UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 26, 2020

XG SCIENCES, INC.

(Exact name of registrant as specified in its charter)

MICHIGAN
(State or other jurisdiction of incorporation)

333-209131 **(Commission File Number)**	**20-4998896** **(IRS Employer Identification No.)**
3101 Grand Oak Drive, Lansing, Michigan **(Address of principal executive offices)**	**48911-4224** **(Zip Code)**

517-703-1110
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule l4a-12 under the Exchange Act (17 CFR 240.l4a-l2)

☐ Pre-commencement communications pursuant to Rule l4d-2(b) under the Exchange Act (17 CFR 240.l4d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.l3e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☑

Item 2.02. Results of Operations and Financial Condition.

See Item 7.01, below.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 26, 2020, the Board of Directors (the "Board") of XG Sciences, Inc., a Michigan corporation (the "Company") accepted the resignation of Philip L. Rose as the Chief Executive Officer and as a director, and appointed Robert Blinstrub, a current director of the Company, as Chief Executive Officer, effective August 27, 2020. Additionally, the Board appointed Andrew J. Boechler as the Chief Commercial Officer of the Company effective August 27, 2020.

Appointment of Robert Blinstrub Chief Executive Officer

Mr. Blinstrub, age 67, has been an investor in the Company since 2018 and has served as a member of the Board since March 2019. He was founder, President and CEO of Applied Global Manufacturing, Inc. ("AGM"), a company he started in 2000. Headquartered in Troy, Michigan, AGM was a designer, innovator, and producer of engineered solutions for automobiles, with 9 production facilities around the world, including Austria, China, Costa Rica and Mexico. Under Mr. Blinstrub's 17 years of leadership, AGM doubled its revenue every 18 months on average and had total revenue of approximately $500 million and 2,000 employees when it was acquired by Flex, Ltd. (NASDAQ: FLEX) in April 2017. During his tenure, AGM accumulated supplier awards for world class quality, product design, engineering, innovation, and service. Prior to AGM, Blinstrub led multiple startups and operational turnarounds. Mr. Blinstrub studied Finance and Marketing at the Broad College of Business at Michigan State University, and graduated with a Bachelor's Degree. In addition to serving on the Board of Directors of XG Sciences, he also serves on the Board of DESiN, LLC.

The Company and Mr. Blinstrub entered into an Employment Agreement on August 26, 2020 (the "Blinstrub Employment Agreement"). The Blinstrub Employment Agreement provides that Mr. Blinstrub's base salary will be $350,000 per year, subject to performance-based increases as set forth therein. During the first two years of the term of the Blinstrub Employment Agreement, 60% of his base salary and bonus will be payable in convertible secured promissory notes due December 31, 2024 bearing an interest rate of 7.5% per annum (the "Blinstrub Notes"), or in cash at the option of the Company. Mr. Blinstrub will be eligible for a performance-based bonus as a participant in the Company's Management Incentive Plan ("MIP"), which will be targeted at 66-2/3% of his base salary based on completion of certain metrics established by the Board of Directors or Compensation Committee for each fiscal year as set forth in the MIP. The Blinstrub Employment Agreement also provides that the Company shall use commercially reasonable efforts to issue options to purchase 5% of the fully diluted shares of the Company's common stock (the "Blinstrub Options") upon the satisfaction of certain conditions set forth in the Blinstrub Employment Agreement. 40% of the Blinstrub Options will vest over three years following the date of grant, and 60% of the Blinstrub Options will vest based on the Company achieving certain revenue performance thresholds set forth in the Blinstrub Employment Agreement. Mr. Blinstrub is entitled to participate in all medical and other benefits that the Company has established for its employees and is entitled to up to 30 days of paid time off per year in accordance with Company policies. If Mr. Blinstrub is terminated without cause, the Company agrees to maintain his salary and benefits for a period of six months and to pay a prorated portion of his bonus. The Company also entered into a Confidentiality, Non-Solicitation, and Non-Competition Agreement with Mr. Blinstrub, dated August 26, 2020 (the "Blinstrub Confidentiality Agreement").

Other than the foregoing, there have been no transactions regarding Mr. Blinstrub r that are required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Appointment of Andrew J. Boechler as Chief Commercial Officer

Mr. Boechler, age 63, joins the Company following a successful 30-year career with General Electric Company, where he most recently served as Global Commercial Leader of GE Inspection Technologies until December 31, 2017. Prior to that, he provided executive leadership in a variety of industries and markets including Plastics, Healthcare, Automotive, Oil and Gas, Power Generation, Consumer Electronics, Automation and Industrial Inspection Technologies. While at GE, Mr. Boechler built global organizations and brands, developing solutions in both start-up and established business environments. Mr. Boechler studied Business Administration at California State University, Long Beach, and graduated with a Bachelor's Degree.

The Company and Mr. Boechler entered into an Employment Agreement on August 26, 2020 (the "Boechler Employment Agreement"). The Boechler Employment Agreement provides that Mr. Boechler's base salary will be $200,000 per year, subject to performance-based increases as set forth therein. Mr. Boechler will be eligible for a performance-based bonus as a participant in the MIP, which will be targeted at 30% of his base salary based on completion of certain metrics established by the Board or the Compensation Committee of the Board for each fiscal year as set forth in the MIP. The Boechler Employment Agreement also provides that the Company shall use commercially reasonable efforts to issue options to purchase 2% of the fully diluted shares of the Company's common stock (the "Boechler Options") upon the satisfaction of certain conditions set forth in the Boechler Employment Agreement. 20% of the Boechler Options will vest over three years following the date of grant, and 80% of the Boechler Options will vest based on the Company achieving certain revenue performance thresholds set forth in the Boechler Employment Agreement. Mr. Boechler is entitled to participate in all medical and other benefits that the Company has established for its employees and is entitled to up to 18 days of paid time off per year in accordance with Company policies. If Mr. Boechler is terminated without cause, the Company agrees to maintain his salary and benefits for a period of three months and to pay a prorated portion of his bonus. The Company also entered into a Confidentiality, Non-Solicitation, and Non-Competition Agreement with Mr. Boechler, dated August 26, 2020 (the "Boechler Confidentiality Agreement").

Other than the foregoing, there have been no transactions regarding Mr. Boechler that are required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Resignation of Philip L. Rose as Chief Executive Officer and Director

In connection with Dr. Rose's resignation on August 26, 2020, Dr. Rose and the Company entered into a Separation Agreement providing for a general release of claims against the Company (the "Separation Agreement") and a Consulting Agreement (the "Rose Consulting Agreement"). Under the Separation Agreement, Dr. Rose will receive four months base salary and benefits, less applicable deductions and withholdings in accordance with the Company's regular payment schedule (the "Separation Pay") and has agreed to certain restrictive covenants set forth in the Separation Agreement. Under the Rose Consulting Agreement, Dr. Rose will provide assistance in an advisory capacity as requested by the Company for four years in exchange for certain amendments to existing stock options held by Dr. Rose as set forth in the Rose Consulting Agreement. Dr. Rose's Confidentiality, Non-Solicitation and Non-Competition Agreement, dated December 16, 2013 (the "Rose Confidentiality Agreement") will survive his resignation with the Company and will remain in full force and effect during the Restrictive Period defined in Section 8 of the Rose Confidentiality agreement, which extends for two years following the date of his resignation, provided; however, if the Consulting Agreement is still in effect at such time as the Restrictive Period lapses under the Rose Confidentiality Agreement, such Restrictive Period shall automatically be deemed to have extended for an additional two (2) years from the last date on which such Restrictive Period would otherwise have been in effect.

The foregoing summaries of the terms of the Blinstrub Employment Agreement, form of Blinstrub Notes, Blinstrub Confidentiality Agreement, Boechler Employment Agreement, Boechler Confidentiality Agreement, Rose Separation Agreement, and Rose Consulting Agreement do not purport to be complete and is qualified in its entirety by reference to the full text of each of the foregoing documents, copies of which are attached as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7 hereto.

Item 7.01 Regulation FD Disclosure.

On August 31, 2020, the Company issued a press release with respect to the appointment of Mr. Blinstrub and Mr. Boechler and the resignation of Dr. Rose, and distributed a Letter to its Shareholders from the Chairman of the Board. A copy of each of the press release and the letter is furnished as Exhibit 99.1 and 99.2, respectively, to this Current Report on Form 8-K.

The information included in Item 2.02, Item 7.01 and in Exhibit 99.1 and 99.2 hereto shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Exhibits.

(d) Exhibits

10.1	Employment Agreement between XG Sciences, Inc. and Robert Blinstrub, dated August 26, 2020.
10.2	Form of Blinstrub Convertible Secured Note.
10.3	Confidentiality, Non-Solicitation and Non-Competition Agreement between XG Sciences, Inc and Robert Blinstrub, dated August 26, 2020.
10.4	Employment Agreement between XG Sciences, Inc. and Andrew Boechler, dated August 26, 2020.
10.5	Confidentiality, Non-Solicitation and Non-Competition Agreement between XG Sciences, Inc and Andrew Boechler, dated August 26, 2020.
10.6	Separation Agreement between XG Sciences, Inc. and Philip L. Rose dated August 26, 2020.
10.7	Consulting Agreement between XG Sciences, Inc. and Philip L. Rose dated August 26, 2020.
99.1	Press Release dated August 31, 2020.
99.2	Shareholder Letter dated August 31, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XG SCIENCES, INC.

Dated: August 31, 2020

By: */s/ Jacqueline M. Lemke*
Chief Financial Officer

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS AGREEMENT ("Agreement") is made this 26th day of August, 2020 by and between XG Sciences, Inc. a Michigan corporation ("XGS" or the "Employer" and collectively with any entity that is wholly or partially owned by XGS, the "Company"), located at 3101 Grand Oak Drive, Lansing, MI 48911 and Robert Blinstrub, ("Executive"), an individual who resides at 13925 Old Coast Road, Unit #1402, Naples, FL 34110.

RECITALS:

WHEREAS, the Company is engaged in the business of researching, developing, manufacturing, and selling graphene nanoplatelets and certain other value-added products that contain graphene nanoplatelets; and

WHEREAS, XGS desires to employ Executive as an officer in the full-time capacity of Chief Executive Officer, and Executive desires to be employed by XGS in such capacity, in accordance with the terms, covenants, and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Employer and Executive agree as follows:

1. Employment Period. Subject to the terms and conditions set forth herein and unless sooner terminated as hereinafter provided, XGS shall employ Executive as an officer, and Executive agrees to serve as President and Chief Executive Officer ("CEO"), and accepts such employment beginning on August 27, 2020 (the "Effective Date"). This Agreement shall remain in effect until either party delivers a written notice of a termination pursuant to Section 5 hereof. For purposes of this Agreement, the period from the Effective Date until the termination of Executive's employment shall hereinafter be referred to as the "Term". Executive's employment pursuant to this Agreement shall be "at will" as such term is construed under Michigan law.

2. Title and Duties. During the period from the Effective Date through the Term, XGS shall employ Executive as its President and CEO, and Executive accepts employment in such capacity. Executive will report to and be subject to the general supervision and direction of the Board of Directors of the Company ("Board"). If requested, Executive will serve in similar capacities for each or any subsidiary of XGS without additional compensation. Executive shall perform such duties as are customarily performed by someone holding the title of President and CEO in the same or similar businesses or enterprises as that engaged in by the Company and such other duties as the Board may assign from time to time. Executive agrees that upon his termination from the Company for any reason, he will be deemed to have automatically resigned from the Board on the same date, unless the Company otherwise agrees in writing.

3. Compensation and Benefits of Executive. The Company shall compensate Executive for Executive's services rendered under this Agreement as follows:

a) **Base Salary**. The Company shall pay Executive an annualized base salary (the "Base Salary") as follows:

1) Such Base Salary shall start out at $350,000 per annum, subject to applicable withholdings required by law, but will be increased according to the following schedule after the Company has met the thresholds established for each such increase:

Executive Initials

10% increase after the Company achieves $4 million of GAAP revenue per quarter for two consecutive fiscal quarters, provided that, unless otherwise agreed to in writing by the Compensation Committee of the Board (the "Compensation Committee"), 100% of GAAP revenue from i) Callaway Golf Company's use of the Company's products in golf balls, ii) FMS Global Services ("FMS") or any consignee of FMS, and Advanced Graphene Solutions or any other company selling products to D.R. Horton, Inc. or any affiliates of the foregoing clients (collectively, the "Revenue Exclusions") shall be subtracted from the Company's total GAAP revenue for the purpose of measuring performance against this threshold until the quarter ending June 30, 2021 and thereafter only 50% of such Revenue Exclusions shall be subtracted from total revenue for the purpose of measuring performance against this threshold (all revenue subtracted from total revenue for the purpose of measuring performance against this threshold at any given time shall hereafter generally be referred to as "Revenue Carveouts" for the purposes of this Agreement);

10% increase after the Company achieves $6 million of GAAP revenue excluding Revenue Carveouts per quarter for two consecutive fiscal quarters; and

10% increase after the Company achieves $8 million of GAAP revenue excluding Revenue Carveouts per quarter for two consecutive fiscal quarters.

2) During the first two years after the Effective Date, Executive will receive 40% of his Base Salary in cash, subject to applicable withholdings required by law, in equal installments at time periods that are consistent with the normal Company payroll policy and 60% of his Base Salary in convertible secured notes of the Company in the form attached hereto as Exhibit A ("Notes"), which shall be issued monthly in arrears or such other time as is mutually agreed upon by Executive and the Compensation Committee. Notwithstanding the foregoing, the Company shall have the right to begin paying Executive in cash in lieu of Notes at any time during this period in its sole discretion. Executive acknowledges that the issuance of Notes is fully taxable as compensation to him and authorizes the Company to withhold taxes on the value of the Notes as part of its normal payroll practice and that all applicable withholdings required by Law will be deducted from the portion of Executive's Base Salary paid in cash. Executive further acknowledges that any Notes issued to him will be subject to the terms of the Subscription Agreement attached hereto as Exhibit B ("Subscription Agreement"), and that the Exchange Rights (as defined in the Subscription Agreement) will only be available to Executive during the period in which the private placement of Units (as described in the Subscription Agreement) is ongoing.

3) Beginning on the third anniversary of the Effective Date, the Company shall pay 100% of the Base Salary in effect in cash in equal installments and subject to applicable withholdings required by law at time periods that are consistent with the normal Company payroll policy.

Executive Initials

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b) **Bonus**. Executive will be eligible for a performance-based bonus as a participant in the Company's Management Incentive Plan ("MIP"), which shall set annual target incentives for the Executive and other senior ranking employees that are determined by the Compensation Committee, and that in the case of the Executive, up to 80% of such annual target incentives may be based on Company performance measures such as GAAP revenue or Adjusted EBITDA based on the Company's annual budget for such year, or such other measures as determined by the Committee for the fiscal year. The Company will target an annual bonus payout of 66-2/3% of the Executive's Base Salary for the year for which such bonus is applicable (the "Target Bonus") based on whether the company and individual performance objectives specified in such year's MIP framework for the Executive have been met. Executive understands and acknowledges that (i) he must be an employee of the Company on December 31st of any given fiscal year in order to be eligible to receive all or any portion of a bonus for such fiscal year, provided that, upon a termination without Cause, for Good Reason, death or Disability, the Executive shall be entitled to receive a prorated portion of such bonus for the period up to the deemed date of termination, and ii) for the fiscal year ending December 31, 2020, such bonus will be prorated based on the actual time in which Executive was employed for such fiscal year. Upon meeting the performance thresholds established by the Compensation Committee in the MIP for any such year, the actual bonus payout for such year will be no less than 100% of the Target Bonus, but may be reduced to as low as 50% of the Target Bonus for partial performance. Executive understands and acknowledges that the Compensation Committee may set minimum revenue thresholds, below which no Company performance or individual bonuses are paid, except for discretionary bonuses approved by the Compensation Committee. However, the Executive shall also be eligible to receive up to 150% of the Target Bonus in the event that the Company's and/or the Executive's performance exceeds the performance thresholds set for the Target Bonus and meets the criteria for 150% payout established by the Compensation Committee. The Company agrees to work with Executive in good faith to establish mutually agreed upon reasonable MIP performance objectives for the fiscal year ending December 31, 2020 within forty-five (45) days of the Effective Date of this Agreement. During the first two years from the Effective Date, the Company shall have the right to pay 60% of any bonus payable in the form of Notes in a manner consistent with Section 3(a)(2) above.

c) **Benefits**. Subject to the eligibility requirements and enrollment provisions of the Company's employee benefit plans, Executive may, to the extent he so chooses, participate in any and all of the Company's employee benefit plans for qualified members of Executive's family at the Company's expense to the extent permitted by the terms of such employee benefit plans and applicable law. All Company benefits are identified in the Employee Handbook and are subject to change without notice or explanation. In addition, subject to the eligibility requirements and enrollment provisions of the Company's executive benefit programs, Executive shall also be eligible to participate in any and all other benefits programs established for officers of the Company.

d) **Stock Options**. The Company agrees that it will use commercially reasonable efforts to complete a 409A valuation analysis, using the Company's third-party stock-based compensation and valuation expert, Blue Abaco Consulting, Inc., or such other third-party valuation expert mutually agreed upon by the Company and the Executive, to determine the fair market value per share (the "FMV/Share") of its Common Stock within ninety (90) days of the Effective Date of this Agreement. The Company further agrees to use commercially reasonable efforts to amend its current Equity Incentive Plan to (x) increase the number of shares authorized for issuance under such plan (the "Plan Amendment", and such Equity Incentive Plan, as amended, the "Plan"), and (y) have a majority of the Company's shareholders approve such Plan Amendment within one hundred fifty (150) days of the Effective Date of this Agreement. The Company also agrees that promptly upon completion of all of the foregoing prerequisites, it will issue to the Executive an option to purchase 5% of the fully diluted (as converted) shares of the Company's Common Stock, on the terms and conditions listed below (the "Option"). The shares underlying such Option ("Shares") will have a strike price equal to the greater of: a) the FMV/Share determined in the Section 409A valuation analysis, or b) $4.80/share, unless the Company determines after consulting with Executive that a greater strike price is required to prevent the Option from becoming subject to Section 409A of the Internal Revenue Code of 1986, as amended. The vesting provisions of such Shares shall be as outlined below. The Shares shall be treated as incentive stock options (ISOs) to the maximum extent permitted under applicable law, and the remainder of the Shares, if any, shall be treated as non-qualified stock options. The grant of the Option will be subject to the terms and conditions of the Plan and will be evidenced by a separate option agreement in form and substance equivalent to the form attached hereto as Exhibit C (the "Option Agreement") which will be executed by the Company and Executive on the Option grant date. So long as Executive remains employed by the Company, the Option will have a ten-year term before expiration and the vested portion of such Option shall be exercisable in whole or in part at any time before expiration at the discretion of the Executive. Nothing herein shall preclude XGS from granting Executive additional equity compensation under the Plan or its successor.

Executive Initials

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1) **Time-based Options** – Forty percent (40%) of the Shares underlying such Option will vest according to the passage of time on the following schedule:

10% of the shares will vest on the Date of Grant;

10% of the shares will vest on the first anniversary of the Date of Grant; and

2.5% of the shares will vest at the first day of the first full calendar quarter after the first anniversary of the Date of Grant and at the beginning of each succeeding calendar quarter thereafter, such that an additional (i) 10% of the shares will have vested prior to the second anniversary of the Date of Grant, and (ii) 10% of the shares will have vested prior to the third anniversary of the of the Date of Grant.

2) **Performance-based Options** - Sixty percent (60%) of the Shares underlying such Option will be performance-based options and will vest according to the whether or not the following Company performance metrics are achieved:

10% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $1.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

10% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $2.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

10% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $3.0 million, excluding Revenue, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

10% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $4.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

Executive Initials

10% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $5.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements; and

10% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $6.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements.

Executive understands that, pursuant to the Plan, upon termination of his employment, he will only have ninety (90) days to exercise any vested portion of the Options. All Options awarded pursuant to this Section 3(d) will contain a provision in the Option Agreement that allows for immediate vesting of any unvested portion of the Options in the event of a Trigger Event as defined in the Option Agreement.

e) **Personal Time-Off and Holidays**. Executive's personal time-off ("PTO") and holidays shall be consistent with the standards set forth in the Company's Employee Handbook, as revised from time to time or as otherwise published by the Company. Notwithstanding the previous sentence, Executive will be eligible for two hundred forty (240) hours of PTO/year, which will accrue on a pro-rata basis throughout the year, provided, however, that it is the Company's policy that no more than sixteen hours (16) hours of PTO can be accrued beyond this annual limit for any employee at any time. Thus, when accrued PTO reaches two hundred fifty-six (256) hours, Executive will cease accruing PTO until accrued PTO is two hundred forty (240) hours or less, at which point Executive will again accrue PTO until he reaches two hundred fifty-six (256) hours. In addition to PTO, there are also nine (9) paid national holidays and one (1) "floater" day available to Company employees. Executive agrees to schedule such PTO so that it minimally interferes with the Company's operations. Executive further understands and acknowledges that pursuant to Company policy, the Company does not pay out unused PTO to employees upon their termination for any or no reason.

f) **Reimbursement of Normal Business Expenses**. The Company will reimburse all reasonable business expenses of Executive, including, but not limited to, business-related travel, meals and entertainment expenses in accordance with the Company's polices for such reimbursement, in effect from time to time.

g) **Section 409(A) Compliance**. This Agreement is intended to comply with Section 409A of the Internal Revenue Code, as amended, and applicable regulatory guidance thereunder (the "Code"). Notwithstanding anything to the contrary in this Agreement, in-kind benefits and reimbursements provided under this Agreement shall be provided in accordance with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv), such that any in-kind benefits and reimbursement provided under this Agreement during any calendar year shall not affect in-kind benefits or reimbursements to be provided in any other calendar year, other than an arrangement providing for the reimbursement of medical expenses referred to in Code Section 105(b), and any in-kind benefits and reimbursements shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be promptly made to Executive following such submission, but in no event later than December 31st of the calendar year following the calendar year in which the expense was incurred. In no event shall Executive be entitled to any reimbursement payments after December 31st of the calendar year following the calendar year in which the expense was incurred.

