasonable competitive interests and confidential and proprietary information by having the Director enter into this Agreement;

**WHEREAS**, the Company desires to appoint Director or to continue to the appointment of Director, and Director desires to perform services for the Company in a position that will allow Director access to various proprietary trade secrets and confidential information belonging to the Company and which will require Director to perform services of a unique and special nature;

**WHEREAS**, in the case of a new Director, as a condition of Director's appointment, or in the case of an existing Director, as a condition of Director's continued appointment, the Company desires to receive from Director covenants, including but not limited to: (a) not to disclose any confidential or proprietary information acquired during the course of appointment with the Company; (b) not to solicit any director or employee of the Company to terminate his or her relationship with the Company; and (c) not to interfere with or solicit any customers, suppliers or vendors of the Company to terminate their relationship with the Company; and

**WHEREAS**, the Company has been involved in research, development, manufacture and sale of graphene nanoplatelets as evidenced, in part, by its website and numerous published scientific papers on the subject of graphene nanoplatelets.

**NOW THEREFORE**, in consideration of the foregoing, of the mutual promises herein contained, and as an explicit condition of Director's appointment or continued appointment by the Company, and the compensation now and hereafter paid to Director, Director hereby acknowledges and agrees with the Company as follows.

1. Definitions.

a. The term "**Confidential Information**" as used herein shall include information, including a formula, pattern, compilation, program, device, method, technique or process, or business practices that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of

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efforts that are reasonable under the circumstances to maintain its secrecy. Confidential Information also includes, but is not limited to, files, letters, memoranda, reports, records, computer disks or other computer storage medium, data, models or any photographic or other tangible materials containing such information, Customer lists and names and other information, Customer contracts, other corporate contracts, computer programs, proprietary manufacturing practices and technical information, strategies, sales, promotional or marketing plans or strategies, programs, techniques, practices, any expansion plans (including existing and entry into new geographic and/or product markets), pricing information, product or service offering specifications or plans thereof, business plans, financial information and other financial plans, data pertaining to the Company's operating performance, employee lists, salary information, all information the Company receives from Customers or other third parties that is not generally known to the public or is subject to a confidentiality agreement, training manuals, and other materials and business information of a similar nature, including information about the Company itself or any affiliated entity, which Director acknowledges and agrees has been compiled by the Company's expenditure of a great amount of time, money and effort, and that contains detailed information that could not be created independently from public sources. Further, all data, spreadsheets, reports, records, know-how, verbal communication, proprietary and technical information and/or other confidential materials of similar kind transmitted by the Company to Director or developed by Director on behalf of the Company as an Innovation (as defined below) are expressly included within the definition of "Confidential Information." The Parties further agree that the fact the Company may be seeking to complete a business transaction is "Confidential Information" within the meaning of this Agreement, as well as all notes, analysis, Innovations or other material derived from Confidential Information. Nevertheless, Confidential Information shall not include any information of any kind which (1) was in the possession of the Director prior to becoming a director, as shown by the Director's files and records, or (2) prior or after the time of disclosure becomes part of the public knowledge or literature, not as a result of any violation of this Agreement, any violation of any similar agreement with any other party or inaction or action of the receiving party, or (3) is rightfully received from a third party without any obligation of confidentiality; or (4) is independently developed after termination of the Director's directorship with XGS without reference to the Confidential Information or materials based thereon; or (5) is disclosed pursuant to the order or requirement of a court, administrative agency, or other government body; or (6) is approved for release by the disclosing party. It is the intent of the definition to include confidential information related to the research, development, manufacture and sale of graphene nanoplatelets which is not generally known to the public and to exclude information which Director otherwise has developed or obtained through his education, experience, and work in the field of advanced and electronic materials.

b. The term "**Customer**" shall mean any person or entity which has purchased or ordered goods, products or services from the Company and/or entered into any contract for products or services with the Company within the two (2) years immediately preceding the termination of the Director's directorship with XGS.