Executive Initials

Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, amounts payable to Executive pursuant to the Severance Benefits described in Section 5(b) below are intended to be exempt from treatment as nonqualified differed compensation under Code Section 409A to the maximum extent permitted by the Code and applicable Treasury Regulations, including exemptions under Treasury Regulation Section 1.409A-1(b)(9) (separation pay plans) or Treasury Regulation Section 1.409(A)-1(b)(4) (short-term deferrals). Payments provided under this Agreement may only be made in a manner that complies with Code Section 409A or an applicable exemption.

4. Performance of Duties. During Executive's employment with the Company, Executive agrees to perform all of the duties pursuant to the express and implicit terms of this Agreement to the reasonable satisfaction of the Board. Executive further agrees to perform his duties in a diligent, trustworthy and business-like manner to the best of his ability, talent, and experience and, unless otherwise agreed upon with the Company in writing, to render his full working time and attention to the Company during normal business hours (excluding Federal holidays) unless otherwise on PTO. The Company agrees that Executive may continue to serve on the Board of Directors of DESiN, LLC (aka Independent Feeding Devices) and on the advisory Board of Neuvotec, LLC, an investment firm, during the term of this Agreement, and Executive agrees that he will not serve on an any other boards during the Term, provided, however, should Executive resign from one or both of the forgoing Boards, the Company agrees generally that Executive may serve on one (1) other "for profit" corporate board in addition to the Board of the Company, and one (1) non-profit, charitable, or other organizational Board during the Term.

5. Termination. The parties agree that any termination of the Executive under this Agreement will be governed as follows:

a) **By the Company for Cause**. The Company shall have the right to terminate this Agreement and to discharge the Executive for Cause (as defined below), at any time during the Term. For the purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon:

(i) failure to materially perform and discharge the duties and responsibilities of Executive under this Agreement after receiving written notice and allowing Executive ten (10) business days to create a plan to cure such failure(s), such plan being reasonably acceptable to the Board of Directors, and a further thirty (30) days to cure such failure(s), if so curable, *provided, however*, that after one such notice has been given to Executive and the thirty (30) day cure period has lapsed, the Company is no longer required to provide time to cure subsequent failures of the same or substantially similar type having occurred within twelve (12) months of the first instance under this provision, or

(ii) any breach by Executive of the material provisions of this Agreement after receiving written notice and allowing Executive ten (10) business days to create a plan to cure such breach(es), such plan being reasonably acceptable to the Board of Directors, and a further thirty (30) days to cure such breaches(es), if so curable, *provided, however*, that after one such notice has been given to Executive and the thirty (30) day cure period has lapsed, the Company is no longer required to provide time to cure subsequent breaches of the same or substantially similar type having occurred within twelve (12) months of the first instance under this provision; or

(iii) felony conviction involving the personal dishonesty or moral turpitude of Executive; or a determination by the Board, after consideration of all available information, that Executive has willfully and knowingly violated Company policies or procedures involving discrimination, harassment, or work place violence or any other activities that would be reasonably likely to subject the Company to criminal or material civil liabilities; or

(iv) engagement in illegal drug use or abuse of alcohol or prescription drugs that, in the good faith opinion and sole discretion of the Board, prevents Executive from performing his duties, or

(v) any misappropriation, embezzlement or conversion of the Company's opportunities or property by the Executive which the Board reasonably believes was done intentionally by Executive; or

(vi) willful misconduct, recklessness or gross negligence by the Executive in respect of the duties or obligations of the Executive under this Agreement and/or the Confidentiality, Non-Solicitation or Non-Competition Agreement which the Board reasonably believes has had or will have a material impact on Company.

Any termination for Cause pursuant to this Section shall be given to the Executive in writing and shall set forth in detail all acts or omissions upon which the Company is relying to terminate the Executive for Cause; provided that no termination for Cause can occur unless and until a copy of a resolution duly adopted by the affirmative vote of the Board (excluding the Executive, if the Executive is a member of the Board) is delivered to the Executive stating that in the opinion of the Board the Executive was guilty of the conduct set forth above in clauses (i), (ii), (iii), (iv), (v) and/or (vi) of this Cause definition and specifying the conduct of Executive at issue. The meeting of the Board referenced in the immediately preceding sentence may be held by telephonic or other means and may be held on an expedited basis without any amount of advance notice required for regular Board meetings. However, prior to or during such meeting of the Board, Executive shall be given an opportunity to be heard by the Board concerning any dispute Executive may have regarding whether Cause exists.

If an Executive is terminated for Cause, the Executive shall only be entitled to receive his accrued and unpaid Base Salary and other benefits pursuant to Section 3(c) through the termination date and the Company shall have no further obligations under this Agreement from and after the date of termination.

b) **Termination by Company Without Cause**. At any time during the Term, the Company shall have the right to terminate this Agreement and to discharge the Executive without Cause effective upon delivery of written notice to the Executive. If the Company terminates the Executive without "Cause" for any or no reason, then the Company agrees that for a period of six (6) months from the date of notice of termination (the "Severance Period"), it will pay as severance (i) the Executive's Base Salary in effect on the date of termination in accordance with and at the times specified in Section 3(a) and a prorated bonus in accordance with Section 3(b); provided, however, the prorated portion of any bonus due shall not be payable until the time in which bonus payments for such year are made to all MIP participants (collectively, "Severance Payments"), and (ii) 100% of the COBRA premiums for the Executive's and Executive's family health insurance benefits, as permitted by COBRA and under the policy provisions as they then may apply ("COBRA Benefit", and the Severance Payments collectively with the COBRA Benefit, the "Severance Benefits"). However, if the Company determines in its sole discretion that it cannot provide the COBRA Benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Services Act) or incurring an excise or penalty tax, the Parties agree to reform this Section 5(b) as required by law. The prorated portion of any bonus that would be due and payable for the year in which termination occurs shall be calculated by annualizing any financial metrics of the Company (e.g., revenue, adjusted EBITDA, etc.) that may be specified as Company performance metrics in the MIP up to the most recent full month prior to the written notice of termination and comparing such annualized figures to the performance thresholds for the Executive outlined in the MIP that was in effect for such year at the time the written notice of termination was delivered to the Executive. Executive agrees that he will provide reasonable assistance to Company personnel during the Severance Period in order to provide a smooth transition of Executive's responsibilities to new personnel; provided, however, Company agrees that Executive will not have any obligation to represent the Company in any way during the Severance Period.

Executive further agrees that in the event that he obtains employment during the Severance Period, he will promptly notify the Company. Provided that such employment does not violate the terms of the Confidentiality, Non-Solicitation and Non-Competition Agreement, the Severance Payments will continue to be paid. Other than the Severance Benefits which is conditioned as described above, the Company shall have no further obligation to the Executive after the date of termination.

The Executive acknowledges and agrees that any and all Severance Benefits to which he may be entitled under this Section 5(b) following a termination without Cause are conditioned upon and subject to his execution of a general waiver and release in the form attached hereto as Exhibit D.

c) **By Resignation of the Executive**. The Executive may terminate his employment hereunder for any reason or without reason, upon giving sixty (60) days written notice to the Company. Notwithstanding the foregoing, a resignation by Executive "For Good Reason" shall mean, without Executive's consent, the occurrence of any of the following circumstances:

(i) A Material Diminution of Executive's Base Salary;

(ii) A change in Executive's title or position within XGS or its successor, where such change represents a material diminution of Executive's level of responsibility, duties or authority;

(iii) The failure to complete the valuation for the FMV/Share in accordance with Section 3(d) within one hundred twenty (120) days of the Effective Date of this Agreement;

(iv) The failure of the shareholders of XGS to approve the Plan Amendment in accordance with Section 3(d) within one hundred eighty (180) days of the Effective Date of this Agreement; or

(v) A material breach by XGS of the terms of this Agreement.

Executive Initials

For purposes of this Agreement, a "Material Diminution" in Base Salary means any reduction in the Base Salary of Executive unless (x) the Board has approved a reduction in Base Salary for all salaried staff of the Company who earn at least $200,000 per year in base salary, and (y) the percentage of reduction for the Executive is not greater than the percentage of the average reduction for all salaried staff of the Company who earn at least $200,000 per year in base salary.

In the event Executive's resignation is For Good Reason, Company shall pay to Executive the Severance Benefits set forth in Section 5(b) as if the Company had terminated this Agreement without Cause. In the event of a resignation by Executive that does not meet the criteria for being a resignation For Good Reason, Executive shall only be entitled to any accrued but unpaid salary, and other benefits pursuant to Section 3(c) through the termination date, and the Company shall have no further obligations under this Agreement from and after the date of termination.

The Executive agrees that during such sixty (60) day period no more than one week of unused PTO may be utilized without the Company's written consent. During such sixty (60) day period, Executive shall also comply with any reasonable request of the Company to assist in providing for an orderly transition of authority, but such assistance shall not delay the Executive's termination of employment longer than sixty (60) days beyond the Executive's original notice of termination.

d) **Disability of the Executive.** This Agreement may be terminated by the Company upon the Disability of the Executive. "Disability" shall mean a disability within the meaning of Section 22(e)(3) of the Code. In the event the Company has purchased disability insurance for Executive, the Executive shall be deemed disabled if he is disabled as defined by the terms of the disability policy. In the event Company has purchased a disability policy, Executive shall be entitled to the payments thereunder, subject and pursuant to the Company's contract with the disability insurance carrier. In addition, on the date that the Executive is deemed to have a Disability, this Agreement will be deemed to have been terminated and the Executive shall be entitled to receive from the Company his accrued and unpaid Base Salary and a prorated bonus in accordance with and at the times specified in Section 3(a) and Section 3(b) and other benefits pursuant to Section 3(c) through the termination date or other applicable date, as the case may be; provided, however, the prorated portion of any bonus due shall not be payable until the normal time of bonus payments for all MIP participants. Other than as set forth in this subsection 5(d), the Company shall have no further obligations under this Agreement from and after the date of termination due to Disability.

e) **Death of the Executive.** In the event of the death of Executive, the employment of the Executive by the Company shall automatically terminate on the date of the Executive's death and the Company shall be obligated to pay Executive's estate, or if written instructions signed by the Executive have been provided to the Company prior to the Executive's death which designates his specific next of kin, pay such designated next of kin the Executive's accrued and unpaid Base Salary and a prorated bonus in accordance with and at the times specified in Section 3(a) and Section 3(b) and other benefits pursuant to Section 3(c) through the termination date or other applicable date, as the case may be; provided, however, the prorated portion of any bonus due shall not be payable until the normal time of bonus payments for all MIP participants. Other than as set forth in this subsection 5(e), the Company shall have no further obligations under this Agreement from and after the date of termination due to the death of the Executive.

Executive Initials

6. **Confidentiality, Non-Compete & Non-Solicitation Agreement.** Executive agrees to the terms of the Confidentiality, Non-Solicitation and Non-Compete Agreement attached hereto as Exhibit E (the "Confidentiality Agreement") and has signed that Agreement. Such Confidentiality Agreement is hereby incorporated into and made a part of this Agreement.

7. **Importance of Certain Clauses.** Executive and Employer agree that the covenants contained in the Confidentiality Agreement are material terms of this Agreement and all parties understand the importance of such provisions to the ongoing business of the Employer. As such, because the Employer's continued business and viability depend on the protection of Confidential Information (as such term is defined in the Confidentiality Agreement), non-solicitation and non-competition, as well as the other provisions in the Confidentiality Agreement, these clauses are interpreted by the parties to have applicability as may be allowed by law and Executive understands and acknowledges his understanding of same.

8. **Consideration.** Executive acknowledges and agrees that the provision of employment under this Agreement with the compensation and benefits specified in Section 3 hereof and the execution by the Employer of this Agreement constitute full, adequate and sufficient consideration to Executive for the Executive's duties, obligations and covenants under this Agreement and under the Confidentiality Agreement incorporated into this Agreement.

9. **Acknowledgement of Post Termination Obligations.** To the extent it is known or applicable at the time of the termination of employment hereunder, Executive shall provide the Employer with information concerning Executive's subsequent employer and the capacity in which Executive will be employed. For the avoidance of doubt, Executive shall have an affirmative obligation to disclose to the Company any employment with a competitor of the Company. Further, Executive shall have an affirmative obligation to disclose the existence of applicable restrictive covenants under Section 6 of this Agreement to any subsequent prospective employer. If Executive shall fail to promptly disclose accurately and fully to the Company at the time of Executive's termination the existence of any agreement or understanding between Executive and a competitor of the Company, the applicable term of any restrictive covenant pursuant to Section 6 of this Agreement shall be extended by adding to the end of the applicable term a number of days equal to the number of days between the termination of employment and the required disclosure.

10. **Withholding**. All payments made to Executive shall be made net of any applicable withholding for income taxes and Executive's share of FICA, FUTA or other employment taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

11. **Certain Representations**.

a) **Representations of Executive**. Executive represents and warrants to Company that to the best of Executive's knowledge and judgment (a) nothing in his past legal and/or work and/or personal experiences, which if became broadly known in the marketplace, would impair his ability to serve as the Chief Executive Officer of a publicly-traded company or materially damage his credibility with public shareholders; (b) there are no restrictions, agreements, or understandings whatsoever to which he is a party which would prevent or make unlawful his execution of this Agreement or employment hereunder, (c) Executive's execution of this Agreement and employment hereunder shall not constitute a breach of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound, (d) Executive is free and able to execute this Agreement and to continue employment with Company, and (e) Executive has not used and will not use confidential information or trade secrets belonging to any prior employers to perform services for the Company. Executive also represents and warrants that he will abide by the Company's Code of Business Conduct and Ethics and Securities Trading Policy in whatever forms as they may exist at all times while employed by the Company or on the Board of Directors of the Company. Executive further agrees that, on or prior to the Effective Date, he will execute acknowledgments of the Company's a) current Code of Business Conduct and Ethics as is attached hereto as Exhibit F, and b) current Securities Trading Policy as is attached hereto as Exhibit G.

Executive Initials

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b) **Representations of Company**. Company represents and warrants to Executive that (a) the Compensation Committee has approved the granting of the Option in accordance with the terms of this Agreement and the Stock Option Agreement attached hereto as Exhibit C, and (b) the Board has approved this Agreement and the transactions contemplated herein and will recommend to the shareholders of the Company the approval of the amendments to the Plan described above in Section 3(d).

12. **Effect of Partial Invalidity.** The invalidity of any portion of this Agreement shall not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall remain in full force and effect.

13. **Entire Agreement.** This Agreement, together with the other documents referenced herein, reflects the complete agreement between the parties regarding the subject matter identified herein and shall supersede all other previous agreements, either oral or written, between the parties. The parties stipulate that neither of them, nor any person acting on their behalf has made any representations except as are specifically set forth in this Agreement and each of the parties acknowledges that it or he has not relied upon any representation of any third party in executing this Agreement, but rather have relied exclusively on it or his own judgment in entering into this Agreement.

14. **Assignment.** This Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and, in the case of Executive, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Except as specified herein, Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

15. **Notices.** All notices, requests, demands, and other communications shall be in writing and shall be given by registered or certified mail, postage prepaid, a) if to the Employer, at the Employer's then current headquarters location, and b) if to Executive, at the most recent address on file with the Company for Executive or to such subsequent addresses as either party shall so designate in writing to the other party.

16. **Remedies.** If any action at law, equity or in arbitration, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party may, if the court or arbitrator hearing the dispute, so determines, have its reasonable attorneys' fees and costs of enforcement recouped from the non-prevailing party.

17. **Amendment/Waiver.** No waiver, modification, amendment or change of any term of this Agreement shall be effective unless it is in a written agreement which signed by both parties and which specifies any such waiver, modification, amendment or change. No waiver by the Employer of any breach or threatened breach of this Agreement shall be construed as a waiver of any subsequent breach unless it so provides by its terms.

18. **Governing Law, Venue and Jurisdiction.** This Agreement and all transactions contemplated by this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Michigan without regard to any conflicts of laws, statutes, rules, regulations or ordinances. Executive consents to personal jurisdiction and venue in the Circuit Court in and for Ingham County, Michigan regarding any action arising under the terms of this Agreement and any and all other disputes between Executive and Employer.

Executive Initials

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19. **Arbitration.** Any and all controversies and disputes between Executive and Employer arising from this Agreement or regarding any other matter whatsoever shall be submitted to arbitration before a single unbiased arbitrator skilled in arbitrating such disputes under the American Arbitration Association, utilizing its employment rules. Any fees paid to the arbitrator or the American Arbitration Association shall be borne exclusively by Employer. The process for selecting a single unbiased arbitrator shall be decided between Employer and Executive. If Executive and Employer are unable to agree upon a single unbiased arbitrator the selection rules imposed by the AAA shall be used. Any arbitration action brought pursuant to this section shall be heard in Lansing, Michigan. The arbitration shall be governed by the Michigan Uniform Arbitration Act (MCL Section 691.198 et seq.) and judgment upon the award rendered by the arbitration may be entered by any court having jurisdiction over such award. The Circuit Court in and for Lansing, Michigan shall have concurrent jurisdiction with any arbitration panel for the purpose of entering temporary and permanent injunctive relief, but only with respect to any alleged breach of the Confidentiality, Non-Solicitation and Non-Compete Agreement. The arbitration proceedings shall be recorded, a transcript produced, and the arbitrator shall issue written findings of fact and conclusions of law in support of the arbitrator's decision.

20. **Headings.** The titles to the sections of this Agreement are solely for the convenience of the parties and shall not affect in any way the meaning or interpretation of this Agreement.

21. **Miscellaneous Terms.** The parties to this Agreement declare and represent that:

a. They have read and understand this Agreement;

b. They have been given the opportunity to consult with an attorney if they so desire;

c. They intend to be legally bound by the promises set forth in this Agreement and enter into it freely, without duress or coercion; and

d. They have retained signed copies of this Agreement for their records.

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

Signatures appear on the following page.

Executive Initials

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

XG SCIENCES, INC., a Michigan Corporation

By: /s/ Steven C. Jones
Name: Steven C. Jones
Title: Authorized Representative

EXECUTIVE:

/s/Robert Blinstrub
Robert Blinstrub

Executive Initials

EXHIBIT A

Form of Convertible Secured Promissory Note

EXHIBIT B

Form of Subscription Agreement

Executive Initials

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EXHIBIT C

Form of Stock Option Agreement

EXHIBIT D

Form of Release

In consideration of the Severance Benefits, Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges XG Sciences, Inc., and its related affiliates, subsidiaries, parents, predecessors, and successors, and all of its respective past and present officers, directors, stockholders, partners, members, Executives, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "**Released Parties**") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that Executive ever had or now has against any or all of the Released Parties, including, but not limited to, any and all claims arising out of or relating to Executive's employment with and/or separation from the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964; the Americans With Disabilities Act of 1990; the Age Discrimination in Employment Act; the Genetic Information Nondiscrimination Act of 2008; the Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; Section 806 of the Corporate and Criminal Fraud Accountability Act of 2002; the Rehabilitation Act of 1973; Executive Order 11246; Executive Order 11141; the Fair Credit Reporting Act; Sections 1981 and 1983 of the Civil Rights Act of 1866; Sections 1981 through 1988 of Title 42 of the United States Code, as amended; the Immigration Reform and Control Act; the Equal Pay Act; any local, state, federal or foreign whistleblower statute, regulation, ordinance or law, including the Michigan Whistleblowers Protection Act, the Florida Whistleblower Act of 1986 and 1991 and whistleblower claims under the Florida Workers' Compensation law; the Fair Labor Standards Act; the Consolidated Omnibus Reconciliation Act; the Occupational Safety and Health Act; the Fair Credit Reporting Act; the Older Workers' Benefits Protection Act; the Executive Retirement Income Security Act of 1974; the Michigan Elliott-Larsen Civil Rights Act (ELCRA); the Michigan Persons with Disabilities Civil Rights Act; the Bullard-Plawecki Employee Right to Know Act; the Michigan Workforce Opportunity Wage Act; the Michigan Occupational Safety and Health Act (MIOSHA); the Michigan Social Security Number Privacy Act; the Michigan Internet Privacy Protection Act; the Florida Civil Rights Act; any foreign, federal, state and/or local law, statute, regulation or ordinance prohibiting discrimination, retaliation and/or harassment or governing wage or commission payment claims; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract; all claims to any non-vested ownership interest in the Company, contractual or otherwise, and any claim or damage arising out of Executive's employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above. Executive understands that, by releasing all of Executive's legally waivable claims, known or unknown, against the Released Parties, Executive is releasing all of Executive's rights to bring any claims against any of them based on any actions, decisions or events occurring through the date Executive signs this Agreement including the terms and conditions of Executive's employment and the termination of Executive's employment.