c. The term "**Innovations**" shall mean ideas, improvements, designs, inventions and discoveries, whether or not patentable and whether or not reduced to practice, made or conceived by Director, whether solely or jointly with others, during the time that Director is serving as a director of XGS that are related to or useful in the Business of the

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Company. "Innovations" does not include any innovations, patented or unpatented, that Director made prior to becoming a Director of XGS, nor does it include any inventions made in areas not related to the Company's products or markets. To preclude any possible uncertainty, Exhibit A includes a list of all of Director's innovations made prior to Director becoming a Director of XGS, including the number of each patent and patent application, if any, and a brief description of the unpatented innovations. Director represents that the list is complete.

d. The term "**Prospective Customer**" shall mean any person or entity which has evidenced an intention to order products or services with the Company within one year immediately preceding the termination of the Director's directorship with XGS.

e. The phrase "**directly or indirectly**" shall include the Director either on his/her own account, or as a partner, owner, promoter, joint venturer, employee, agent, consultant, advisor, manager, executive, independent contractor, officer, director, or a stockholder of 5% or more of the voting shares of an entity in the Business of Company.

f. The term "**Business**" shall mean the business of researching, developing, manufacturing, or selling graphene nanoplatelets and value-added products developed, manufactured or sold by the Company which contain graphene nanoplatelets.

## 2. Duty of Confidentiality.

a. All Confidential Information is considered highly sensitive and strictly confidential. Director agrees that at all times during his service as a director of XGS and after the termination of his service as a director of XGS for as long as such information remains non-public information, Director shall (i) hold in confidence and refrain from disclosing to any other party all Confidential Information, whether written or oral, tangible or intangible, concerning the Company and its business and operations unless such disclosure is accompanied by a non-disclosure agreement executed by the Company with the party to whom such Confidential Information is provided, (ii) use the Confidential Information solely in connection with his or her role as a director of XGS and for no other purpose, (iii) take all reasonable precautions necessary to ensure that the Confidential Information shall not be, or be permitted to be, shown, copied or disclosed to third parties, without the prior written consent of the Company, (iv) observe all security policies implemented by the Company from time to time with respect to the Confidential Information, and (v) not use or disclose, directly or indirectly, as an individual or as a partner, joint venturer, employee, agent, salesman, contractor, officer, director or otherwise, for the benefit of himself or herself or any other person, partnership, firm, corporation, association or other legal entity, any Confidential Information, unless expressly permitted by this Agreement. Director agrees that protection of the Company's Confidential Information constitutes a legitimate business interest justifying the restrictive covenants contained herein. Director further agrees that the restrictive covenants contained herein are reasonably necessary to protect the Company's legitimate business interest in preserving its Confidential Information.

b. In the event that Director is ordered to disclose any Confidential Information, whether in a legal or regulatory proceeding or otherwise, such disclosure shall be limited to the narrowest disclosure, as practically possible, so required and, except to the extent

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prohibited by law, Director shall give the Company at least two (2) weeks' notice, if practicable, of the basis for any such compelled disclosure of Confidential Information and shall reasonably cooperate with the Company in limiting disclosure and obtaining suitable confidentiality protections.

c. Director acknowledge(s) that this "Confidential Information" is of value to the Company by providing it with a competitive advantage over its competitors, is not generally known to competitors of the Company, and is not intended by the Company for general dissemination. Director acknowledges that this "Confidential Information" derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and is the subject of reasonable efforts to maintain its secrecy. Therefore, the Parties agree that all "Confidential Information" under this Agreement constitutes "**Trade Secrets**" under Michigan Compiled Laws Section 445.1902.

3. Limited Right of Disclosure. Except as otherwise permitted by this Agreement, Director shall limit disclosure of pertinent Confidential Information to: (i) Director's attorney, if any ("**Representative(s)**"), for the sole purpose of evaluating Director's relationship with the Company; and (ii) [POSCO/HANWA/SVIC No. 15 New Technology Business Investment L.L.P.] for the sole purpose of keeping [POSCO/HANWA/SVIC No. 15 New Technology Business Investment L.L.P.] informed of the deliberations and actions being taken by the XGS Board of Directors. Paragraph 2 of this Agreement shall bind all such Representative(s) and [POSCO/HANWA/SVIC No. 15 New Technology Business Investment L.L.P.].

4. Return of Company Property and Confidential Materials. All tangible property, including cell phones, laptop computers and other Company purchased property, as well as all Confidential Information, Customer and Prospective Customer information and property, provided to Director is the exclusive property of the Company and must be returned to the Company in accordance with the instructions of the Company either upon termination of the Director's directorship with XGS or at such other time as is requested by the Company. Director agree(s) that upon termination of the Director's directorship with XGS Director shall return all copies, in whatever form or media, including hard copies and electronic copies, of Confidential Information to the Company, and Director shall delete any copy of the Confidential Information on any computer file or database maintained by Director and shall certify in writing that he/she has done so. In addition to returning all Confidential Information to the Company as described above, Director will destroy any analysis, notes, work product or other materials relating to or derived from the Confidential Information.

5. Agreement Not To Circumvent. Director agrees not to pursue any transaction or business relationship that is directly competitive to the Business of the Company that makes use of any Confidential Information, other than through the Company or on behalf of the Company. It is further understood and agreed that, after Director's directorship with XGS has been terminated, Director will direct all communications and requests from any third parties regarding Confidential Information or Business opportunities which use Confidential Information through the Company's then chief executive officer or president. Director acknowledges that any

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violation of this covenant may subject Director to the remedies identified in Paragraph 9 in addition to any other available remedies.

6. Innovations. Director assigns to the Company, Director's entire right, title and interest in and to all Innovations that relate in any manner to the actual or demonstrably anticipated Business, work or research and development of the Company, or result from or are suggested by any task assigned to Director or work performed by Director for or on behalf of the Company. Director agrees that all such Innovations are owned exclusively by the Company. If any Innovation is based on, incorporates, is an improvement or derivative of, or cannot reasonably be made, used, reproduced and distributed without violating other technology rights owned by Director as described in Exhibit A, Director grants to the Company a perpetual, worldwide, royalty-free, non-exclusive, sublicensable license to exploit Director's technology rights in support of the Company's exploitation of its rights in the Innovation.

At Company's request, Director will promptly disclose in writing to the Company all Innovations conceived, reduced to practice or learned by Director, either alone or jointly with others during Director's service as a director of XGS, or described in a patent application or disclosed to third parties by Director within one year after termination of the Director's directorship with XGS, that are related to or useful in the Business of the Company, or which result from tasks assigned to Director by the Company, or from the use of premises owned, leased, or otherwise acquired by the Company. Director hereby assigns to the Company, successors, assignees, and legal representatives, all Director's right, title and interest in and to all Innovations and Confidential Information that Director had, may have, has, or may acquire and further agrees to assist the Company in every way possible to obtain and from time-to-time enforce patents, copyrights, mask works, and other rights and protections relating to Innovations in any and all countries. Such obligation shall continue beyond the termination of the Director's directorship with XGS. Director acknowledges and agrees that all such Innovations are owned exclusively by the Company and shall be the sole property of the Company and shall be Innovations of the Company subject to the terms of this Agreement. If any Innovation is based on, incorporates, is an improvement or derivative of, or cannot reasonably be made, used, reproduced and distributed without violating other technology rights owned by Director as described in Exhibit A, Director grants to the Company an irrevocable, perpetual, worldwide, royalty-free, non-exclusive, sublicensable license to exploit Director's technology rights in support of the Company's exploitation of its rights in the Innovations.