As a part of this Agreement, Executive expressly agrees to the release of any rights or claims arising out of the Age Discrimination in Employment Act ("ADEA," 29 U.S.C. § 621, et seq.), as amended, including the Older Workers Benefit Protection Act, and in connection with such waiver: (a) Executive is hereby advised to consult with an attorney prior to signing this Agreement; (b) Executive shall have a period of twenty-one (21) days from the date of receipt of this Agreement in which to consider the terms of this Agreement; and (c) Executive may revoke this Agreement at any time during the first seven (7) days following Executive's execution of the Agreement, and the waiver and release shall not be effective or enforceable until the seven (7) day period has expired. As between Executive and the Released Parties, this Agreement does not constitute a waiver of any claim under the ADEA that may arise after the date of the execution of this Agreement.

Executive Initials

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Executive understands that, by releasing all of Executive's legally waiveable claims, known or unknown, against the Released Parties, Executive is releasing all of Executive's rights to bring any claims against any of them based on any actions, decisions or events occurring through the date Executive signs this Agreement including the terms and conditions of Executive's employment and the termination of Executive's employment.

Nothing in this Agreement shall be construed to prohibit Executive from contacting, filing a charge or participating in any proceeding or investigation by the U.S. Equal Employment Opportunity Commission ("EEOC"), the Department of Labor ("DOL"), the National Labor Relations Board ("NLRB"), the Securities and Exchange Commission ("SEC") or other government agency (collectively "Government Agencies"). Notwithstanding the foregoing, Executive agrees to waive any right to recover monetary damages in any charge, complaint, or lawsuit filed by Executive or on Executive's behalf, with the exception of any award by the SEC.

The Company and Executive agree that this release may be adjusted to address other state or local laws that may apply depending upon the applicable law at the time of termination.

Executive Initials

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EXHIBIT E

Confidentiality, Non-Compete and Non-Solicitation Agreement

EXHIBIT F

XG Sciences, Inc. Code of Business Conduct and Ethics Currently in Effect

Executive Initials

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EXHIBIT G

XG Sciences, Inc. Securities Trading Policy Currently in Effect

Executive Initials

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Exhibit 10.2

NEITHER THIS NOTE NOR THE SECURITIES INTO WHICH THIS NOTE IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE, IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (*THE* ***"SECURITIES ACT"***), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

No. ____________- **$_____]**

XG SCIENCES, INC.

Form of
Convertible Secured Note

Due December 31, 2024

This Convertible Secured Note (*this* ***"Note"***) is issued this __th day of _____2020, jointly and severally by XG Sciences, Inc. (**"*XGS*"**), a Michigan corporation, and XG Sciences IP, LLC, a Michigan limited liability company and wholly owned subsidiary of XGS (*"****XGS Subsidiary***" and together with XGS, *the* ***"Borrower"*** *or the* ***"Company"***), to the subscriber made a party hereto (together with Subscriber's permitted successors and assigns, *the* ***"Holder"***). This Note has been issued in connection with that certain Employment Agreement, dated August 26, 2020, between the Holder and XGS and Subscription Agreement, dated August 26, 2020, between Holder and XGS (the **"*Subscription Agreement*")**. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Subscription Agreement.

FOR VALUE RECEIVED, the Borrower hereby promises to pay to the Holder or his, her or its permitted successors and assigns the principal sum of ______________________ DOLLARS ($___________) plus all accrued interest (in accordance with Section 1 herein) on or before (subject to the terms and conditions herein) December 31, 2024 *(the* ***"Maturity Date"***).

This Note is subject to the following additional provisions:

Section 1. ***Interest; Prepayments***.

(a) **Interest**. Interest shall accrue from the Original Issue Date at the rate of 7.5% per annum, compounded on, and added to the balance hereunder on, a fiscal quarterly basis at the end of each such fiscal quarter. Principal and accrued interest shall be payable on the Maturity Date; provided, however, in the event that (i) the First Lien Lender (as defined in the Intercreditor Agreement) has received all unpaid interest accrued on the First Lien Credit Agreement (as defined in the Intercreditor Agreement) and (ii) the Borrower has recorded GAAP revenue of at least $4.0 million for two consecutive quarters (together, the "***Financial Hurdle***"), then Holder may elect to receive all accrued interest in cash on a fiscal quarterly basis on the last day of each fiscal quarter (each, a "***Quarterly Interest Payment Date***") commencing on the last day of the next fiscal quarter after satisfaction of the Financial Hurdle (the "***Initial Quarterly Interest Payment Date***"). Such election may be made at any time to the Borrower in writing (which may be email) on or prior to each Quarterly Interest Payment Date. Borrower shall promptly within ten (10) Business Days provide notice (which may be by filing or furnishing a Form 10-Q, Form 10-K, or Form 8-K with the SEC on EDGAR within four business days of the event) to the Holder of its satisfaction of the Financial Hurdle. Interest payable in cash hereunder shall be paid in US Dollars to the Holder at the address last appearing on the Note register of the Borrower or as designated in writing by the Holder from time to time.

Notwithstanding the above, (i) all rights to payment hereunder shall be subject to subordination pursuant to the Intercreditor Agreement, (ii) in the event that the entire principal amount of this Note is converted into Conversion Securities pursuant to Section 3 below, all accrued interest due and owing under this Note on the date of conversion shall be due immediately and shall be added to the principal amount hereof to determine the total amount of indebtedness hereunder being converted into Conversion Securities and (iii) upon a Change of Control all principal and accrued interest hereon as of such date shall become immediately due and owing in cash; provided that the Holder may, at its option, elect to convert the principal amount and all accrued interest thereon into Conversion Securities. In the event that less than all of the principal amount of this Note is converted into Conversion Securities, a pro rata potion of the accrued interest (based on the percentage of this Note converted) shall be due immediately and shall be added to the portion of the principal amount of this Note being converted into Conversion Securities on the date of conversion.

(b) **Prepayments**. The Borrower may not prepay the principal or accrued interest under this Note for cash at any time prior to the Maturity Date (or, with respect to accrued interest payable in cash each fiscal quarter in accordance with Section 1(a) above, prior to any Quarterly Interest Payment Date) without the prior written consent of the Holder.

Section 2. Events of Default.

(a) An ***"Event of Default"***, wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) Any default in the payment of the principal of, interest on, or other charges in respect of this Note, free of any claim of subordination, as and when the same shall become due and payable;

(ii) The Borrower shall fail to observe or perform any other covenant, term, condition, agreement or obligation contained in, or otherwise commit any breach or default of any provision of this Note (except as may be covered by Section 2(a)(i) hereof), any Transaction Document (as defined in Section 6 below) and such failure is not cured (A) by the time prescribed or (B) if no time is prescribed, such failure is not cured within thirty (30) days after the Borrower's receipt of written notice from the Holder of such failure; or

(iii) Any of the representations or warranties made by the Borrower herein or in any of the other Transaction Documents shall be false or misleading in any material respect at the time made; or

(iv) The Borrower (A) fails to authorize and issue or to cause its Transfer Agent to issue Conversion Securities upon the exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note (provided, however, that for purposes of this provision, such failure to issue or cause the Transfer Agent to issue such shares shall not be deemed to occur until Five (5) Business Days after the Conversion Date), (B) fails to transfer or to cause its Transfer Agent to transfer any certificate for Conversion Securities issued upon conversion of this Note and when required by this Note, and such transfer is otherwise lawful, or (C) fails to remove a restrictive legend or cause its Transfer Agent to remove a restrictive legend on any share certificate, in each case where such removal is lawful, and any such failure of A, B or C above shall continue uncured for ten (10) days; or

(v) The Borrower shall default on any other indebtedness or material obligation to which it is a party and any other party to any such indebtedness or material agreement with the Company in default exercises any material remedies which it may be entitled; or

(vi) an Event of Default shall have occurred under the First Lien Obligations (as defined in the Intercreditor Agreement); or

(vii) The Borrower or any Subsidiary of the Borrower shall commence, or there shall be commenced against the Borrower or any Subsidiary of the Borrower, a proceeding under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Borrower or any Subsidiary of the Borrower shall commence any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction, whether now or hereafter in effect, relating to the Borrower or any Subsidiary of the Borrower; or there is commenced against the Borrower or any Subsidiary of the Borrower any such bankruptcy, insolvency or other proceeding which remains un-dismissed for a period of sixty-one (61) days; or the Borrower or any Subsidiary of the Borrower is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any Subsidiary of the Borrower suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property, which continues un-discharged or un-stayed for a period of sixty one (61) days; or the Borrower or any Subsidiary of the Borrower makes a general assignment for the benefit of creditors; or the Borrower or any Subsidiary of the Borrower shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or the Borrower or any Subsidiary of the Borrower shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Borrower or any Subsidiary of the Borrower for the purpose of effecting any of the foregoing.

(b) If an Event of Default shall have occurred and is continuing, then, unless and until such Event of Default shall have been cured or waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default), at the option of the Holder and in the Holder's sole discretion, but without further notice from the Holder, the unpaid amount of this Note, computed as of the date on which the Event of Default was first deemed to have occurred, will bear interest at the rate (the ***"Default Rate"***) equal to eighteen percent (18%) per annum or the highest rate allowed by law, whichever is lower, from the date of the Event of Default until and including the date actually paid; and any partial payments shall be applied in the order provided in Section 14 hereof.

(c) During the time that any portion of this Note is outstanding, if any Event of Default has occurred and any applicable cure period has expired, the Holder, at its option, may declare that the full principal amount of this Note, together with any accrued interest and other amounts owed pursuant to any other provision of this Note or any other Transaction Document are immediately due and payable in cash (an ***"Acceleration"***), subject to any restrictions imposed by the Intercreditor Agreement. In addition to any other remedies, the Holder shall have the right (but not the obligation) to convert this Note at any time after an Event of Default in accordance with Section 3(b). The Holder need not provide and the Borrower hereby waives any presentment, demand, protest or other notice of any kind; and immediately and without expiration of any grace period, the Holder may enforce any and all rights and remedies hereunder and all other remedies available under the Security Instruments or under applicable law, subject to the Intercreditor Agreement. Furthermore, a declaration of an Event of Default may be rescinded and annulled by the Holder at any time prior to payment hereunder. No such rescission or annulment shall affect or impair any of the Holder's rights with respect to any subsequent Event of Default.

Section 3. Conversion.

(a) ***Conversion at Option of Holder.*** Any principal, currently due interest, accrued interest, or other amounts due and payable under this Note at any time (collectively, the ***"Outstanding Amount"*** as of such time) shall be convertible into either (i) shares of Series B Preferred Stock or (ii) any other form of preferred or Common Stock issued after the Initial Funding (***"Subsequent Equity"*** and together with the Series B Preferred Stock generally referred to as the ***"Conversion Securities"***) at the option of the Holder, in whole or in part at any time and from time to time, after the Original Issue Date so long as this Note is outstanding. The number of shares of Conversion Securities that may be issued upon a conversion hereunder shall equal the quotient obtained by dividing **(x)** the Outstanding Amount of this Note, or any portion thereof, to be converted as of the Conversion Date (as defined in Section 3(c)) by **(y)** the applicable Note Conversion Price (as defined in Section 3(d) below).

(b) ***Conversion at Option of Borrower.*** If and when the Company raises at least $15 million of equity capital, excluding equity raised in the Offering, after the Initial Funding (a "***Qualified Capital Event***"), the Outstanding Amount due and payable under this Note as of the Conversion Date may, at the option of the Borrower, be converted into whichever form of Conversion Securities that would result in the greatest number of shares of Common Stock being issued to the Holder on an "as-if-converted" into Common Stock basis at such time at the Note Conversion Price then in effect for the applicable Conversion Security (the *"**Borrower Option**")* upon written notice delivered to the Holder fifteen (15) Business Days prior to the date on which such Borrower Option will become effective. In addition, in the event any Notes are still outstanding on the date the Company lists its shares of Common Stock on a Qualified National Exchange (as defined in the Certificate of Designations), then upon the consummation of any such listing, this Note will be deemed to have automatically converted first into Series B Preferred Stock at a Note Conversion Price of $8.00 per share and then into shares of Common Stock at the Series B Conversion Rate (as defined in the Certificate of Designations) in effect at such time pursuant to the Certificate of Designations.

(c) ***Exercise of Conversion Options.*** The: (i) Holder shall effect conversions in Section 3(a) by delivering to the Borrower a completed notice in the form attached hereto as **EXHIBIT A** (a "***Holder Notice of Conversion***"), and (ii) Borrower shall effect the conversion in Section 3(b) by delivering written notice to the Holder (a ***"Borrower Notice of Conversion"***). The ***"Conversion Date"*** shall be (A) if the Holder delivers a Holder Notice of Conversion, the date on which a Holder Notice of Conversion is delivered, or (B) if the Borrower delivers a Borrower Notice of Conversion, the date which is fifteen (15) Business Days from the date such is deemed to have been delivered pursuant to Section 17 hereof. The Borrower shall deliver the applicable stock certificate to the Holder prior to the close of the fifth (5th) Business Day after a Conversion Date. The Holder shall physically surrender this Note to the Borrower in connection with a conversion, whether a partial conversion or a total conversion. In the event of a partial conversion, in order to reflect the reduction in the outstanding principal amount of this Note and the reduction in the accrued and unpaid interest, the Borrower shall prepare and deliver to the Holder a new Note, identical in all respects to the surrendered Note except for the principal amount outstanding reflected on the first page hereof. Such replacement Note (resulting from the partial conversion) shall be delivered to the Holder prior to the close of the fifth (5th) Business Day after the applicable Conversion Date. The Holder and the Borrower shall maintain records showing the principal amount converted and the date of such conversions. In the event of any dispute or discrepancy, the records of the Borrower shall be controlling and determinative in the absence of manifest error; provided, however, that if the Borrower has not kept records or there is manifest error in the Borrower's records, then the records of the Holder shall be controlling and determinative.

(d) ***<u>Note Conversion Price and Adjustments to Note Conversion Price</u>***.

(i) The conversion price in effect on any Conversion Date shall (i) if the conversion is into Series B Preferred Stock, then the conversion price shall be $8.00; or (ii) if the conversion is into Subsequent Equity, then the conversion price shall be equal to 80% of the purchase price per share at which such Subsequent Equity is sold or, if the value per share is fixed, 120% of the number of shares that might otherwise be issuable; provided, however, that if a Qualified Capital Event occurs within one hundred twenty (120) days after the Initial Funding, then, the note conversion price shall be equal to 90% of the purchase price per share at which such Subsequent Equity is sold, or if the value per share is fixed, 110% of the number of shares that might otherwise be issuable (such note conversion price as may be in effect on a Conversion Date for any Conversion Security, herein generally referred to as the ***"Note Conversion Price"***).

(ii) The Borrower agrees to provide notice to the Holders of any event or issuance of Subsequent Equity that would result in any adjustment to the Note Conversion Price pursuant to this Section 3(d) and such notice shall specify the new Note Conversion Price in effect.

(e) ***<u>No Taxes on Certificates</u>.*** The issuance of certificates for any Conversion Securities shall be made without charge to the Holder thereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate.

<u>Section 4.</u> ***<u>Exchange into New Securities Issued to Third Parties</u>.*** After the Original Issue Date but prior to any date that the Borrower raises $15,000,000 of cumulative equity capital since the Initial Funding excluding equity raised in the Offering, in the event that the Borrower consummates any financing transaction with any other third party using any other form of convertible debt security (any such security used in such new financing hereinafter referred to as a ***"New Security"***), then the Holder shall have the option, in its sole discretion, to exchange all or any portion of the obligations outstanding under this Note into such New Security on the same terms as such New Security was offered to third parties (an ***"Exchange"***). Upon an Exchange, the Holder also shall be assigned all rights (and assume all obligations other than obligations to provide any incremental amounts of financing to the Company) provided in the definitive agreements pursuant to which the New Security was sold. The Borrower covenants and agrees that so long as all or any portion of this Note is outstanding, it will notify in writing any Holder of this Note promptly within ten (10) Business Days of the issuance of any New Security and such notice will contain the aggregate dollar amount or principal amount of such New Securities being issued to each new holder of such securities, and (c) a copy of all transaction documentation for such New Security. **(a)**

<u>Section 5.</u> ***<u>Security Instruments; Subordination.</u>***

(a) **<u>Security Instruments.</u>** This Note is secured by (a) a Convertible Notes Subordinated Security Agreement dated April 23, 2020 (the "***Commencement Date***") by and between the Borrower and the Collateral Agent for itself and as agent for the benefit of the Holder and the other subscribers in the Offering (the ***"Security Agreement"***), (b) a Convertible Notes Intellectual Property Subordinated Security Agreement dated the Commencement Date by and among XGS, XGS Subsidiary and the Collateral Agent for itself and as agent for the benefit of the Holder and the other subscribers in the Offering (the **"*IP Security Agreement*"),** (c) the Convertible Notes Subsidiary Subordinated Security Agreement dated the Commencement Date, by and between XGS Subsidiary and the Collateral Agent for itself and as agent for the benefit of the Holder and the other subscribers in the Offering (the "***Subsidiary Security Agreement***") and (d) the Convertible Notes Pledge Agreement dated the Commencement Date, by and among XGS, XGS Subsidiary and Collateral Agent for itself and as agent for the benefit of the Holder and the other subscribers in the Offering (the "***Pledge Agreement***", and together with the Security Agreement, the IP Security Agreement, the Subsidiary Security Agreement, the "***Security Instruments***").

(b) **Subordination**. The Holder acknowledges and agrees the following:

(i) the Borrower entered into a First Lien Credit Agreement (as defined in the Intercreditor Agreement) with the First Lien Lender (as defined in the Intercreditor Agreement) on the Commencement Date and that all of Borrower's obligations under the First Lien Credit Agreement and the other First Lien Loan Documents (as defined in the Intercreditor Agreement) are secured by liens on and security interests in substantially all of the now existing and hereafter acquired personal property assets of XGS and XGS Subsidiary (as defined in the preamble),

(ii) the security interest created by the Security Instruments shall be subordinated pursuant to the Intercreditor Agreement to the interests of the First Lien Lender under the First Lien Loan Documents (as defined in the Intercreditor Agreement),

(iii) notwithstanding any provision in this Note to the contrary, this Note will be subordinate in right of payment to the First Lien Obligations under the terms of the Intercreditor Agreement and no payment shall be made on this Note until the First Lien Lender under the First Lien Loan Documents is Paid in Full (as defined in the Intercreditor Agreement) and

(iv) Subscriber will not be a party to the Intercreditor Agreement or the Security Instruments, however the Collateral Agent shall execute such instruments for itself and as agent for the benefit of the Holder and the other subscribers in the Offering.

(c) **Ranking; Seniority.** This Note is a direct obligation of the Borrower. This Note is subordinate in right of payment and in security pursuant to the Intercreditor Agreement, ranks pari passu to the other notes issued in the Offering and ranks senior to all other indebtedness of the Borrower issued after the termination of the Offering. Except as stated above, no indebtedness of the Borrower, either now or hereafter while this Note is outstanding, is or will be senior to this Note in right of payment, whether with respect to interest, damages or upon liquidation or dissolution or otherwise, with respect to the assets of the Borrower. Without the Collateral Agent's consent, the Borrower shall not and shall not permit any of its Subsidiaries to, directly or indirectly, enter into, create, incur, assume or suffer to exist any indebtedness of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom that, in any such case, is senior in any respect to the obligations of the Borrower under this Note.

Section 6. ***Definitions.*** For the purposes hereof, the following terms shall have the following meanings:

"*Business Day*" means any day except Saturday, Sunday and any day which shall be a federal legal holiday in the United States or a day on which banking institutions are authorized or required by law or other government action to close.

"Change of Control" means the occurrence of any of the following events after the Original Issue Date: (i) any "person" or "group" (as defined in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") together with their affiliates become the ultimate "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act) of voting stock of the Borrower representing more than 50% of the voting power of the total voting stock of the Borrower; (ii) the stockholders of the Borrower approve a merger or consolidation of the Borrower with any other Person regardless of which entity is the survivor, other than a merger or a consolidation which would result in the voting stock of the Borrower outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or the parent thereof) at least 50% of the combined voting power of the voting securities of the Borrower or such surviving entity or the parent thereof, outstanding immediately after such merger or consolidation; or (iii) the stockholders of the Borrower approve a plan of complete liquidation or winding up of the Borrower or an agreement for the sale or disposition by the Borrower of all or substantially all of the Borrower's assets.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Initial Funding" shall mean the first date on which any Notes are sold to investors pursuant to the Offering.