Director agrees that with respect to each Innovation: (i) At the Company's request, Director will promptly execute any additional written assignment of title for any Innovation to the Company; (ii) At the Company's request, Director will assist the Company or its nominee in every reasonable way to obtain patent registrations for the Innovations in all countries specified by the Company, including the execution of any documents prepared by or on behalf of the Company for this purpose. Director will continue to assist the Company in this manner even after termination of the Director's directorship with XGS; and (iii) Director will maintain written records on the Company's premises of all Innovations. The written records shall include notes, sketches and drawings, as may be specified by the Company.

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7. Nonsolicitation. The Company is engaged in the Business of researching, developing, manufacturing, and selling graphene nanoplatelets and value-added products which contain graphene nanoplatelets. The covenants contained in this Paragraph 7 (the “Nonsolicitation Covenants”) are given and made by Director to induce the Company to appoint or to continue to appoint Director, and Director acknowledges sufficiency of consideration for the Nonsolicitation Covenants. Director expressly covenants and agrees that, during his service as an XGS director and for a period of two (2) years following termination of the Director's directorship with XGS (such period of time is hereinafter referred to as the “Nonsolicitation Period”), he or she will not in one or a series of transactions, directly or indirectly as an individual or as a partner, joint venturer, employee, agent, salesperson, contractor, officer, director, manager, member or otherwise, for the benefit of himself or any other person, partnership, firm, corporation, association or other legal entity, and except to the extent that an exception is specifically provided in writing signed by Company:

a. solicit or induce, or attempt to solicit or induce, any Customer or Prospective Customer of the Company to patronize or do business with any other company (or business) that is in the Business conducted by the Company;

b. request or advise any Customer, supplier or vendor, or any Prospective Customer, prospective supplier or prospective vendor, of the Company, who was a Customer, Prospective Customer, supplier, prospective supplier, vendor or prospective vendor within one (1) year immediately preceding the termination of the Director's directorship with XGS, to withdraw, curtail, cancel or refrain from doing business with the Company in any capacity;

c. manage, operate, be connected with, employed by, or on behalf of, in any manner, any Customer, or Prospective Customer, of the Company in any capacity related to the Business, either himself or on behalf of any other entity that may employ, engage or associate with Director in any fashion;

d. sell goods related to the Business to, or perform services related to the Business for, or on behalf of, in any manner, any Customer, or Prospective Customer, of the Company either himself or herself or on behalf of any other entity that may employ, engage or associate with Director in any fashion;

e. recruit, solicit or otherwise induce any proprietor, partner, stockholder, member, lender, director, manager, officer, employee, sales agent, joint venturer, investor, lessor, supplier, Customer, agent, representative or any other person which has a business relationship with the Company or any affiliated entity to discontinue, reduce or detrimentally modify such employment, agency or business relationship with the Company; or

f. employ or solicit, or attempt to employ or solicit, for employment any person or agent who is then (or was at any time within twelve (12) months prior to the date Director or any entity related to Director seeks to employ such person) employed or retained by the Company. Notwithstanding the forgoing, to the extent Director works for a firm or corporation after his termination of service from the Company and he does not have any personal

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knowledge and/or control over the solicitation of or the employment of a Company employee or agent, then this provision shall not be enforceable as it relates to that employee or agent.

8. Acknowledgements of Director.

a. Director understands and acknowledges that any violation of this Agreement shall constitute a material breach of this Agreement, and it may cause irreparable harm and possible loss to the Company for which monetary damages may be an insufficient remedy. Therefore, the Parties agree that in addition to any other remedies available, the Company will be entitled to the relief identified in Paragraph 9 below.

b. The Nonsolicitation Covenants shall be construed as agreements independent of any other provision in this Agreement and the existence of any claim or cause of action of Director against the Company shall not constitute a defense to the enforcement of the Nonsolicitation Covenants or any other provision of this Agreement.

c. Director agrees that the Nonsolicitation Covenants and the other provisions of this Agreement are reasonably necessary to protect the legitimate business interests of the Company.

d. Director agrees that this Agreement may be enforced by XGS's successor in interest by way of merger, business combination or consolidation where a majority of the surviving entity is not owned by XGS's shareholders who owned a majority of XGS's voting shares prior to such transaction, and Director acknowledges and agrees that successors are intended beneficiaries of this Agreement.

e. Director agrees that if any portion of the Nonsolicitation Covenants or other provision of this Agreement is held by a court of competent jurisdiction to be unreasonable, arbitrary or against public policy for any reason, such shall be modified accordingly as to time, geographic area and line of business so as to be enforceable to the fullest extent possible as to time, area and line of business.

f. Director acknowledges that any violations of the Agreement will be a material breach of this Agreement and may subject Director, and/or any individual(s), partnership, corporation, joint venture or other type of business with whom Director is then affiliated or employed, to monetary and other damages.

g. Director agrees that any failure of the Company to enforce the Nonsolicitation Covenants or any other provision of this Agreement against any other director, for any reason, shall not constitute a defense to enforcement of the Nonsolicitation Covenant or that other provision of this Agreement against Director.

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9. Specific Performance; Injunction. If any provision of Paragraphs 1-8 as applied to any Party or to any circumstance is judged by a court to be invalid or unenforceable, the same shall in no way affect any other circumstance or the validity or enforceability of any other provision of this Agreement.

Any unauthorized use or disclosure of Confidential Information in violation of Paragraphs 1-6 above or violation of the Nonsolicitation Covenants in Paragraph 7 shall constitute a material breach of this Agreement and may cause irreparable harm and potential loss to the Company for which monetary damages may be an insufficient remedy. Therefore, in addition to any other remedy available, the Company will be entitled to all available civil remedies, including:

a. Temporary and permanent injunctive relief, without the necessity of posting a bond, restraining Director or Representatives [or POSCO/HANWA/ SVIC No. 15 New Technology Business Investment L.L.P.] and any other person, partnership, firm, corporation, association or other legal entity acting in concert with Director from any actual or threatened unauthorized disclosure or use of Confidential Information, in whole or in part, or from rendering any service to any other person, partnership, firm, corporation, association or other legal entity to whom such Confidential Information in whole or in part, has been disclosed or used or is threatened to be disclosed or used; and

b. Temporary and permanent injunctive relief, without the necessity of posting a bond, restraining Director from violating, directly or indirectly, the restrictions of the Nonsolicitation Covenants in any capacity identified in Paragraph 7, supra, and restricting third parties from aiding and abetting any violations of the Nonsolicitation Covenants; and

c. Compensatory damages, including actual loss from misappropriation and unjust enrichment, and any and all legal fees, including without limitation, all attorneys' fees, court costs, and any other related fees and/or costs incurred by the Company in enforcing this Agreement.

Notwithstanding the forgoing, the Company acknowledges and agrees that Director will not be liable for the payment of any damages or fees owed to the Company through the operation of Paragraph 9c above, unless and until a court of competent jurisdiction has determined that the Company or any successor is entitled to such recovery.

Nothing in this Agreement shall be construed as prohibiting the Company from pursuing any other legal or equitable remedies available to it for actual or threatened breach of the provisions of Paragraphs 1 – 7 of this Agreement, and the existence of any claim or cause of action by Director against the Company shall not constitute a defense to the enforcement by the Company of any of the provisions of this Agreement. The Company and its affiliates have fully performed all obligations entitling it to the covenants of Paragraphs 1 – 7 of this Agreement and therefore such prohibitions are not executory or otherwise subject to rejection under the bankruptcy code.

10. Representations as to Prior or Other Agreements. Director represents and warrants that he or she is not prohibited from entering into this Agreement or performing

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services under it by any noncompetition, nonsolicitation, anti-piracy agreement, relationship agreement, or any other restrictions. Director agrees to indemnify and hold the Company harmless from all claims or causes of action by any person or entity against the Company arising out of any alleged breach by Director of any such agreement or any other restrictions inconsistent with the foregoing representations.