"Intercreditor Agreement" shall mean that certain Intercreditor Agreement, dated [ ], by and among Dow, Inc., a Michigan corporation as First Lien Lender, the Collateral Agent in its capacity as agent for the Holder and the other subscribers in the Offering and the Borrower.

"Original Issue Date" shall mean the date of the first issuance of this Note regardless of the number of transfers and regardless of the number of instruments, which may be issued to evidence such Note. For the purposes of this Note, the Original Issue Date shall be deemed to be the date first set forth herein.

"Person" means a corporation, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

"Subsidiary" shall mean, (i) as to Borrower, any Person in which more than fifty percent (50%) of all equity, membership, partnership or other ownership interests is owned directly or indirectly by such Borrower or one or more of its Subsidiaries, and (ii) as to any other Person, any Person in which more than fifty percent (50%) of all equity, membership, partnership or other ownership interests is owned directly or indirectly by such Person or by one or more of such Person's Subsidiaries.

"Transaction Documents" means the Subscription Agreement and any other agreement delivered in connection with the Subscription Agreement, including, without limitation, this Note, the Intercreditor Agreement and each Security Instrument.

"Transfer Agent" means any stock transfer agent that the Borrower may appoint from time to time or if no such transfer agent has been appointed, then the Borrower.

Section 7. ***No Stockholder Rights.*** Except to the extent provided in the Transaction Documents, this Note shall not entitle the Holder to any of the rights of a stockholder of the Borrower, including without limitation, the right to vote, to receive dividends and other distributions, or to receive any notice of, or to attend, meetings of stockholders or any other proceedings of the Borrower, unless and to the extent converted into Conversion Securities in accordance with the terms hereof.

Section 8. ***Spin-offs.*** If, at any time while any portion of this Note remains outstanding, the Borrower spins off or otherwise divests itself of a part of its business or operations or disposes of all or of a part of its assets in a transaction (the ***"Spin Off"***) in which the Borrower, in addition to or in lieu of any other compensation received and retained by the Borrower for such business, operations or assets, causes securities of another entity (the ***"Spin Off Securities"***) to be issued to security holders of the Borrower, the Borrower shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all, of the Holder's Notes outstanding on the record date (the ***"Record Date"***) for determining the amount and number of Spin Off Securities to be issued to security holders of the Borrower (the ***"Outstanding Notes"***) been converted as of the close of business on the Business Day immediately before the Record Date (the ***"Reserved Spin Off Shares"***), and (ii) to be issued to the Holder on the conversion of all or any of the Outstanding Notes, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (I) the numerator is the principal amount of the Outstanding Notes then being converted, and (II) the denominator is the principal amount of the Outstanding Notes.

Section 9. ***Transferability.*** This Note has been issued subject to investment representations of the original Holder hereof and may be transferred to (a) any entity controlled by the Holder, (b) any investors in the Holder or their direct assignees or (c) any other accredited investors or exchanged only in compliance with the Securities Act of 1933, as amended (the "***Act***"), and other applicable state and foreign securities laws. In the event of any proposed transfer of this Note, the Borrower may require, prior to issuance of a new Note in the name of such other person, that it receive reasonable transfer documentation that is sufficient to evidence that such proposed transfer complies with the Act and other applicable state and foreign securities laws. Prior to due presentment for transfer of this Note, the Borrower and any agent of the Borrower may treat the person in whose name this Note is duly registered on the Borrower's Note register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note be overdue, and neither the Borrower nor any such agent shall be affected by notice to the contrary. Subject to the foregoing, this Note may be transferred or assigned, in whole or in part, by the Holder at any time. The Notes will initially be issued in denominations determined by the Borrower, but are exchangeable for an equal aggregate principal amount of Notes of different denominations, as requested by the Holder surrendering the same. No service charge will be made for such registration or transfer or exchange.

Section 10. ***Replacement.*** If this Note is mutilated, lost, stolen or destroyed, the Borrower shall execute and deliver, in exchange and substitution for and upon cancellation of the mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such Note, a and of the ownership hereof, and an agreement to indemnify Borrower for any resulting claims, all reasonably satisfactory to the Borrower.

Section 11. ***Enforcement Expenses.*** If the Borrower fails to strictly comply with the terms of this Note, then the Borrower shall reimburse the Holder promptly for all reasonable fees, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses of the Holder in any action in connection with this Note that are incurred: **(a)** during any workout, attempted workout, and in connection with the rendering of legal advice as to the Holder's rights, remedies and obligations; **(b)** collecting any sums which become due to the Holder, **(c)** defending or prosecuting any proceeding or any counterclaim to any proceeding or appeal; or **(d)** the protection, preservation or enforcement of any rights or remedies of the Holder under this Note or any of the other Transaction Documents.

Section 12. ***Waiver.*** Any waiver by the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

Section 13. ***Severability***. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder shall violate applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest. The Borrower covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Borrower from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note.

Section 14. ***Payment Dates; Payment Order of Priority***. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day. All payments received shall be applied in the following order of priority: (i) first to any amounts due to the Holder for the reimbursement of any expenses or fees under any provision of this Note or the Transaction Documents, all of which shall be provided to the Borrower in writing in sufficient detail prior the application of any payments for this purpose; and (ii) then amounts due to the Holder for accrued but unpaid interest on this Note; and (iii) then, to principal of this Note.

Section 15. ***WAIVER OF TRIAL BY JURY***. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES' ACCEPTANCE OF THIS AGREEMENT.

Section 16. ***Governing Law***. This Note shall be governed by and construed in accordance with the laws of the State of Michigan, without giving effect to conflicts of laws thereof. Each of the parties consents to the jurisdiction of the state courts of the State of Michigan sitting in Ingham County, Michigan and the U.S. District Court for the Western District of Michigan in connection with any dispute arising under this Note and hereby waives, to the maximum extend permitted by law, any objection, including any objection based on *forum non conveniens* to the bringing of any such proceeding in such jurisdictions.

Section 17. ***Notices***. Any notices, consents, waivers or other communications required or permitted to be given under the terms hereof must be in writing and will be deemed to have been delivered: **(a)** upon receipt, when delivered personally; **(b)** on the next Business Day following deposit of such notice with a nationally recognized overnight delivery service; and **(c)** on the third Business Day following deposit of such notice with the U.S. Postal Service in an envelope mailed Certified Mail. The addresses for such communications shall be:

If to the Borrower, to:

XG Sciences, Inc.
3101 Grand Oak Drive
Lansing, MI 48911
Attention: Chief Financial Officer
Telephone:

With a copy to:

K&L Gates LLP
200 South Biscayne Boulevard
Miami, Florida 33131-2399
Attention: Clayton E. Parker, Esq.
Telephone: (305) 539-3306

If to the Holder: Name:
Address:
Address:
Attention:
Telephone:

Such address and facsimile number and persons to receive notice may be changed from time to time by either party providing written notice to the other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt **(i)** given by the recipient of such notice, consent, waiver or other communication, **(ii)** mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission, **(iii)** provided by a nationally recognized overnight delivery service, and **(iv)** the Certified Mail records of the U.S. Postal Service shall constitute rebuttable evidence of personal receipt in accordance with this Section 17.

Section 18. ***Entire Agreement.*** This Note, together with the other Transaction Documents, constitutes and contains the entire agreement of the Borrower and the Holder with respect to the matters addressed herein and supersedes any and all prior negotiations, correspondence, understandings and agreements between the Borrower and Holder respecting the subject matter hereof.

[The Remainder of this Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed by a duly authorized officer as of the date set forth above.

XG SCIENCES, INC.

By: ______________________________
Name:
Title:

XG SCIENCES IP, LLC

By: ______________________________
Name:
Title: Manager

EXHIBIT A

NOTICE OF CONVERSION

(To be executed by the Holder in order to convert this Note)

To: **XG Sciences, Inc., 3101 Grand Oak Drive, Lansing, MI 48911, Attn: Chief Executive Officer**

The undersigned hereby irrevocably elects to convert $ ____________ of the outstanding principal and/or accrued interest of the above Note into the following Conversion Securities according to the conditions stated therein, as of the Conversation Date written below.

Conversion Date:

Applicable Note Conversion Price:

Signature:

Name:

Address:

Amount to be converted: $____________________

Amount of Note unconverted: $____________________

Note Conversion Price per share: $____________________

Type and Number of Conversion Securities to be issued:

TYPE:____

NUMBER:____

Please issue the Conversion Securities in the following name and to the following address:

Issue to:

Authorized Signature:____

Name:

Title:

Phone Number:

Exhibit 10.3

CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETE AGREEMENT

This Confidentiality, Non-Solicitation and Non-Compete Agreement (the "**Agreement**") dated this 26th day of August, 2020 is entered into by and between Robert Blinstrub, ("**Employee**") and XG Sciences, Inc., a Michigan corporation ("**Employer**" and collectively with any entity that is wholly or partially owned by the Employer or otherwise affiliated with the Employer, the "**Company**"). Hereinafter, each of the Employee or the Company may be referred to as a "**Party**" and together be referred to as the "**Parties**".

RECITALS:

WHEREAS, the Parties have entered into that certain Employment Agreement, of even date herewith, that creates an employment relationship between the Employer and Employee (the "**Employment Agreement**"); and

WHEREAS, pursuant to the Employment Agreement, the Employee agreed to enter into the Company's Confidentiality, Non-Solicitation and Non-Compete Agreement; and

WHEREAS, the Company desires to protect and preserve its Confidential Information and its legitimate business interests by having the Employee enter into this Agreement as part of the Employment Agreement; and

WHEREAS, the Employee desires to establish and maintain an employment relationship with the Company and as part of such employment relationship desires to enter into this Agreement with the Company; and

WHEREAS, the Employee acknowledges that the terms of the Employment Agreement including, but not limited to the Company's commitments to the Employee with respect to base salary, fringe benefits and stock options are sufficient consideration to the Employee for the entry into this Agreement.

WHEREAS, the Employee acknowledges that substantial cost and expense has been or will be incurred by the Company in connection with the Employee's employment by the Company, and Employee's employment will require the disclosure of certain Company confidential and proprietary information, trade secrets and customer and supplier relationships.

WHEREAS, the Employee has significant experience as a Chief Executive Officer, which the Company believes will be of benefit in the continuing development of the Company's business.

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 and patents relating to graphene nanoplatelets and the production thereof.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Term.** Employee agree(s) that the term of this Agreement is effective upon the Employee's first day of employment with the Company and, except as otherwise set forth in Paragraph 8, shall survive and continue to be in force and effect for four (4) years following the termination of any employment relationship between the Parties ("**Term**"), whether termination is by the Company with or without cause, or for any or no reason whatsoever, or by the Employee unless an exception is specifically provided in certain situations in any such Restrictive Covenants.

EMPLOYEE'S INITIALS

____

2. 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 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 Employee 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 Employee or developed by the Employee on behalf of the Company as Work Product (as defined in Paragraph 7) 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, Work Product or other material derived from Confidential Information. Nevertheless, Confidential Information shall not include any information of any kind which (1) is in the possession of the Employee prior to the date of this Agreement, as shown by the Employee'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) independently developed after termination 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 non-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 with Employee otherwise has developed or obtained through his or her education, experience, and work in the field of Finance and Business Management.

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 Employee's employment with the Company.

c. 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 Employee's employment with the Company.

d. The term "**Restricted Area**" shall include any geographical location anywhere in the United States as well as those countries listed on Exhibit A attached hereto. If the Restricted Area specified in this Agreement should be judged unreasonable in any proceeding, then the Restricted Area shall be reduced so that the restrictions may be enforced as is judged to be reasonable.

EMPLOYEE'S INITIALS

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e. The phrase "**directly or indirectly**" shall include the Employee either on his or 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.

3. Duty of Confidentiality.

a. All Confidential Information is considered highly sensitive and strictly confidential. The Employee agrees that at all times during the Term of this Agreement and after the termination of employment with the Company for as long as such information remains non-public information, the Employee 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 employment with the Company 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. Employee agrees that protection of the Company's Confidential Information constitutes a legitimate business interest justifying the restrictive covenants contained herein. Employee 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 the Employee 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 as possible, so required and, except to the extent prohibited by law, Employee 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. Employee acknowledge(s) that this "Confidential Information" is of value to the Company by providing it with a competitive advantage over their competitors, is not generally known to competitors of the Company, and is not intended by the Company for general dissemination. Employee 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 Section 445.1902 of the Michigan Statutes.

d. **Notice of Immunity under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA")**. Notwithstanding any other provision of this Agreement, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (a) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Notwithstanding any other provision of this Agreement, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the Company's trade secrets to Employee's attorney and use the trade secret information in the court proceeding if Employee: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

4. **Limited Right of Disclosure.** Except as otherwise permitted by this Agreement, Employee shall limit disclosure of pertinent Confidential Information to Employee's attorney, if any ("**Representative(s)**"), for the sole purpose of evaluating Employee's relationship with the Company. Paragraph 3 of this Agreement shall bind all such Representative(s).

5. **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 Employee 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 Employee's employment or at such other time as is requested by the Company. Employee agree(s) that upon termination of employment for any or no reason whatsoever Employee shall return all copies, in whatever form or media, including hard copies and electronic copies, of Confidential Information to the Company, and Employee shall delete any copy of the Confidential Information on any computer file or database maintained by Employee and shall certify in writing that he/she has done so. In addition to returning all Confidential Information to the Company as described above, Employee will destroy any analysis, notes, work product or other materials relating to or derived from the Confidential Information.

6. **Agreement Not to Circumvent.** Employee 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 during the Term of this Agreement, other than through the Company or on behalf of the Company. It is further understood and agreed that, after the Employee's employment with the Company has been terminated, the Employee 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. Employee acknowledges that any violation of this covenant may subject Employee to the remedies identified in Paragraph 9 in addition to any other available remedies.

7. **Title to Work Product.** Employee agrees that all work products (including strategies, manufacturing processes, products and planned products for competing in the graphene industry, technical materials and diagrams, computer programs, financial plans and other written materials, websites, presentation materials, course materials, advertising campaigns, slogans, videos, pictures and other materials) created or developed by the Employee for the Company during the term of the Employee's employment with the Company or any successor to the Company until the date of termination of the Employee (collectively, the "**Work Product**"), shall be considered a work made for hire and that the Company shall be the sole owner of all rights, including copyright, in and to the Work Product.

If the Work Product, or any part thereof, does not qualify as a work made for hire, the Employee agrees to assign, and hereby assigns, to the Company for the full term of the copyright and all extensions thereof all of its right, title and interest in and to the Work Product. All discoveries, inventions, innovations, works of authorship, computer programs, improvements and ideas, whether or not patentable or copyrightable or otherwise protectable, conceived, completed, reduced to practice or otherwise produced by the Employee in the course of his or her services to the Company in connection with or in any way relating to the Business of the Company or capable of being used or adapted for use therein or in connection therewith shall forthwith be disclosed to the Company and shall belong to and be the absolute property of the Company unless assigned by the Company to another entity.

EMPLOYEE'S INITIALS

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Employee hereby assigns to the Company all right, title and interest in all of the discoveries, inventions, innovations, works of authorship, computer programs, improvements, ideas and other work product; all copyrights, trade secrets, and trademarks in the same; and all patent applications filed and patents granted worldwide on any of the same for any work previously completed on behalf of the Company or work performed under the terms of this Agreement or the Employment Agreement. Employee, if and whenever required to do so (whether during or after the termination of his or her employment), shall at the expense of the Company apply or join in applying for copyrights, patents or trademarks or other equivalent protection in the United States or in other parts of the world for any such discovery, invention, innovation, work of authorship, computer program, improvement, and idea as aforesaid and execute, deliver and perform all instruments and things necessary for vesting such patents, trademarks, copyrights or equivalent protections when obtained and all right, title and interest to and in the same in the Company absolutely and as sole beneficial owner, unless assigned by the Company to another entity. Notwithstanding the foregoing, work product conceived by the Employee, which is not related to the Business of the Company, will remain the property of the Employee.

8. <u>Restrictive Covenant</u>. The Company and its affiliated entities are 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 8 (the "**<u>Restrictive Covenants</u>**") are given and made by Employee to induce the Company to employ Employee under the terms of the Employment Agreement, and Employee acknowledges sufficiency of consideration for these Restrictive Covenants. Employee expressly covenants and agrees that, during the Restrictive Period (as defined below), he/she will abide by the following restrictive covenants unless an exception is specifically provided, in writing signed by Company, in certain situations in such Restrictive Covenants.

a. **<u>Non-Solicitation</u>**. Employee agrees and acknowledges that, during the Restrictive Period, he/she will not, directly or indirectly, in one or a series of transactions, as an individual or as a partner, joint venturer, employee, agent, salesperson, contractor, officer, director or otherwise, for the benefit of himself or herself or any other person, partnership, firm, corporation, association or other legal entity:

(i) 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 in the Restricted Area; or

(ii) 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 Employee's employment with the Company, to withdraw, curtail, cancel or refrain from doing business with the Company in any capacity related to the Business; or

(iii) 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 myself or on behalf of any other entity that may employ, engage or associate with me in any fashion.

EMPLOYEE'S INITIALS

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(iv) 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 myself or on behalf of any other entity that may employ, engage or associate with me in any fashion.

(v) recruit, solicit or otherwise induce any proprietor, partner, stockholder, lender, director, officer, sales agent, joint venturer, investor, lessor, supplier, Customer, agent, representative, or any other person which has an agency or business relationship with the Company or any affiliated entity to discontinue, reduce or detrimentally modify such agency or business relationship with the Company.

(vi) employ, recruit or solicit, or attempt to employ, recruit or solicit, for employment any person or agent who is then (or was at any time within twelve (12) months prior to the date Employee or any entity related to Employee seeks to employ such person) employed or retained by the Company. Notwithstanding the forgoing, (A) to the extent the Employee works for a firm or corporation after his or her termination from the Company and he or she does not have any personal 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, and (B) nothing contained herein shall prevent Employee or his affiliates from employing any person who, without any encouragement, direction, or communication by Employee or his affiliates, responds to a general media advertisement or non-directed search inquiry (including the use of employment agencies provided no direction was given to target an employee of the Company).

b. **Non-Competition**. Employee agrees and acknowledges that, during the Restrictive Period, he or she will not, directly or indirectly, for himself , or on behalf of others, as an individual on Employee's own account, or as a partner, joint venturer, employee, agent, salesman, contractor, officer, director or otherwise, for him/herself or any other person, partnership, firm, corporation, association or other legal entity, enter into, ***engage in, accept employment from,*** or provide any services to, or for, ***any business that is in the Business of the Company, or engage in any activity that is competitive with the Company in the Business and in the Restricted Area***. The parties agree that this non-competition provision is intended to cover situations where a future business opportunity in which the Employee is engaged or a future employer of the Employee is selling the same or similar products and services in a Business which may compete with the Company's products and services to Customers and Prospective Customers of the Company in the Restricted Area. This provision shall not cover future business opportunities or employers of the Employee that sell different types of products or services in the Restricted Area so long as such future business opportunities or employers are not in the Business of the Company or if the Employee is not involved in the activities of the future employer or related to the Business of the Company. This provision is not intended to prohibit Employee from returning to employment in the field of marketing and general management, especially in thermosets and composites. It is intended to prohibit Employee from accepting employment in a business that directly competes with Business of the Company.

c. **Restrictive Period**. As used in this Agreement, "**Restrictive Period**" means the period of Employee's employment and for a period of two (2) years following termination of such employment for any reason, provided that any such Restrictive Period shall automatically and immediately terminate upon any dissolution, liquidation or voluntary or involuntary case seeking the dissolution, liquidation or reorganization of the Company under the bankruptcy or other similar laws are any similar proceeding seeking the appointment of a receiver or similar official for the Company or to take possession of all or a substantial portion of its property or to operate all or a substantial portion of its business.

EMPLOYEE'S INITIALS

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9. Acknowledgements of Employee.

a. The Employee understands and acknowledges that any violation of this Agreement shall constitute a material breach of this Agreement and the Employment 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 10 below.

b. The Restrictive 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 Employee against the Company shall not constitute a defense to the enforcement of these Restrictive Covenants.

c. Employee agrees that the Restrictive Covenants are reasonably necessary to protect the legitimate business interests of the Company.

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

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

g. Employee agrees that any failure of the Company to enforce the Restrictive Covenants against any other employee, for any reason, shall not constitute a defense to enforcement of the Restrictive Covenants against the Employee.

10. Specific Performance; Injunction. The Parties agree and acknowledge that the restrictions contained in Paragraphs 1-8 are reasonable in scope and duration and are necessary to protect the Company. 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. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced.

Any unauthorized use or disclosure of Confidential Information in violation of Paragraphs 2-7 above or violation of the Restrictive Covenant in Paragraph 8 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:

EMPLOYEE'S INITIALS

a. Temporary and permanent injunctive relief, without the necessity of posting a bond, restraining Employee or Representatives and any other person, partnership, firm, corporation, association or other legal entity acting in concert with Employee 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 the Employee from violating, directly or indirectly, the restrictions of the Restrictive Covenant in any capacity identified in Paragraph 8, supra, and restricting third parties from aiding and abetting any violations of the Restrictive Covenant; 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 the Employee will not be liable for the payment of any damages or fees owed to the Company through the operation of Paragraph 10c 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 – 8 of this Agreement, and the existence of any claim or cause of action by Employee 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 – 8 of this Agreement and therefore such prohibitions are not executory or otherwise subject to rejection under the bankruptcy code.

11. Duty to Disclose Agreement and to Report New Employer. Employee acknowledges that the Company has a legitimate business purpose in the protection of its Confidential Information. Employee also recognizes and agrees that the Company has the right to such information as is reasonably necessary to inform the Company whether the terms of this Agreement are being complied with. Accordingly, Employee agrees that Employee will promptly notify any new employer of his or her obligations contained here. Employee also will provide the Company with the identity of his or her new employer(s) and a description of the services being provided by him/her in sufficient detail to allow the Company to reasonably determine whether such activities fall within the scope of activities prohibited by the provisions of this Agreement

12. Representations as to Prior or Other Agreements. Employee represents and warrants that he/she is able to perform the contemplated duties of employment without being in breach of confidentiality agreements or disclosing proprietary information of any third party, and that no proprietary information of any third party shall be disclosed to the Company. Employee further represents and warrants that he/she is not prohibited from entering into this Agreement or performing services under it by any non-competition, non-solicitation, anti-piracy agreement, relationship agreement, or any other restrictions. Employee 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 Employee of any such agreement or any other restrictions inconsistent with the foregoing representations.

13. Company Use of Employee Name, Image and Voice. The Company may use and publish Employee's name and picture, including audio or video tape recordings, for purposes relating to its business without a specific release from Employee.

EMPLOYEE'S INITIALS

14. **Termination.** Employee agrees to bring any claims that he/she may have against the Company within one hundred eighty (180) days of the day that Employee knew, or should have known, of the facts giving rise to the cause of action and waives any longer, but not shorter, statutory or other limitations periods. This includes, but is not limited to, the initial filing of a charge with the Equal Employment Opportunity Commission and/or state equivalent civil rights agency. However, Employee understands that he/she will thereafter have the right to pursue any claim in the manner prescribed in any right to sue letter that is issued by an agency.

15. **Nondisparagement**. Employee shall not make any disparaging or defamatory comments about the Company, whether true or not, except to comply with any summons, court order or subpoena. Company shall not make any disparaging or defamatory comments about the Company, whether true or not, except to comply with any summons, court order or subpoena. However, nothing in this Paragraph 15 shall prohibit any party from testifying truthfully in any proceeding or providing truthful information as legally required to provide such information in connection with this Agreement or otherwise.

16. **Waiver of Jury Trial. THE COMPANY AND EMPLOYEE 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 OR RELATED IN ANY FASHION TO EMPLOYEE'S EMPLOYMENT WITH COMPANY.**

17. **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. Employee waives personal service of any and all process upon Employee and consents that all such service of process may be made by certified or registered mail directed to Employee at the address stated in the signature section of this Agreement, with service so made deemed to be completed upon actual receipt thereof. Employee waives any objection to jurisdiction and venue of any action instituted against Employee as provided herein and agrees not to assert any defense based on lack of jurisdiction or venue. Employee 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.

18. **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, permitted assigns and, in the case of Employee, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

19. **Entire Agreement.** This Agreement is the entire agreement of the Parties with regard to the matters addressed herein, and supersedes all prior negotiations, preliminary agreements, and all prior and contemporaneous discussions and understandings of the signatories in connection with the subject matter of this Agreement, except however, that this Agreement shall be read *in pari materia* with the Employment Agreement executed by Employee. This Agreement may be modified only by written instrument which is signed by the Company and Employee and which describes such modification.

EMPLOYEE'S INITIALS

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20. **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 or unenforceable provision had not been contained herein.

21. **Waiver.** The waiver by the Company of a breach or threatened breach of this Agreement by Employee cannot be construed as a waiver of any subsequent breach by Employee 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 Employee, 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.

22. **Consideration.** Employee acknowledges and agrees that the execution by the Company of the Employment Agreement with the Employee constitutes full, adequate and sufficient consideration to Employee for the covenants of Employee under this Agreement.

23. **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.

24. **Acknowledgements.** Employee acknowledge(s) 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. Employee further acknowledges and agrees that he or she has entered into this Agreement freely, without any duress or coercion.

25. **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.

26. **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.

[Signatures Appear on the Following Page]

EMPLOYEE'S INITIALS

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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: /s/ Robert Blinstrub 8/26/20
Employee Signature Date

Employee Name: Robert Blinstrub

Employee Address:

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

By: /s/Steven C. Jones 8/26/20
Date

Name: Steven C. Jones

Title: Authorized Representative

EMPLOYEE'S INITIALS

EXHIBIT A

Countries Covered Under Definition of Restricted Area in Section 2(d)

The following list of countries is deemed to include any dependent territories or other areas recognized as a constituent country or municipality of each of the countries listed

Asia

Bahrain
Brunei
China (including Hong Kong & Taiwan)
Cyprus
Georgia
India
Indonesia
Israel
Japan
Kuwait
Malaysia
Oman
Philippines
Qatar
Russia
Saudi Arabia
Singapore
South Korea
Thailand
Turkey
United Arab Emirates
Vietnam

Europe

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Monaco
Montenegro
Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden
United Kingdom

South America

Argentina
Brazil
Chile
Columbia
Ecuador
Paraguay
Peru
Uruguay
Venezuela

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North America, Central America & Caribbean

Antigua & Barbuda
Bahamas
Barbados
Belize
Canada
Costa Rica
Dominica
Dominican Republic
El Salvador
Grenada
Guatemala
Honduras
Jamaica
Mexico
Nicaragua
Panama
Saint Kitts & Nevis
Saint Lucia
Saint Vincent and the Grenadines
Trinidad and Tobago
United States of America

Africa

Canary Islands
Egypt
Morocco
South Africa

Oceania

Australia
New Zealand

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Exhibit 10.4

EMPLOYMENT AGREEMENT

THIS AGREEMENT ("Agreement") is made this 26th day of August, 2020 by and between XG Sciences, Inc. a Michigan corporation ("XGS" or the "Employer" and collectively with any entity that is wholly or partially owned by XGS, the "Company"), located at 3101 Grand Oak Drive, Lansing, MI 48911 and Andrew J. Boechler ("Executive"), an individual who resides at 8705 E Granite Pass Road, Scottsdale, AZ 85266.

RECITALS:

WHEREAS, the Company is engaged in the business of researching, developing, manufacturing, and selling graphene nanoplatelets and certain other value-added products that contain graphene nanoplatelets; and

WHEREAS, XGS desires to employ Executive as an officer in the full-time capacity of Chief Commercial Officer, and Executive desires to be employed by XGS in such capacity, in accordance with the terms, covenants, and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Employer and Executive agree as follows:

1. **Employment Period**. Subject to the terms and conditions set forth herein and unless sooner terminated as hereinafter provided, XGS shall employ Executive as an officer, and Executive agrees to serve as an officer and accepts such employment beginning on August 27, 2020 (the "Effective Date"). This Agreement shall remain in effect until either party delivers a written notice of a termination pursuant to Section 5 hereof. For purposes of this Agreement, the period from the Effective Date until the termination of Executive's employment shall hereinafter be referred to as the "Term". Executive's employment pursuant to this Agreement shall be "at will" as such term is construed under Michigan law.

2. **Title and Duties.** During the period from the Effective Date through the Term, XGS shall employ Executive as its Chief Commercial Officer ("CCO"), and Executive accepts employment in such capacity. Executive will report to and be subject to the general supervision and direction of the Chief Executive Officer of the Company ("CEO"). If requested, Executive will serve in similar capacities for each or any subsidiary of XGS without additional compensation. Executive shall perform such duties as are customarily performed by someone holding the title of CCO or Vice President of Sales & Marketing in the same or similar businesses or enterprises as that engaged in by the Company and such other duties as the Board may assign from time to time.

3. **Compensation and Benefits of Executive.** The Company shall compensate Executive for Executive's services rendered under this Agreement as follows:

a) **Base Salary**. The Company shall pay Executive an annualized base salary in cash (the "Base Salary"), which will start out at $200,000 per annum, subject to applicable withholdings required by law, payable in equal installments at such times as is consistent with normal Company payroll policy. Such Base Salary will be increased according to the following schedule after the Company has met the thresholds established for each such increase:

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10% increase after the Company achieves $4 million of GAAP revenue per quarter for two consecutive fiscal quarters, provided that, unless otherwise agreed to in writing by the Compensation Committee (the "Compensation Committee") of the Board of Directors the "Board"), 100% of GAAP revenue recognized from i) Callaway Golf Company's use of the Company's products in golf balls, ii) FMS Global Services ("FMS") or any consignee of FMS, and iii) Advanced Graphene Solutions or any other company selling products to D.R. Horton, Inc. or any affiliates of the foregoing clients (collectively, the "Revenue Exclusions") shall be subtracted from the Company's total GAAP revenue for the purpose of measuring performance against this threshold until the quarter ending June 30, 2021 and thereafter only 50% of such Revenue Exclusions shall be subtracted from total revenue for the purpose of measuring performance against this threshold (all revenue subtracted from total revenue for the purpose of measuring performance against this threshold at any given time shall hereafter generally be referred to as "Revenue Carveouts" for the purposes of this Agreement);

10% increase after the Company achieves $6 million of GAAP revenue excluding Revenue Carveouts per quarter for two consecutive fiscal quarters; and

10% increase after the Company achieves $8 million of GAAP revenue excluding Revenue Carveouts per quarter for two consecutive fiscal quarters.

b) **Bonus**. Executive will be eligible for a performance-based bonus as a participant in the Company's Management Incentive Plan ("MIP"), which shall set annual target incentives for the Executive and other senior ranking employees that are determined by the Compensation Committee, and that in the case of the Executive, up to 60% of such annual target incentives may be based on Company performance measures such as GAAP revenue or Adjusted EBITDA based on the Company's annual budget for such year, or such other measures as determined by the Committee for the fiscal year. The Company will target an annual bonus payout of 30% of the Executive's Base Salary for the year for which the such bonus is applicable (the "Target Bonus") based on whether the company and individual performance objectives specified in such year's MIP framework for the Executive have been met. Executive understands and acknowledges that (i) he must be an employee of the Company on December 31st of any given fiscal year in order to be eligible to receive all or any portion of a bonus for such fiscal year, provided that, upon a termination without Cause, for Good Reason, death or Disability, the Executive shall be entitled to receive a prorated portion of such bonus for the period up to the deemed date of termination, and ii) for the fiscal year ending December 31, 2020, such bonus will be prorated based on the actual time in which Executive was employed for such fiscal year. Upon meeting the performance thresholds established by the Compensation Committee in the MIP for any such year, the actual bonus payout for such year will be no less than 100% of the Target Bonus, but may be reduced to as low as 50% of the Target Bonus for partial performance. Executive understands and acknowledges that the Compensation Committee may set minimum revenue thresholds, below which no Company performance or individual performance bonuses are paid, except for discretionary bonuses approved by the Compensation Committee. However, the Executive shall also be eligible to receive up to 150% of the Target Bonus in the event that the Company's and/or the Executive's performance exceeds the performance thresholds set for the Target Bonus and meets the criteria for 150% payout established by the Compensation Committee. The Company agrees to work with Executive in good faith to establish mutually agreed upon reasonable MIP performance objectives for the fiscal year ending December 31, 2020 within forty-five (45) days of the Effective Date of this Agreement.

c) **Benefits**. Subject to the eligibility requirements and enrollment provisions of the Company's employee benefit plans, Executive may, to the extent he so chooses, participate in any and all of the Company's employee benefit plans for qualified members of Executive's family at the Company's expense to the extent permitted by the terms of such employee benefit plans and applicable law. All Company benefits are identified in the Employee Handbook and are subject to change without notice or explanation. In addition, subject to the eligibility requirements and enrollment provisions of the Company's executive benefit programs, Executive shall also be eligible to participate in any and all other benefits programs established for officers of the Company.

d) **Stock Options**. The Company agrees that it will use commercially reasonable efforts to complete a 409A valuation analysis, using the Company's third-party stock-based compensation and valuation expert to determine the fair market value per share (the "FMV/Share") of its Common Stock within ninety (90) days of the Effective Date of this Agreement. The Company further agrees to use commercially reasonable efforts to amend its current Equity Incentive Plan to (x) increase the number of shares authorized for issuance under such plan (the "Plan Amendment", and such Equity Incentive Plan, as amended, the "Plan"), and (y) have a majority of the Company's shareholders approve such Plan Amendment within one hundred fifty (150) days of the Effective Date of this Agreement. The Company also agrees that promptly upon completion of all of the foregoing prerequisites, it will issue to the Executive an option to purchase two percent (2.0%) of the fully diluted (as converted) shares of the Company's Common Stock, on the terms and conditions listed below (the "Option"). The shares underlying such Option ("Shares") will have a strike price equal to the greater of: a) the FMV/Share determined in the Section 409A valuation analysis, or b) $4.80/share, unless the Company determines after consulting with Executive that a greater strike price is required to prevent the Option from becoming subject to Section 409A of the Internal Revenue Code of 1986, as amended. The vesting provisions of such Shares shall be as outlined below. The Shares shall be treated as incentive stock options (ISOs) to the maximum extent permitted under applicable law, and the remainder of the Shares, if any, shall be treated as non-qualified stock options. The grant of the Option will be subject to the terms and conditions of the Plan and will be evidenced by a separate option agreement in form and substance equivalent to the form attached hereto as Exhibit A (the "Option Agreement") which will be executed by the Company and Executive on the Option grant date. So long as Executive remains employed by the Company, the Option will have a ten-year term before expiration and the vested portion of such Option shall be exercisable in whole or in part at any time before expiration at the discretion of the Executive. Nothing herein shall preclude XGS from granting Executive additional equity compensation under the Plan or its successor.

1) **Time-based Options** – Forty percent (20%) of the Shares underlying such Option will vest according to the passage of time on the following schedule:

   5% of the shares will vest on the Date of Grant;

   5% of the shares will vest on the first anniversary of the Date of Grant; and

   1.25% of the shares will vest at the first day of the first full calendar quarter after the first anniversary of the Date of Grant and at the beginning of each succeeding calendar quarter thereafter, such that an additional (i) 5% of the shares will have vested prior to the second anniversary of the Date of Grant, and (ii) 5% of the shares will have vested prior to the third anniversary of the of the Date of Grant.

2) **Performance-based Options** - Eighty percent (80%) of the Shares underlying such Option will be performance-based options and will vest according to the whether or not the following Company performance metrics are achieved:

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6.666% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $1.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

6.666% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $2.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

6.666% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $3.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

6.666% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $4.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements;

6.666% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $5.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements; and

6.7% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $6.0 million, excluding Revenue Carveouts, per three-month period for two consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements; and

20% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $8.0 million, excluding Revenue Carveouts, per three-month period for four consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements; and

20% of the shares will vest immediately after the Company has achieved GAAP revenue of at least $10.0 million, excluding Revenue Carveouts, per three-month period for four consecutive rolling three-month periods, with such monthly revenue subject to quarterly true-ups made in conjunction with the preparation of the Company's quarterly financial statements.

Executive understands that, pursuant to the Plan, upon termination of his employment, he will only have ninety (90) days to exercise any vested portion of the Options. All Options awarded pursuant to this Section 3(d) will contain a provision in the Option Agreement that allows for immediate vesting of any unvested portion of the Options in the event of a Change of Control as defined in the Option Agreement.

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e) **Personal Time-Off and Holidays**. Executive's personal time-off ("PTO") and holidays shall be consistent with the standards set forth in the Company's Employee Handbook, as revised from time to time or as otherwise published by the Company. Notwithstanding the previous sentence, Executive will be eligible for one hundred forty four (144) hours of PTO/year, which will accrue on a pro-rata basis throughout the year, provided, however, that it is the Company's policy that no more than sixteen hours (16) hours of PTO can be accrued beyond this annual limit for any employee at any time. Thus, when accrued PTO reaches one hundred sixty (160) hours, Executive will cease accruing PTO until accrued PTO is one hundred forty-four (144) hours or less, at which point Executive will again accrue PTO until he reaches one hundred sixty (160) hours. In addition to PTO, there are also nine (9) paid national holidays and one (1) "floater" day available to Company employees. Executive agrees to schedule such PTO so that it minimally interferes with the Company's operations. Executive further understands and acknowledges that pursuant to Company policy, the Company does not pay out unused PTO to employees upon their termination for any or no reason.

f) **Reimbursement of Normal Business Expenses**. The Company will reimburse all reasonable business expenses of Executive, including, but not limited to, business-related travel, meals and entertainment expenses in accordance with the Company's polices for such reimbursement, in effect from time to time.

g) **Section 409(A) Compliance**. This Agreement is intended to comply with Section 409A of the Internal Revenue Code, as amended, and applicable regulatory guidance thereunder (the "Code"). Notwithstanding anything to the contrary in this Agreement, in-kind benefits and reimbursements provided under this Agreement shall be provided in accordance with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv), such that any in-kind benefits and reimbursement provided under this Agreement during any calendar year shall not affect in-kind benefits or reimbursements to be provided in any other calendar year, other than an arrangement providing for the reimbursement of medical expenses referred to in Code Section 105(b), and any in-kind benefits and reimbursements shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be promptly made to Executive following such submission, but in no event later than December 31st of the calendar year following the calendar year in which the expense was incurred. In no event shall Executive be entitled to any reimbursement payments after December 31st of the calendar year following the calendar year in which the expense was incurred.

Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, amounts payable to Executive pursuant to the Severance Benefits described in Section 5(b) below are intended to be exempt from treatment as nonqualified differed compensation under Code Section 409A to the maximum extent permitted by the Code and applicable Treasury Regulations, including exemptions under Treasury Regulation Section 1.409A-1(b)(9) (separation pay plans) or Treasury Regulation Section 1.409(A)-1(b)(4) (short-term deferrals). Payments provided under this Agreement may only be made in a manner that complies with Code Section 409A or an applicable exemption.

4. Performance of Duties. During Executive's employment with the Company, Executive agrees to perform all of the duties pursuant to the express and implicit terms of this Agreement to the reasonable satisfaction of the CEO and the Board. Executive further agrees to i) perform his duties in a diligent, trustworthy and business-like manner to the best of his ability, talent, and experience and, unless otherwise agreed upon with the Company in writing, to render his full working time and attention to the Company during normal business hours (excluding Federal holidays) unless otherwise on PTO, and ii) unless otherwise agreed upon in writing with the CEO, to work on-site at the Company's Lansing, Michigan headquarters at least one full week per month. Executive agrees that he will not serve on an any other "for profit" corporate boards during the Term unless such board appointment has been approved by the Compensation Committee.

5. **<u>Termination</u>**. The parties agree that any termination of the Executive under this Agreement will be governed as follows:

a) **<u>By the Company for Cause</u>**. The Company shall have the right to terminate this Agreement and to discharge the Executive for Cause (as defined below), at any time during the Term. For the purposes of this Agreement, the Company shall have "<u>Cause</u>" to terminate the Executive's employment hereunder upon:

(i) failure to materially perform and discharge the duties and responsibilities of Executive under this Agreement after receiving written notice and allowing Executive ten (10) business days to create a plan to cure such failure(s), such plan being reasonably acceptable to the CEO, and a further thirty (30) days to cure such failure(s), if so curable, *provided, however*, that after one such notice has been given to Executive and the thirty (30) day cure period has lapsed, the Company is no longer required to provide time to cure subsequent failures of the same or substantially similar type having occurred within twelve (12) months of the first instance under this provision, or

(ii) any breach by Executive of the material provisions of this Agreement after receiving written notice and allowing Executive ten (10) business days to create a plan to cure such breach(es), such plan being reasonably acceptable to the CEO, and a further thirty (30) days to cure such breaches(es), if so curable, *provided, however*, that after one such notice has been given to Executive and the thirty (30) day cure period has lapsed, the Company is no longer required to provide time to cure subsequent breaches of the same or substantially similar type having occurred within twelve (12) months of the first instance under this provision; or

(iii) felony conviction involving the personal dishonesty or moral turpitude of Executive; or a determination by the CEO or Board, after consideration of all available information, that Executive has willfully and knowingly violated Company policies or procedures involving discrimination, harassment, or work place violence or any other activities that would be reasonably likely to subject the Company to criminal or material civil liabilities; or

(iv) engagement in illegal drug use or abuse of alcohol or prescription drugs that, in the good faith opinion and sole discretion of the CEO, prevents Executive from performing his duties, or

(v) any misappropriation, embezzlement or conversion of the Company's opportunities or property by the Executive which the CEO or Board reasonably believes was done intentionally by Executive; or

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(vi) willful misconduct, recklessness or gross negligence by the Executive in respect of the duties or obligations of the Executive under this Agreement and/or the Confidentiality, Non-Solicitation or Non-Competition Agreement which the CEO or Board reasonably believes has had or will have a material impact on Company.