11. Waiver of Jury Trial. THE COMPANY AND DIRECTOR EACH WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED IN CONNECTION HEREWITH OR HEREAFTER.

12. Governing Law, Venue and Personal Jurisdiction. This Agreement shall be governed by, construed and enforced in accordance with the laws of state of Michigan without regard to any statutory or common-law provision pertaining to conflicts of laws. The Parties agree that courts of competent jurisdiction in Ingham County, Michigan and the United States District Court for the Western District of Michigan shall have concurrent jurisdiction for purposes of entering temporary, preliminary and permanent injunctive relief and with regard to any action arising out of any breach or alleged breach of this Agreement. Director waives personal service of any and all process upon Director and consents that all such service of process may be made by certified or registered mail directed to Director at the address stated in the signature section of this Agreement, with service so made deemed to be completed upon actual receipt thereof. Director waives any objection to jurisdiction and venue of any action instituted against Director as provided herein and agrees not to assert any defense based on lack of jurisdiction or venue. Director further agrees that any action arising out of this Agreement or the relationship between the parties established herein shall be brought only in courts of competent jurisdiction in Ingham County, Michigan or the United States District Court for the Western District of Michigan.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and may not be assigned by Director. This Agreement shall inure to the benefit of Company's successors.

14. Entire Agreement. This Agreement and attached Exhibits are the entire agreement of the Parties with regard to the matters addressed herein, and supersedes all prior agreements, prior negotiations, preliminary agreements, and all prior and contemporaneous discussions and understandings of the signatories in connection with the subject matter of this Agreement. This Agreement may be modified only by written instrument signed by the Company and Director.

15. Severability. In case any one or more provisions contained in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal were unenforceable provision had not been contained herein.

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16. Waiver. The waiver by the Company of a breach or threatened breach of this Agreement by Director cannot be construed as a waiver of any subsequent breach by Director unless such waiver so provides by its terms. The refusal or failure of the Company to enforce any specific restrictive covenant in this Agreement against Director, or any other person for any reason, shall not constitute a defense to the enforcement by the Company of any other restrictive covenant provision set forth in this Agreement.

17. Notices. All notices required by this Agreement shall be in writing, shall be personally delivered or sent by U.S. Registered or Certified Mail, return receipt requested, and shall be addressed to the signatories at the addresses shown on the signature page of this Agreement.

18. Acknowledgements. Director acknowledges that he or she has reviewed this Agreement prior to signing it, that he or she knows and understands the contents, purposes and effect of this Agreement, and that he or she has been given a signed copy of this Agreement for his or her records. Director further acknowledges and agrees that he or she has entered into this Agreement freely, without any duress or coercion.

19. Captions. Captions to paragraphs and sections of this Agreement have been included solely for the sake of convenient reference and are entirely without substantive effect.

20. Counterparts. This Agreement may be executed in counterparts, by facsimile or Adobe Acrobat pdf file each of which shall be deemed an original for all intents and purposes.

*[Signature Page Follows]*

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IN WITNESS WHEREOF, THE UNDERSIGNED STATE THAT THEY HAVE CAREFULLY READ THIS AGREEMENT AND KNOW AND UNDERSTAND THE CONTENTS THEREOF AND THAT THEY AGREE TO BE BOUND AND ABIDE BY THE REPRESENTATIONS, COVENANTS, PROMISES AND WARRANTIES CONTAINED HEREIN.

By: \_\_\_\_\_  
Director Signature Date

Director Name: \_\_\_\_\_

Director Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

XG Sciences, Inc.  
3101 Grand Oak Drive  
Lansing, MI 48911

By: \_\_\_\_\_  
Date

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*[Signature Page to Director Confidentiality and  
Nonsolicitation Agreement]*

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EXHIBIT A

Director's innovations made prior to Director becoming a Director of the Company

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