Any termination for Cause pursuant to this Section shall be given to the Executive in writing and shall set forth in detail all acts or omissions upon which the Company is relying to terminate the Executive for Cause; provided that no termination for Cause can occur unless and until a notice of termination is delivered to the Executive stating that in the opinion of the Company, Executive was guilty of the conduct set forth above in clauses (i), (ii), (iii), (iv), (v) and/or (vi) of this Cause definition and specifying the conduct of Executive at issue.

If an Executive is terminated for Cause, the Executive shall only be entitled to receive his accrued and unpaid Base Salary and other benefits pursuant to Section 3(c) through the termination date and the Company shall have no further obligations under this Agreement from and after the date of termination.

b) **Termination by Company Without Cause**. At any time during the Term, the Company shall have the right to terminate this Agreement and to discharge the Executive without Cause effective upon delivery of written notice to the Executive. If the Company terminates the Executive without "Cause" for any or no reason, then the Company agrees that for a period of three (3) months from the date of notice of termination (the "Severance Period"), it will pay as severance (i) the Executive's Base Salary in effect on the date of termination in accordance with and at the times specified in Section 3(a) and a prorated bonus in accordance with Section 3(b); provided, however, the prorated portion of any bonus due shall not be payable until the time in which bonus payments for such year are made to all MIP participants (collectively, "Severance Payments"), and (ii) 100% of the COBRA premiums for the Executive's and Executive's family health insurance benefits, as permitted by COBRA and under the policy provisions as they then may apply ("COBRA Benefit", and the Severance Payments collectively with the COBRA Benefit, the "Severance Benefits"). However, if the Company determines in its sole discretion that it cannot provide the COBRA Benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Services Act) or incurring an excise or penalty tax, the Parties agree to reform this Section 5(b) as required by law. The prorated portion of any bonus that would be due and payable for the year in which termination occurs shall be calculated by annualizing any financial metrics of the Company (e.g., revenue, adjusted EBITDA, etc.) that may be specified as Company performance metrics in the MIP up to the most recent full month prior to the written notice of termination and comparing such annualized figures to the performance thresholds for the Executive outlined in the MIP that was in effect for such year at the time the written notice of termination was delivered to the Executive. Executive agrees that he will provide reasonable assistance to Company personnel during the Severance Period in order to provide a smooth transition of Executive's responsibilities to new personnel; provided, however, Company agrees that Executive will not have any obligation to represent the Company in any way during the Severance Period.

Executive further agrees that in the event that he obtains employment during the Severance Period, he will promptly notify the Company. Provided that such employment does not violate the terms of the Confidentiality, Non-Solicitation and Non-Competition Agreement, the Severance Payments will continue to be paid. Other than the Severance Benefits which is conditioned as described above, the Company shall have no further obligation to the Executive after the date of termination.

The Executive acknowledges and agrees that any and all Severance Benefits to which he may be entitled under this Section 5(b) following a termination without Cause are conditioned upon and subject to his execution of a general waiver and release in the form attached hereto as Exhibit D.

c) **By Resignation of the Executive**. The Executive may terminate his employment hereunder for any reason or without reason, upon giving sixty (60) days written notice to the Company. Notwithstanding the foregoing, a resignation by Executive "For Good Reason" shall mean, without Executive's consent, the occurrence of any of the following circumstances:

(i) A Material Diminution of Executive's Base Salary;

(ii) A change in Executive's title or position within XGS or its successor, where such change represents a material diminution of Executive's level of responsibility, duties or authority;

(iii) The failure to complete the valuation for the FMV/Share in accordance with Section 3(d) within one hundred twenty (120) days of the Effective Date of this Agreement;

(iv) The failure of the shareholders of XGS to approve the Plan Amendment in accordance with Section 3(d) within one hundred eighty (180) days of the Effective Date of this Agreement; or

(v) A material breach by XGS of the terms of this Agreement.

For purposes of this Agreement, a "Material Diminution" in Base Salary means any reduction in the Base Salary of Executive unless (x) the Board has approved a reduction in Base Salary for all salaried staff of the Company who earn at least $200,000 per year in base salary, and (y) the percentage of reduction for the Executive is not greater than the percentage of the average reduction for all salaried staff of the Company who earn at least $200,000 per year in base salary.

In the event Executive's resignation is For Good Reason, Company shall pay to Executive the Severance Benefits set forth in Section 5(b) as if the Company had terminated this Agreement without Cause. In the event of a resignation by Executive that does not meet the criteria for being a resignation For Good Reason, Executive shall only be entitled to any accrued but unpaid salary, and other benefits pursuant to Section 3(c) through the termination date, and the Company shall have no further obligations under this Agreement from and after the date of termination.

The Executive agrees that during such sixty (60) day period no more than one week of unused PTO may be utilized without the Company's written consent. During such sixty (60) day period, Executive shall also comply with any reasonable request of the Company to assist in providing for an orderly transition of authority, but such assistance shall not delay the Executive's termination of employment longer than sixty (60) days beyond the Executive's original notice of termination.

d) **Disability of the Executive.** This Agreement may be terminated by the Company upon the Disability of the Executive. "Disability" shall mean a disability within the meaning of Section 22(e)(3) of the Code. In the event the Company has purchased disability insurance for Executive, the Executive shall be deemed disabled if he is disabled as defined by the terms of the disability policy. In the event Company has purchased a disability policy, Executive shall be entitled to the payments thereunder, subject and pursuant to the Company's contract with the disability insurance carrier. In addition, on the date that the Executive is deemed to have a Disability, this Agreement will be deemed to have been terminated and the Executive shall be entitled to receive from the Company his accrued and unpaid Base Salary and a prorated bonus in accordance with and at the times specified in Section 3(a) and Section 3(b) and other benefits pursuant to Section 3(c) through the termination date or other applicable date, as the case may be; provided, however, the prorated portion of any bonus due shall not be payable until the time in which bonus payments are made to all MIP participants. Other than as set forth in this subsection 5(d), the Company shall have no further obligations under this Agreement from and after the date of termination due to Disability.

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e) **Death of the Executive.** In the event of the death of Executive, the employment of the Executive by the Company shall automatically terminate on the date of the Executive's death and the Company shall be obligated to pay Executive's estate, or if written instructions signed by the Executive have been provided to the Company prior to the Executive's death which designates his specific next of kin, pay such designated next of kin the Executive's accrued and unpaid Base Salary and a prorated bonus in accordance with and at the times specified in Section 3(a) and Section 3(b) and other benefits pursuant to Section 3(c) through the termination date or other applicable date, as the case may be; provided, however, the prorated portion of any bonus due shall not be payable until the time in which bonus payments are made to all MIP participants. Other than as set forth in this subsection 5(e), the Company shall have no further obligations under this Agreement from and after the date of termination due to the death of the Executive.

6. **Confidentiality, Non-Compete & Non-Solicitation Agreement.** Executive agrees to the terms of the Confidentiality, Non-Solicitation and Non-Compete Agreement attached hereto as Exhibit E (the "Confidentiality Agreement") and has signed that Agreement. Such Confidentiality Agreement is hereby incorporated into and made a part of this Agreement.

7. **Importance of Certain Clauses.** Executive and Employer agree that the covenants contained in the Confidentiality Agreement are material terms of this Agreement and all parties understand the importance of such provisions to the ongoing business of the Employer. As such, because the Employer's continued business and viability depend on the protection of Confidential Information (as such term is defined in the Confidentiality Agreement), non-solicitation and non-competition, as well as the other provisions in the Confidentiality Agreement, these clauses are interpreted by the parties to have applicability as may be allowed by law and Executive understands and acknowledges his understanding of same.

8. **Consideration.** Executive acknowledges and agrees that the provision of employment under this Agreement with the compensation and benefits specified in Section 3 hereof and the execution by the Employer of this Agreement constitute full, adequate and sufficient consideration to Executive for the Executive's duties, obligations and covenants under this Agreement and under the Confidentiality Agreement incorporated into this Agreement.

9. **Acknowledgement of Post Termination Obligations.** To the extent it is known or applicable at the time of the termination of employment hereunder, Executive shall provide the Employer with information concerning Executive's subsequent employer and the capacity in which Executive will be employed. For the avoidance of doubt, Executive shall have an affirmative obligation to disclose to the Company any employment with a competitor of the Company. Further, Executive shall have an affirmative obligation to disclose the existence of applicable restrictive covenants under Section 6 of this Agreement to any subsequent prospective employer. If Executive shall fail to promptly disclose accurately and fully to the Company at the time of Executive's termination the existence of any agreement or understanding between Executive and a competitor of the Company, the applicable term of any restrictive covenant pursuant to Section 6 of this Agreement shall be extended by adding to the end of the applicable term a number of days equal to the number of days between the termination of employment and the required disclosure.

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10. Withholding. All payments made to Executive shall be made net of any applicable withholding for income taxes and Executive's share of FICA, FUTA or other employment taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

11. Certain Representations.

a) **Representations of Executive**. Executive represents and warrants to Company that to the best of Executive's knowledge and judgment (a) nothing in his past legal and/or work and/or personal experiences, which if became broadly known in the marketplace, would impair his ability to serve as an officer of a publicly-traded company or materially damage his credibility with public shareholders; (b) there are no restrictions, agreements, or understandings whatsoever to which he is a party which would prevent or make unlawful his execution of this Agreement or employment hereunder, (c) Executive's execution of this Agreement and employment hereunder shall not constitute a breach of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound, (d) Executive is free and able to execute this Agreement and to continue employment with Company, and (e) Executive has not used and will not use confidential information or trade secrets belonging to any prior employers to perform services for the Company. Executive also represents and warrants that he will abide by the Company's Code of Business Conduct and Ethics and Securities Trading Policy in whatever forms as they may exist at all times while employed by the Company. Executive further agrees that, on or prior to the Effective Date, he will execute acknowledgments of the Company's a) current Code of Business Conduct and Ethics as is attached hereto as Exhibit D, and b) current Securities Trading Policy as is attached hereto as Exhibit E.

b) **Representations of Company**. Company represents and warrants to Executive that (a) the Compensation Committee has approved the granting of the Option in accordance with the terms of this Agreement and the Stock Option Agreement attached hereto as Exhibit A, and (b) the Board has approved this Agreement and the transactions contemplated herein and will recommend to the shareholders of the Company the approval of the amendments to the Plan described above in Section 3(d).

12. Effect of Partial Invalidity. The invalidity of any portion of this Agreement shall not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall remain in full force and effect.

13. Entire Agreement. This Agreement, together with the other documents referenced herein, reflects the complete agreement between the parties regarding the subject matter identified herein and shall supersede all other previous agreements, either oral or written, between the parties. The parties stipulate that neither of them, nor any person acting on their behalf has made any representations except as are specifically set forth in this Agreement and each of the parties acknowledges that it or he has not relied upon any representation of any third party in executing this Agreement, but rather have relied exclusively on it or his own judgment in entering into this Agreement.

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14. Assignment. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and, in the case of Executive, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Except as specified herein, Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

15. Notices. All notices, requests, demands, and other communications shall be in writing and shall be given by registered or certified mail, postage prepaid, a) if to the Employer, at the Employer's then current headquarters location, and b) if to Executive, at the most recent address on file with the Company for Executive or to such subsequent addresses as either party shall so designate in writing to the other party.

16. Remedies. If any action at law, equity or in arbitration, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party may, if the court or arbitrator hearing the dispute, so determines, have its reasonable attorneys' fees and costs of enforcement recouped from the non-prevailing party.

17. Amendment/Waiver. No waiver, modification, amendment or change of any term of this Agreement shall be effective unless it is in a written agreement which signed by both parties and which specifies any such waiver, modification, amendment or change. No waiver by the Employer of any breach or threatened breach of this Agreement shall be construed as a waiver of any subsequent breach unless it so provides by its terms.

18. Governing Law, Venue and Jurisdiction. This Agreement and all transactions contemplated by this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Michigan without regard to any conflicts of laws, statutes, rules, regulations or ordinances. Executive consents to personal jurisdiction and venue in the Circuit Court in and for Ingham County, Michigan regarding any action arising under the terms of this Agreement and any and all other disputes between Executive and Employer.

19. Arbitration. Any and all controversies and disputes between Executive and Employer arising from this Agreement or regarding any other matter whatsoever shall be submitted to arbitration before a single unbiased arbitrator skilled in arbitrating such disputes under the American Arbitration Association, utilizing its employment rules. Any fees paid to the arbitrator or the American Arbitration Association shall be borne exclusively by Employer. The process for selecting a single unbiased arbitrator shall be decided between Employer and Executive. If Executive and Employer are unable to agree upon a single unbiased arbitrator the selection rules imposed by the AAA shall be used. Any arbitration action brought pursuant to this section shall be heard in Lansing, Michigan. The arbitration shall be governed by the Michigan Uniform Arbitration Act (MCL Section 691.198 et seq.) and judgment upon the award rendered by the arbitration may be entered by any court having jurisdiction over such award. The Circuit Court in and for Lansing, Michigan shall have concurrent jurisdiction with any arbitration panel for the purpose of entering temporary and permanent injunctive relief, but only with respect to any alleged breach of the Confidentiality, Non-Solicitation and Non-Compete Agreement. The arbitration proceedings shall be recorded, a transcript produced, and the arbitrator shall issue written findings of fact and conclusions of law in support of the arbitrator's decision.

20. Headings. The titles to the sections of this Agreement are solely for the convenience of the parties and shall not affect in any way the meaning or interpretation of this Agreement.

21. Miscellaneous Terms. The parties to this Agreement declare and represent that:

a. They have read and understand this Agreement;

b. They have been given the opportunity to consult with an attorney if they so desire;

c. They intend to be legally bound by the promises set forth in this Agreement and enter into it freely, without duress or coercion; and

d. They have retained signed copies of this Agreement for their records.

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

Signatures appear on the following page.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

XG SCIENCES, INC., a Michigan Corporation

By: /s/ Steven C. Jones
Name: Steven C. Jones
Title: Authorized Representative

EXECUTIVE:

/s/ Andrew J. Boechler
Andrew J. Boechler

Executive Initials

EXHIBIT A

Form of Stock Option Agreement

EXHIBIT B

Form of Release

In consideration of the Severance Benefits, Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges XG Sciences, Inc., and its related affiliates, subsidiaries, parents, predecessors, and successors, and all of its respective past and present officers, directors, stockholders, partners, members, Executives, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "**Released Parties**") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that Executive ever had or now has against any or all of the Released Parties, including, but not limited to, any and all claims arising out of or relating to Executive's employment with and/or separation from the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964; the Americans With Disabilities Act of 1990; the Age Discrimination in Employment Act; the Genetic Information Nondiscrimination Act of 2008; the Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; Section 806 of the Corporate and Criminal Fraud Accountability Act of 2002; the Rehabilitation Act of 1973; Executive Order 11246; Executive Order 11141; the Fair Credit Reporting Act; Sections 1981 and 1983 of the Civil Rights Act of 1866; Sections 1981 through 1988 of Title 42 of the United States Code, as amended; the Immigration Reform and Control Act; the Equal Pay Act; any local, state, federal or foreign whistleblower statute, regulation, ordinance or law, including the Michigan Whistleblowers Protection Act; the Fair Labor Standards Act; the Consolidated Omnibus Reconciliation Act; the Occupational Safety and Health Act; the Fair Credit Reporting Act; the Older Workers' Benefits Protection Act; the Executive Retirement Income Security Act of 1974; the Michigan Elliott-Larsen Civil Rights Act (ELCRA); the Michigan Persons with Disabilities Civil Rights Act; the Bullard-Plawecki Employee Right to Know Act; the Michigan Workforce Opportunity Wage Act; the Michigan Occupational Safety and Health Act (MIOSHA); the Michigan Social Security Number Privacy Act; the Michigan Internet Privacy Protection Act; the Arizona wage laws (A.R.S. §§ 23-350 to 23-362); the Arizona equal pay laws (A.R.S. §§ 23-340 to 23-341); the Arizona Employment Protection Act; the Arizona Civil Rights Act; the Arizona Occupational Health and Safety Act; the Arizona Medical Marijuana Act; the Arizona employee drug testing laws (A.R.S. §§ 23-493 to 23-493.12); the Arizona genetic testing laws (A.R.S. § 20-448.02); any foreign, federal, state and/or local law, statute, regulation or ordinance prohibiting discrimination, retaliation and/or harassment or governing wage or commission payment claims; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract; all claims to any non-vested ownership interest in the Company, contractual or otherwise, and any claim or damage arising out of Executive's employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above. Executive understands that, by releasing all of Executive's legally waivable claims, known or unknown, against the Released Parties, Executive is releasing all of Executive's rights to bring any claims against any of them based on any actions, decisions or events occurring through the date Executive signs this Agreement including the terms and conditions of Executive's employment and the termination of Executive's employment.

As a part of this Agreement, Executive expressly agrees to the release of any rights or claims arising out of the Age Discrimination in Employment Act ("ADEA," 29 U.S.C. § 621, et seq.), as amended, including the Older Workers Benefit Protection Act, and in connection with such waiver: (a) Executive is hereby advised to consult with an attorney prior to signing this Agreement; (b) Executive shall have a period of twenty-one (21) days from the date of receipt of this Agreement in which to consider the terms of this Agreement; and (c) Executive may revoke this Agreement at any time during the first seven (7) days following Executive's execution of the Agreement, and the waiver and release shall not be effective or enforceable until the seven (7) day period has expired. As between Executive and the Released Parties, this Agreement does not constitute a waiver of any claim under the ADEA that may arise after the date of the execution of this Agreement.

Executive Initials

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Executive understands that, by releasing all of Executive's legally waiveable claims, known or unknown, against the Released Parties, Executive is releasing all of Executive's rights to bring any claims against any of them based on any actions, decisions or events occurring through the date Executive signs this Agreement including the terms and conditions of Executive's employment and the termination of Executive's employment.

Nothing in this Agreement shall be construed to prohibit Executive from contacting, filing a charge or participating in any proceeding or investigation by the U.S. Equal Employment Opportunity Commission ("EEOC"), the Department of Labor ("DOL"), the National Labor Relations Board ("NLRB"), the Securities and Exchange Commission ("SEC") or other government agency (collectively "Government Agencies"). Notwithstanding the foregoing, Executive agrees to waive any right to recover monetary damages in any charge, complaint, or lawsuit filed by Executive or on Executive's behalf, with the exception of any award by the SEC.

The Company and Executive agree that this release may be adjusted to address other state or local laws that may apply depending upon the applicable law at the time of termination.

Executive Initials

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EXHIBIT C

Confidentiality, Non-Compete and Non-Solicitation Agreement

Executive Initials

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EXHIBIT D

XG Sciences, Inc. Code of Business Conduct and Ethics Currently in Effect

Executive Initials

EXHIBIT E

XG Sciences, Inc. Securities Trading Policy Currently in Effect

Executive Initials

Exhibit 10.5

CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETE AGREEMENT

This Confidentiality, Non-Solicitation and Non-Compete Agreement (the "**Agreement**") dated this 26th day of August, 2020 is entered into by and between Andrew J. Boechler, ("**Employee**") and XG Sciences, Inc., a Michigan corporation ("**Employer**" and collectively with any entity that is wholly or partially owned by the Employer or otherwise affiliated with the Employer, the "**Company**"). Hereinafter, each of the Employee or the Company may be referred to as a "**Party**" and together be referred to as the "**Parties**".

RECITALS:

WHEREAS, the Parties have entered into that certain Employment Agreement, of even date herewith, that creates an employment relationship between the Employer and Employee (the "**Employment Agreement**"); and

WHEREAS, pursuant to the Employment Agreement, the Employee agreed to enter into the Company's Confidentiality, Non-Solicitation and Non-Compete Agreement; and

WHEREAS, the Company desires to protect and preserve its Confidential Information and its legitimate business interests by having the Employee enter into this Agreement as part of the Employment Agreement; and

WHEREAS, the Employee desires to establish and maintain an employment relationship with the Company and as part of such employment relationship desires to enter into this Agreement with the Company; and

WHEREAS, the Employee acknowledges that the terms of the Employment Agreement including, but not limited to the Company's commitments to the Employee with respect to base salary, fringe benefits and stock options are sufficient consideration to the Employee for the entry into this Agreement.

WHEREAS, the Employee acknowledges that substantial cost and expense has been or will be incurred by the Company in connection with the Employee's employment by the Company, and Employee's employment will require the disclosure of certain Company confidential and proprietary information, trade secrets and customer and supplier relationships.

WHEREAS, the Employee has significant experiences as a leader of sales organizations, which the Company believes will be of benefit in the continuing development of the Company's business.

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 and patents relating to graphene nanoplatelets and the production thereof.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Term.** Employee agree(s) that the term of this Agreement is effective upon the Employee's first day of employment with the Company and, except as otherwise set forth in Paragraph 8, shall survive and continue to be in force and effect for four (4) years following the termination of any employment relationship between the Parties ("**Term**"), whether termination is by the Company with or without cause, or for any or no reason whatsoever, or by the Employee unless an exception is specifically provided in certain situations in any such Restrictive Covenants.

EMPLOYEE'S INITIALS

2. Definitions.

a. The term "**<u>Confidential Information</u>**" 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 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 Employee 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 Employee or developed by the Employee on behalf of the Company as Work Product (as defined in Paragraph 7) 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, Work Product or other material derived from Confidential Information. Nevertheless, Confidential Information shall not include any information of any kind which (1) is in the possession of the Employee prior to the date of this Agreement, as shown by the Employee'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) independently developed after termination 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 non-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 with Employee otherwise has developed or obtained through his or her education, experience, and work in the field of Finance and Business Management.

b. The term "**<u>Customer</u>**" 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 Employee's employment with the Company.

c. The term "**<u>Prospective Customer</u>**" 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 Employee's employment with the Company.

EMPLOYEE'S INITIALS

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d. The term "**Restricted Area**" shall include any geographical location anywhere in the United States as well as those countries listed on Exhibit A attached hereto. If the Restricted Area specified in this Agreement should be judged unreasonable in any proceeding, then the Restricted Area shall be reduced so that the restrictions may be enforced as is judged to be reasonable.

e. The phrase "**directly or indirectly**" shall include the Employee either on his or 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.

3. Duty of Confidentiality.

a. All Confidential Information is considered highly sensitive and strictly confidential. The Employee agrees that at all times during the Term of this Agreement and after the termination of employment with the Company for as long as such information remains non-public information, the Employee 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 employment with the Company 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. Employee agrees that protection of the Company's Confidential Information constitutes a legitimate business interest justifying the restrictive covenants contained herein. Employee 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 the Employee 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 as possible, so required and, except to the extent prohibited by law, Employee 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. Employee acknowledge(s) that this "Confidential Information" is of value to the Company by providing it with a competitive advantage over their competitors, is not generally known to competitors of the Company, and is not intended by the Company for general dissemination. Employee 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 Section 445.1902 of the Michigan Statutes.

EMPLOYEE'S INITIALS

d. **Notice of Immunity under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA")**. Notwithstanding any other provision of this Agreement, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (a) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Notwithstanding any other provision of this Agreement, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the Company's trade secrets to Employee's attorney and use the trade secret information in the court proceeding if Employee: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

4. Limited Right of Disclosure. Except as otherwise permitted by this Agreement, Employee shall limit disclosure of pertinent Confidential Information to Employee's attorney, if any ("**Representative(s)**"), for the sole purpose of evaluating Employee's relationship with the Company. Paragraph 3 of this Agreement shall bind all such Representative(s).

5. 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 Employee 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 Employee's employment or at such other time as is requested by the Company. Employee agree(s) that upon termination of employment for any or no reason whatsoever Employee shall return all copies, in whatever form or media, including hard copies and electronic copies, of Confidential Information to the Company, and Employee shall delete any copy of the Confidential Information on any computer file or database maintained by Employee and shall certify in writing that he/she has done so. In addition to returning all Confidential Information to the Company as described above, Employee will destroy any analysis, notes, work product or other materials relating to or derived from the Confidential Information.

6. Agreement Not to Circumvent. Employee 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 during the Term of this Agreement, other than through the Company or on behalf of the Company. It is further understood and agreed that, after the Employee's employment with the Company has been terminated, the Employee 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. Employee acknowledges that any violation of this covenant may subject Employee to the remedies identified in Paragraph 9 in addition to any other available remedies.

7. Title to Work Product. Employee agrees that all work products (including strategies, manufacturing processes, products and planned products for competing in the graphene industry, technical materials and diagrams, computer programs, financial plans and other written materials, websites, presentation materials, course materials, advertising campaigns, slogans, videos, pictures and other materials) created or developed by the Employee for the Company during the term of the Employee's employment with the Company or any successor to the Company until the date of termination of the Employee (collectively, the "**Work Product**"), shall be considered a work made for hire and that the Company shall be the sole owner of all rights, including copyright, in and to the Work Product.

If the Work Product, or any part thereof, does not qualify as a work made for hire, the Employee agrees to assign, and hereby assigns, to the Company for the full term of the copyright and all extensions thereof all of its right, title and interest in and to the Work Product. All discoveries, inventions, innovations, works of authorship, computer programs, improvements and ideas, whether or not patentable or copyrightable or otherwise protectable, conceived, completed, reduced to practice or otherwise produced by the Employee in the course of his or her services to the Company in connection with or in any way relating to the Business of the Company or capable of being used or adapted for use therein or in connection therewith shall forthwith be disclosed to the Company and shall belong to and be the absolute property of the Company unless assigned by the Company to another entity.

EMPLOYEE'S INITIALS

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Employee hereby assigns to the Company all right, title and interest in all of the discoveries, inventions, innovations, works of authorship, computer programs, improvements, ideas and other work product; all copyrights, trade secrets, and trademarks in the same; and all patent applications filed and patents granted worldwide on any of the same for any work previously completed on behalf of the Company or work performed under the terms of this Agreement or the Employment Agreement. Employee, if and whenever required to do so (whether during or after the termination of his or her employment), shall at the expense of the Company apply or join in applying for copyrights, patents or trademarks or other equivalent protection in the United States or in other parts of the world for any such discovery, invention, innovation, work of authorship, computer program, improvement, and idea as aforesaid and execute, deliver and perform all instruments and things necessary for vesting such patents, trademarks, copyrights or equivalent protections when obtained and all right, title and interest to and in the same in the Company absolutely and as sole beneficial owner, unless assigned by the Company to another entity. Notwithstanding the foregoing, work product conceived by the Employee, which is not related to the Business of the Company, will remain the property of the Employee.

8. **Restrictive Covenant.** The Company and its affiliated entities are 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 8 (the "**Restrictive Covenants**") are given and made by Employee to induce the Company to employ Employee under the terms of the Employment Agreement, and Employee acknowledges sufficiency of consideration for these Restrictive Covenants. Employee expressly covenants and agrees that, during the Restrictive Period (as defined below), he/she will abide by the following restrictive covenants unless an exception is specifically provided, in writing signed by Company, in certain situations in such Restrictive Covenants.

a. **Non-Solicitation**. Employee agrees and acknowledges that, during the Restrictive Period, he/she will not, directly or indirectly, in one or a series of transactions, as an individual or as a partner, joint venturer, employee, agent, salesperson, contractor, officer, director or otherwise, for the benefit of himself or herself or any other person, partnership, firm, corporation, association or other legal entity:

(i) 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 in the Restricted Area; or

(ii) 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 Employee's employment with the Company, to withdraw, curtail, cancel or refrain from doing business with the Company in any capacity related to the Business; or

(iii) 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 myself or on behalf of any other entity that may employ, engage or associate with me in any fashion.

EMPLOYEE'S INITIALS

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(iv) 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 myself or on behalf of any other entity that may employ, engage or associate with me in any fashion.

(v) recruit, solicit or otherwise induce any proprietor, partner, stockholder, lender, director, officer, sales agent, joint venturer, investor, lessor, supplier, Customer, agent, representative, or any other person which has an agency or business relationship with the Company or any affiliated entity to discontinue, reduce or detrimentally modify such agency or business relationship with the Company.

(vi) employ, recruit or solicit, or attempt to employ, recruit or solicit, for employment any person or agent who is then (or was at any time within twelve (12) months prior to the date Employee or any entity related to Employee seeks to employ such person) employed or retained by the Company. Notwithstanding the forgoing, (A) to the extent the Employee works for a firm or corporation after his or her termination from the Company and he or she does not have any personal 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, and (B) nothing contained herein shall prevent Employee or his affiliates from employing any person who, without any encouragement, direction, or communication by Employee or his affiliates, responds to a general media advertisement or non-directed search inquiry (including the use of employment agencies provided no direction was given to target an employee of the Company).

b. **Non-Competition**. Employee agrees and acknowledges that, during the Restrictive Period, he or she will not, directly or indirectly, for himself , or on behalf of others, as an individual on Employee's own account, or as a partner, joint venturer, employee, agent, salesman, contractor, officer, director or otherwise, for him/herself or any other person, partnership, firm, corporation, association or other legal entity, enter into, ***engage in, accept employment from,*** or provide any services to, or for, ***any business that is in the Business of the Company, or engage in any activity that is competitive with the Company in the Business and in the Restricted Area***. The parties agree that this non-competition provision is intended to cover situations where a future business opportunity in which the Employee is engaged or a future employer of the Employee is selling the same or similar products and services in a Business which may compete with the Company’s products and services to Customers and Prospective Customers of the Company in the Restricted Area. This provision shall not cover future business opportunities or employers of the Employee that sell different types of products or services in the Restricted Area so long as such future business opportunities or employers are not in the Business of the Company or if the Employee is not involved in the activities of the future employer or related to the Business of the Company. This provision is not intended to prohibit Employee from returning to employment in the field of marketing and general management, especially in thermosets and composites. It is intended to prohibit Employee from accepting employment in a business that directly competes with Business of the Company.

c. **Restrictive Period**. As used in this Agreement, “**Restrictive Period**” means the period of Employee’s employment and for a period of two (2) years following termination of such employment for any reason, provided that any such Restrictive Period shall automatically and immediately terminate upon any dissolution, liquidation or voluntary or involuntary case seeking the dissolution, liquidation or reorganization of the Company under the bankruptcy or other similar laws are any similar proceeding seeking the appointment of a receiver or similar official for the Company or to take possession of all or a substantial portion of its property or to operate all or a substantial portion of its business.

EMPLOYEE’S INITIALS

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9. Acknowledgements of Employee.

a. The Employee understands and acknowledges that any violation of this Agreement shall constitute a material breach of this Agreement and the Employment 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 10 below.

b. The Restrictive 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 Employee against the Company shall not constitute a defense to the enforcement of these Restrictive Covenants.

c. Employee agrees that the Restrictive Covenants are reasonably necessary to protect the legitimate business interests of the Company.

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

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

g. Employee agrees that any failure of the Company to enforce the Restrictive Covenants against any other employee, for any reason, shall not constitute a defense to enforcement of the Restrictive Covenants against the Employee.

10. Specific Performance; Injunction. The Parties agree and acknowledge that the restrictions contained in Paragraphs 1-8 are reasonable in scope and duration and are necessary to protect the Company. 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. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced.

Any unauthorized use or disclosure of Confidential Information in violation of Paragraphs 2-7 above or violation of the Restrictive Covenant in Paragraph 8 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:

EMPLOYEE'S INITIALS

a. Temporary and permanent injunctive relief, without the necessity of posting a bond, restraining Employee or Representatives and any other person, partnership, firm, corporation, association or other legal entity acting in concert with Employee 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 the Employee from violating, directly or indirectly, the restrictions of the Restrictive Covenant in any capacity identified in Paragraph 8, supra, and restricting third parties from aiding and abetting any violations of the Restrictive Covenant; 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 the Employee will not be liable for the payment of any damages or fees owed to the Company through the operation of Paragraph 10c 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 – 8 of this Agreement, and the existence of any claim or cause of action by Employee 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 – 8 of this Agreement and therefore such prohibitions are not executory or otherwise subject to rejection under the bankruptcy code.

11. Duty to Disclose Agreement and to Report New Employer. Employee acknowledges that the Company has a legitimate business purpose in the protection of its Confidential Information. Employee also recognizes and agrees that the Company has the right to such information as is reasonably necessary to inform the Company whether the terms of this Agreement are being complied with. Accordingly, Employee agrees that Employee will promptly notify any new employer of his or her obligations contained here. Employee also will provide the Company with the identity of his or her new employer(s) and a description of the services being provided by him/her in sufficient detail to allow the Company to reasonably determine whether such activities fall within the scope of activities prohibited by the provisions of this Agreement

12. Representations as to Prior or Other Agreements. Employee represents and warrants that he/she is able to perform the contemplated duties of employment without being in breach of confidentiality agreements or disclosing proprietary information of any third party, and that no proprietary information of any third party shall be disclosed to the Company. Employee further represents and warrants that he/she is not prohibited from entering into this Agreement or performing services under it by any non-competition, non-solicitation, anti-piracy agreement, relationship agreement, or any other restrictions. Employee 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 Employee of any such agreement or any other restrictions inconsistent with the foregoing representations.

EMPLOYEE'S INITIALS

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13. Company Use of Employee Name, Image and Voice. The Company may use and publish Employee's name and picture, including audio or video tape recordings, for purposes relating to its business without a specific release from Employee.

14. Termination. Employee agrees to bring any claims that he/she may have against the Company within one hundred eighty (180) days of the day that Employee knew, or should have known, of the facts giving rise to the cause of action and waives any longer, but not shorter, statutory or other limitations periods. This includes, but is not limited to, the initial filing of a charge with the Equal Employment Opportunity Commission and/or state equivalent civil rights agency. However, Employee understands that he/she will thereafter have the right to pursue any claim in the manner prescribed in any right to sue letter that is issued by an agency.

15. Nondisparagement. Employee shall not make any disparaging or defamatory comments about the Company, whether true or not, except to comply with any summons, court order or subpoena. Company shall not make any disparaging or defamatory comments about the Company, whether true or not, except to comply with any summons, court order or subpoena. However, nothing in this Paragraph 15 shall prohibit any party from testifying truthfully in any proceeding or providing truthful information as legally required to provide such information in connection with this Agreement or otherwise.

16. Waiver of Jury Trial. THE COMPANY AND EMPLOYEE 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 OR RELATED IN ANY FASHION TO EMPLOYEE'S EMPLOYMENT WITH COMPANY.

17. 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. Employee waives personal service of any and all process upon Employee and consents that all such service of process may be made by certified or registered mail directed to Employee at the address stated in the signature section of this Agreement, with service so made deemed to be completed upon actual receipt thereof. Employee waives any objection to jurisdiction and venue of any action instituted against Employee as provided herein and agrees not to assert any defense based on lack of jurisdiction or venue. Employee 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.

18. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, permitted assigns and, in the case of Employee, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

19. Entire Agreement. This Agreement is the entire agreement of the Parties with regard to the matters addressed herein, and supersedes all prior negotiations, preliminary agreements, and all prior and contemporaneous discussions and understandings of the signatories in connection with the subject matter of this Agreement, except however, that this Agreement shall be read *in pari materia* with the Employment Agreement executed by Employee. This Agreement may be modified only by written instrument which is signed by the Company and Employee and which describes such modification.

EMPLOYEE'S INITIALS

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20. **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 or unenforceable provision had not been contained herein.

21. **Waiver.** The waiver by the Company of a breach or threatened breach of this Agreement by Employee cannot be construed as a waiver of any subsequent breach by Employee 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 Employee, 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.

22. **Consideration.** Employee acknowledges and agrees that the execution by the Company of the Employment Agreement with the Employee constitutes full, adequate and sufficient consideration to Employee for the covenants of Employee under this Agreement.

23. **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.

24. **Acknowledgements.** Employee acknowledge(s) 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. Employee further acknowledges and agrees that he or she has entered into this Agreement freely, without any duress or coercion.

25. **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.

26. **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.

[Signatures Appear on the Following Page]

EMPLOYEE'S INITIALS

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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: /s/ Andrew J. Boechler 8/26/20
Employee Signature Date

Employee Name: Andrew J. Boechler

Employee Address: 8705 E. Granite Pass Road
Scottsdale, AZ 85266

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

By: /s/Steven C. Jones 8/26/20
Date

Name: Steven C. Jones

Title: Authorized Representative

EMPLOYEE'S INITIALS

EXHIBIT A

Countries Covered Under Definition of Restricted Area in Section 2(d)

The following list of countries is deemed to include any dependent territories or other areas recognized as a constituent country or municipality of each of the countries listed

Asia

Bahrain
Brunei
China (including Hong Kong & Taiwan)
Cyprus
Georgia
India
Indonesia
Israel
Japan
Kuwait
Malaysia
Oman
Philippines
Qatar
Russia
Saudi Arabia
Singapore
South Korea
Thailand
Turkey
United Arab Emirates
Vietnam

Europe

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Monaco
Montenegro
Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden
United Kingdom

South America

Argentina
Brazil
Chile
Columbia
Ecuador
Paraguay
Peru
Uruguay
Venezuela

EMPLOYEE’S INITIALS

North America, Central America & Caribbean

Antigua & Barbuda
Bahamas
Barbados
Belize
Canada
Costa Rica
Dominica
Dominican Republic
El Salvador
Grenada
Guatemala
Honduras
Jamaica
Mexico
Nicaragua
Panama
Saint Kitts & Nevis
Saint Lucia
Saint Vincent and the Grenadines
Trinidad and Tobago
United States of America

Africa

Canary Islands
Egypt
Morocco
South Africa

Oceania

Australia
New Zealand

EMPLOYEE'S INITIALS

Exhibit 10.6

SEPARATION AGREEMENT

This Separation Agreement ("**Agreement**") is entered as of August 26, 2020, between Philip L. Rose, Ph.D. (hereinafter referred to as "**Executive**") and XG Sciences, Inc., a Michigan corporation, (hereinafter referred to as the "**Company**"). Executive and Company collectively are referred to as the "**Parties**," and individually are referred to as a "**Party**."

RECITALS

WHEREAS, Executive was employed by Company pursuant to the terms of an Employment Agreement dated December 16, 2013 (the "**Employment Agreement**"); and

WHEREAS, Executive has certain post-employment obligations set forth in the Confidentiality Agreement referenced in Section 6 of the Employment Agreement; and

WHEREAS, Effective August 26, 2020 (the "**Resignation Date**"), Executive has resigned without cause (as term is defined in the Employment Agreement) pursuant to Section 5 (c) of the Employment Agreement and resigned as a member of the Company's Board of Directors; and

WHEREAS, while Executive is not entitled to certain post-resignation severance payments, Company is providing them to Executive provided that he executes and does not revoke this Agreement, which includes a full and general release of all liability; and

NOW, THEREFORE, in consideration of the promises, the performance of the covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Adoption of Recitals**. The Parties hereto adopt the above recitals as being true and correct, and they are incorporated herein as material parts of this Agreement.

2. **Severance Benefits**.

a. Provided that Executive signs and returns this Agreement to the Company without revoking it, and complies with the material terms of this Agreement, the Company will provide the following Severance Benefits for four (4) months from the Resignation Date: i) continuation of Executive's current base salary at the biweekly rate of $8,923 at such times as the normally recurring payroll payments, and ii) 100% of the COBRA premiums for Executive's and Executive's family health insurance benefits as were in effect on the Resignation Date. Executive acknowledges that Executive has **twenty-one (21) days** after receipt of this Agreement to consider and accept this Agreement. Accordingly, Executive must sign and return this Agreement by 5:00 PM on September 16, 2020. Executive further acknowledges that after Executive has signed the Agreement, Executive may revoke the Agreement within **seven (7) days** of signing it.

b. Section 409A Compliance. This Agreement is intended to comply, to the extent applicable, with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**") and shall, to the extent practicable, be construed in accordance with such section. For purposes of this Agreement, each amount to be paid or benefit to be provided will be construed as a separate identified payment for purposes of Section 409A, and any payments that are due within the "short term deferral period" as defined in Section 409A will not be treated as deferred compensation unless applicable law requires otherwise. The Company makes no representations or warranties that the payments provided under the Agreement or any other agreement comply with, or are exempt from,

Section 409A, and in no event shall the Company be liable for any portion of any taxes, penalties, interest, or other expenses that may be incurred by Executive on account of Section 409A.

3. **Release.** In consideration of the Severance Benefits, Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges XG Sciences, Inc., and its related affiliates, subsidiaries, parents, predecessors, and successors, and all of its respective past and present officers, directors, stockholders, partners, members, Executives, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "**Released Parties**") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that Executive ever had or now has against any or all of the Released Parties, including, but not limited to, any and all claims arising out of or relating to Executive's employment with and/or separation from the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964; the Americans With Disabilities Act of 1990; the Age Discrimination in Employment Act; the Genetic Information Nondiscrimination Act of 2008; the Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; Section 806 of the Corporate and Criminal Fraud Accountability Act of 2002; the Rehabilitation Act of 1973; Executive Order 11246; Executive Order 11141; the Fair Credit Reporting Act; Sections 1981 and 1983 of the Civil Rights Act of 1866; Sections 1981 through 1988 of Title 42 of the United States Code, as amended; the Immigration Reform and Control Act; the Equal Pay Act; any local, state, federal or foreign whistleblower statute, regulation, ordinance or law, including the Michigan Whistleblowers Protection Act and whistleblower/retaliation claims under the workers' compensation law; the Fair Labor Standards Act; the Consolidated Omnibus Reconciliation Act; the Occupational Safety and Health Act; the Fair Credit Reporting Act; the Older Workers' Benefits Protection Act; the Executive Retirement Income Security Act of 1974; the Michigan Elliott-Larsen Civil Rights Act (ELCRA); the Michigan Persons with Disabilities Civil Rights Act; the Bullard-Plawecki Employee Right to Know Act; the Michigan Workforce Opportunity Wage Act; the Michigan Occupational Safety and Health Act (MIOSHA); the Michigan Social Security Number Privacy Act; the Michigan Internet Privacy Protection Act; any foreign, federal, state and/or local law, statute, regulation or ordinance prohibiting discrimination, retaliation and/or harassment or governing wage or commission payment claims; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract; all claims to any non-vested ownership interest in the Company, contractual or otherwise, and any claim or damage arising out of Executive's employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above. Executive understands that, by releasing all of Executive's legally waivable claims, known or unknown, against the Released Parties, Executive is releasing all of Executive's rights to bring any claims against any of them based on any actions, decisions or events occurring through the date Executive signs this Agreement including the terms and conditions of Executive's employment and the termination/resignation of Executive's employment.

As a part of this Agreement, Executive expressly agrees to the release of any rights or claims arising out of the Age Discrimination in Employment Act ("ADEA," 29 U.S.C. § 621, et seq.), as amended, including the Older Workers Benefit Protection Act, and in connection with such waiver: (a) Executive is hereby advised to consult with an attorney prior to signing this Agreement; (b) Executive shall have a period of twenty-one (21) days from the date of receipt of this Agreement in which to consider the terms of this Agreement; and (c) Executive may revoke this Agreement at any time during the first seven (7) days following Executive's execution of the Agreement, and the waiver and release shall not be effective or enforceable until the seven (7) day period has expired. As between Executive and the Released Parties, this Agreement does not constitute a waiver of any claim under the ADEA that may arise after the date of the execution of this Agreement.

Executive understands that, by releasing all of Executive's legally waiveable claims, known or unknown, against the Released Parties, Executive is releasing all of Executive's rights to bring any claims against any of them based on any actions, decisions or events occurring through the date Executive signs this Agreement including the terms and conditions of Executive's employment and the termination of Executive's employment.

Nothing in this Agreement shall be construed to prohibit Executive from contacting, filing a charge or participating in any proceeding or investigation by the U.S. Equal Employment Opportunity Commission ("EEOC"), the Department of Labor ("DOL"), the National Labor Relations Board ("NLRB"), the Securities and Exchange Commission ("SEC") or other government agency (collectively "Government Agencies"). Notwithstanding the foregoing, Executive agrees to waive any right to recover monetary damages in any charge, complaint, or lawsuit filed by Executive or on Executive's behalf, with the exception of any award by the SEC.

4. **Continuing Obligations**.

a. **Confidentiality.** Executive acknowledges and reaffirms Executive's obligation to keep confidential and not to disclose any and all non-public information concerning the Company that Executive acquired during the course of Executive's employment with the Company, including, but not limited to, any non-public information concerning the Company's business affairs, business prospects, and financial condition.

b. **Post-Employment Restrictive Covenants**. Executive further acknowledges and reaffirms Executive's post-employment obligations set forth in the Confidentiality Agreement referenced in Section 6 of the Employment Agreement, which remain in full force and effect, including but not limited to any non-compete, non-solicit and non-disclosure obligations.

5. **Cooperation**. Following Executive's resignation without cause (as defined in the Employment Agreement), Executive shall assist and cooperate with the Company in the orderly transition of work to others if so requested by the Company. Executive shall cooperate with the Company and be responsive to requests for information relating to business matters about which Executive may have information or knowledge and reasonably assist the Company, as the case may be, with any litigation, threatened litigation or arbitration proceeding relating to the Company's business as to which business Executive had relevant knowledge, and the Company shall reimburse Executive for reasonable costs, including attorneys' fees and expenses, actually incurred by Executive in connection with such assistance.

6. **Non-disparagement.** Executive understands and agrees that as a condition for the consideration herein described, Executive shall not make any false, disparaging or derogatory statements to any person or entity, including any media outlet, regarding the Company or any of its affiliates, subsidiaries, directors, officers, Executives, agents or representatives or about the Company's or its subsidiaries' business affairs and/or financial condition. Executive understands and agrees that Executive's commitment not to defame, disparage, or impugn Company's reputation constitutes a willing and voluntary waiver of Executive's rights under the First Amendment of the United States Constitution and other laws. However, these non-disparagement obligations, do not limit Executive's ability to truthfully communicate with the EEOC, DOL, NLRB, SEC, and comparable state or local agencies or departments whether such communication is initiated by Executive or in response to the government.

7. **Communications with Government Agencies.** Nothing in this Agreement or any other agreement between the Company and Executive or any policy of the Company:

a. prohibits Executive from communicating with Government Agencies about a potential violation of the law;

b. limits Executive's ability, without notice to or approval from the Company: (i) to file a charge or complaint with a Government Agency; (ii) to participate in an investigation or proceeding conducted by a Government Agency; or (iii) to provide information or documents to a Government Agency in connection with an investigation or proceeding; or

c. restricts Executive's right to receive a reward or incentive for information provided to a Government Agency.

8. **Amendment and Waiver**. This Agreement shall be binding upon the Parties and may not be modified in any manner, except by an instrument in writing of concurrent or subsequent date signed by duly authorized representatives of the Parties hereto. This Agreement is binding upon and shall inure to the benefit of the Parties and their respective agents, assigns, heirs, executors, successors and administrators. No delay or omission by the Company or Executive in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

9. **Validity**. Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.

10. **Severability**. If any provision or part of a provision of this Agreement (except any provision or part of a provision contained in Sections 2 and 3 of this Agreement) shall be determined to be void or unenforceable by an arbitrator, court of law, administrative agency or tribunal of competent jurisdiction, the remainder of the Agreement shall remain valid and enforceable by any party, and all other valid provisions of the Agreement shall survive and continue to bind the parties. If, however, any provision or part of a provision contained in Sections 2 and/or 3 of this Agreement shall be determined to be void or unenforceable by an arbitrator, court of law, administrative agency or tribunal of competent jurisdiction, the entire Agreement shall be unenforceable, as each party recognizes and acknowledges that the duties, rights and obligations set forth in Sections 2 and 3 of this Agreement are essential to the Agreement.

11. **Nature of Agreement**. Executive understands and agrees that this Agreement is a separation agreement and does not constitute an admission of liability or wrongdoing on the part of the Company.

12. **Acknowledgments**. Executive acknowledges that Executive has been given at least 21 days to consider this Agreement, and that the Company advised Executive to consult with an attorney of Executive's own choosing prior to signing this Agreement. Executive understands that Executive may revoke this Agreement for a period of seven (7) days after Executive signs this Agreement by notifying the Company, in writing, and the Agreement shall not be effective or enforceable until the expiration of the Revocation Period. For the avoidance of doubt, Executive understands and agrees that by entering into this Agreement, Executive is waiving any and all rights or claims Executive might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that Executive has received consideration beyond that to which Executive was previously entitled.

13. **Tax Provision**. In connection with the separation benefits to be provided to Executive pursuant to the Employment Agreement, the Company shall withhold and remit to the tax authorities the amounts required under applicable law, and Executive shall be responsible for any and all applicable taxes with respect to such payments under applicable law. Executive acknowledges that Executive is not relying upon the advice or representation of the Company with respect to the tax treatment of any of the payments set forth in the Employment Agreement.

14. **Voluntary Assent**. Executive affirms that no other promises or agreements of any kind have been made to or with Executive by any person or entity whatsoever to cause Executive to sign this Agreement, and that Executive fully understands the meaning and intent of this Agreement. Executive states and represents that Executive had an opportunity to fully discuss and review the terms of this Agreement with an attorney. Executive further states and represents that Executive has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof and signs Executive's name of Executive's own free act.

15. **Entire Agreement**. This Agreement, the Employment Agreement, Confidentiality Agreement referenced in Section 6 of the Employment Agreement, and the Stock Option Agreement, which survive termination/resignation of Executive's employment with the Company, contain and constitute the entire understanding and agreement between Executive and the Company and supersede and cancel any other previous oral and written negotiations, agreements, and commitments between the Parties.

16. **Governing Law, Venue and Jurisdiction**. This Agreement and all transactions contemplated by this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Michigan without regard to any conflicts of laws, statutes, rules, regulations or ordinances. Executive consents to personal jurisdiction and venue in the Circuit Court in and for Ingham County, Michigan regarding any action arising under the terms of this Agreement and any and all other disputes between Executive and the Company.

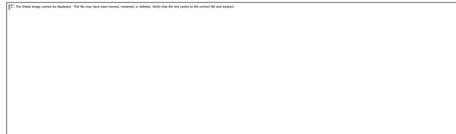
17. **Arbitration**. Any and all controversies and disputes between Executive and the Company arising from this Agreement or regarding any other matter whatsoever shall be submitted to arbitration before a single unbiased arbitrator skilled in arbitrating such disputes under the American Arbitration Association, utilizing its employment rules. Any fees paid to the arbitrator or the American Arbitration Association shall be borne exclusively by the Company. The process for selecting a single unbiased arbitrator shall be decided between the Company and Executive. If Executive and the Company are unable to agree upon a single unbiased arbitrator the selection rules imposed by the AAA shall be used. Any arbitration action brought pursuant to this section shall be heard in Lansing, Michigan. The arbitration shall be governed by the Michigan Uniform Arbitration Act (MCL Section 691.198 et seq.) and judgment upon the award rendered by the arbitration may be entered by any court having jurisdiction over such award. The Circuit Court in and for Lansing, Michigan shall have concurrent jurisdiction with any arbitration panel for the purpose of entering temporary and permanent injunctive relief, but only with respect to any alleged breach of the Confidentiality Agreement referenced in Section 6 of the Employment Agreement. The arbitration proceedings shall be recorded, a transcript produced, and the arbitrator shall issue written findings of fact and conclusions of law in support of the arbitrator's decision.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Agreement Date.

EXECUTIVE	**XG Sciences, Inc.**
/s/ Philip. L Rose	By: /s/Steven C. Jones
Philip L. Rose	Name: Steven C. Jones
	Its Authorized Representative

Exhibit 10.7



CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is entered into on this 26th day of August, 2020 ("Effective Date") by and between Philip L. Rose, Ph.D., whose legal address is 6106 Fresno Lane, East Lansing, MI 48823 ("Consultant") and XG Sciences, Inc., a Michigan corporation ("XGS" or the "Company") with its principal office located at 3101 Grand Oak Drive, Lansing, MI 48911.

RECITALS:

WHEREAS, Consultant resigned as the Chief Executive Officer of the Company on August 26, 2020, and the Company wishes to engage the Consultant for certain consulting services on a part-time basis pursuant to the terms of this Agreement in order to ensure continuity of its busines operations; and

WHEREAS, Consultant wishes to provide such consulting services to XGS;

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Services. During the Term, Consultant will provide those consulting services described on Exhibit A to this Agreement ("Services").

2. Compensation and Expenses. In consideration for the Services rendered by the Consultant to XGS throughout the Term, the Company shall compensate Consultant in accordance with the terms on Exhibit B.

3. Term of Engagement. This Agreement shall be effective for a period beginning on the Effective Date of this Agreement and expiring four years thereafter (the "Term"), subject to the right of XGS and/or Consultant to terminate this Agreement pursuant to paragraph 5 hereof at any time.

4. Confidentiality, Non-Compete & Non-Solicitation Agreement. The parties previously entered into that certain Confidentiality, Non-Compete & Non-Solicitation Agreement, dated December 16, 2013 attached hereto as Exhibit C (the "Confidentiality Agreement"). Such Confidentiality Agreement is hereby incorporated into an made a part of this Agreement, and Consultant agrees to remain bound by the terms thereof. Consultant agrees that if this Agreement is still in effect at such time as the Restrictive Period defined in Section 8 of the Confidentiality Agreement lapses, then such Restrictive Period shall automatically be deemed to have been extended for an additional two (2) years from the last date on which such Restrictive Period would otherwise have been in effect.

5. Termination. XGS and Consultant shall each have the right to terminate this Agreement at any time, for any reason, by giving written notice to the other party at least ten (10) days prior to the effective date of termination ("Termination" or "Termination Date"). For purposes of this Agreement, the Company shall have the right to terminate this Agreement for "Cause" if (i) Consultant fails substantially in the performance and/or discharge of his Services for any reason other than the Consultant's death or disability, (ii) Consultant engages in any act or failure to act that is or is reasonably likely to be materially harmful to the reputation of the Company, (iii) Consultant engages in an action or course of conduct that (A) relates to the Company or its subsidiaries and constitutes deceit, fraud, embezzlement or theft or (B) constitutes a felony or any crime of moral turpitude or (C) is grossly negligent, (iv) any sanction, suspension or censure of Consultant by, or action or omission of the Consultant that could provide the basis for sanction, suspension or censure of the Consultant by, any federal, state or local governmental, regulatory or administrative body having jurisdiction over the Company or its business, (v) Consultant breaches any provision of (A) this Agreement, (B) the Confidentiality Agreement, (C) that certain Separation Agreement, dated August 26, 2020, between the parties (the "Separation Agreement"), or (D) engages in conflict of interest activities with the Company or is employed by, consulting with and/or otherwise affiliated with a competitor of Company, or (vi) engages in any act or fails to act in a manner that would constitute "cause" under applicable law. Upon any Termination by the Company within the first ninety (90) days from the Effective Date, a Termination for Cause by the Company after ninety (90) days from the Effective Date, or any early Termination by Consultant during the Term hereof, any stock option agreements referenced in Exhibit B hereof shall be automatically deemed to expire ninety (90) days after the date of such Termination. For the avoidance of doubt, upon any Termination without "Cause" by the Company after ninety (90) days from the Effective Date, there will be no change to the expiration date of any of the option agreements referenced in Exhibit B.

Upon Termination, Consultant agrees to cease all activities on behalf of XGS; provided, however Consultant agrees to answer any reasonable follow-up inquiries from the Company regarding any pending matters at the Termination Date. Notwithstanding the foregoing, the Parties agree that this Agreement will terminate at the end of the Term, unless the parties agree in writing to renew this Agreement.

6. Return of Property. Upon the Termination of this Agreement, regardless of why the Agreement terminates, Consultant shall return to XGS and/or certify in writing that Consultant has deleted from all of Consultant's computer and related storage systems, all property owned by XGS and all Confidential Information (as defined in the Confidentiality Agreement) of XGS in whatever form it exists, including all copies thereof.

7. Miscellaneous.

a) Entire Agreement and Modification. This Agreement supersedes all prior agreements and understandings between the parties and may not be modified or terminated orally. No modification or attempted waiver of this Agreement will be valid unless in writing and signed by the party against whom the same is sought to be enforced.

b) Severability and "Blue Line". The provisions of this Agreement are separate and severable, and if any of them is declared invalid and/or unenforceable by a court of competent jurisdiction or an arbitrator, the remaining provisions shall not be affected. If a court of competent jurisdiction determines that any of the restrictions against disclosure of Confidential Information, and/or solicitation contained in this Agreement are invalid in whole or in part due to over breadth, whether geographically, temporally, or otherwise, such court is specifically authorized and requested to reform such provision by modifying it to the smallest extent necessary to render it valid and enforceable, and to enforce the provision as modified.

c) No Construction Against Drafting Party. This Agreement is the joint product of XGS and Consultant and each provision hereof has been subject to the mutual consultation, negotiation and agreement of XGS and Consultant and shall not be construed for or against either party hereto and shall not be construed against the party that may have drafted the provision, term, or Agreement. Both parties have had the opportunity to seek and obtain advice from legal counsel of their own choosing.

d) Governing Law and Venue. This Agreement will be governed by, and construed in accordance with the provisions of the law of the State of Michigan, without reference to provisions that refer a matter to the law of any other jurisdiction. 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. Consultant waives personal service of any and all process upon Consultant and consents that all such service of process may be made by certified or registered mail directed to Consultant at the address stated in the preamble of this Agreement, with service so made deemed to be completed upon actual receipt thereof. Consultant waives any objection to jurisdiction and venue of any action instituted against Consultant as provided herein and agrees not to assert any defense based on lack of jurisdiction or venue. Consultant 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. Consultant's liability for services provided hereunder shall be limited to the amounts paid, or in the case of non-monetary compensation, the value of such non-monetary compensation issued, by XGS to Consultant for such services except for any breaches by the Consultant of the Confidentiality Agreement.

e) Notices. All notices and other communications required or permitted under this Agreement shall be in writing, and shall be deemed properly given if delivered personally, mailed by registered or certified mail in the United States mail, postage prepaid, return receipt requested, sent by facsimile, or sent by Express Mail, Federal Express or nationally recognized express delivery service, as follows:

(i) If to XGS, at the address listed in the preamble to this Agreement or its then primary executive offices to the attention of the Chief Financial Officer;

(ii) If to the Consultant, at the address listed as the Consultant's primary legal residence which is listed in the preamble to this Agreement. Should this address change, Consultant agrees to promptly notify XGS of such change.

Notice given by hand, certified or registered mail, or by Express Mail, Federal Express or other such express delivery service, shall be effective upon actual receipt. Any party may change any address to which notice is to be given to it by giving notice as provided above of such change of address.

f) SEC Disclosure. Consultant understands and acknowledges that if this Agreement is deemed to be a material agreement of XGS, it may need to be filed with the Securities and Exchange Commission or provided to a regulatory body in conjunction with any audits or investigations of XGS' activities and expressly gives permission to provide this Agreement as needed in such instances.

g) Independent Parties. The parties agree that the Consultant is acting as an independent contractor under current Internal Revenue Service guidelines in the provision of services under this Agreement and that the Consultant shall be solely responsible for paying all taxes due on any compensation hereunder. The Consultant understands and acknowledges that all compensation hereunder is taxable to the Consultant and XGS has an affirmative obligation to report such amounts of compensation on Form 1099 to the Internal Revenue Service each year. consultant agrees to provide his social security or tax identification number upon request therefor.

Publicity. None of the parties hereto shall use the name of any other party hereto for promotional purposes without the prior written consent of the party whose name is proposed to be used, nor shall any party disclose the existence or substance of this Agreement except as may be required by law.

i) Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided that neither party shall have the right to assign this Agreement or its rights and obligations hereunder without the prior written consent of the other party.

j) Attorney's Fees. In the event of any dispute arising under the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs, in addition to such other relief as may be awarded by a court or arbitrator.

k) Captions. Captions of the sections of this Agreement are for reference purposes only and do not constitute terms or conditions hereof. The parties acknowledge they have thoroughly reviewed this Agreement and mutually agree upon its terms and conditions. The provisions of this Agreement allocate the risks between the parties. The terms and conditions included herein reflect this allocation of risk, and each provision herein is part of the bargained-for consideration of this Agreement.

l) Waiver. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as or be construed to be a continuing waiver or a waiver of any subsequent breach of either the same or any other provision of this Agreement. This Agreement is intended solely for the mutual benefit of the parties hereto and there is no intention, expressed or otherwise, to create any rights or interests for any other party or person other than the parties.

m) Counterparts and Electronic Signatures. This Agreement may be signed in counterparts, and by DocuSign, fax or by Adobe Acrobat PDF file, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Both parties expressly stipulate that, to the extent permitted by law, any documents contemplated pursuant to this Agreement may be executed and become effective by affixing either an electronic or handwritten signature in the appropriate location and transmitting such document to the other party using traditional, electronic, or facsimile methods of transmission. Any such electronic or facsimile transmitted signature will be deemed and carry the legal significance of an original signature.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

XG SCIENCES, INC.:		**CONSULTANT:**	
By:	/s/ Steven C. Jones	By:	/s/ Philip L. Rose
Name:	Steven C. Jones	Name:	Philip L. Rose
Title:	Authorized Representative		

EXHIBIT A

Description of Services: Upon the reasonable request by any officer of XGS, Consultant shall provide timely assistance with respect to any reasonable inquiries regarding:

a) existing or potential customers of XGS; or

b) existing or planned products of XGS; or

c) technical product performance; or

d) manufacturing plant operations and/or expansions; or

e) existing or planned contracts with third parties; or

f) strategic initiatives of the Company; or

g) such other matters as may be reaonable requested by XGS.

Nothwithstanding the foregoing, Company agrees that Consultants assistance in the above matters will be in an advisory and review capacity only, and that other than providing previously prepared Work Product (as defined in the Confidentiality Agreement) that may still be in Consultant's possession, Consultant will not have to prepare any new Work Product as part of the Services under this Agreement.

EXHIBIT B

Compensation:

1. Compensation. So long as this Agreement has not been terminated prior to the date which is eighty five (85) days from the Effective Date, XGS agrees that as compensation for the Services rendered by Consultant, it will amend, on or before the date which is ninety (90) days from the Effective Date, the following Stock Option Agreements:

a) Stock Option Award Agreement, dated July 24, 2017, for 330,000 stock options
b) Stock Option Award Agreement, dated April 1, 2020, for 29,000 stock options.

to make the following modifications:

i.) The Type of Grant box will be update to reflect all of such options are "Non-Qualified"
ii.) The number of stock options under each such Stock Option Award Agreement will be amended to equal the vested portion of such stock options as of the date of this Consulting Agreement as follows:
   a. For the Award Agreement, dated July 24, 2017 – 290,416 options
   b. For the Award Agreement, dated April 1, 2020 – 9,667 options
iii.) Section 2 of each Award Agreement will be amended to reflect that all of the amended shares are vested.
iv.) Section 6(b) will be amended and restated as follows:

"**(b)** Expiration. Except as otherwise provided in Section 29 of the Plan in the event of a merger or sale under certain circumstances, or as provided in Section 8 of this Agreement, the term of your Stock Option expires upon the earliest of the following or upon the breach by you of any of the restrictive covenants set forth in that certain Confidentiality, Non-Solicitation, and Non-Compete Agreement, dated December 16, 2013 between you and the Company (the "Non-Compete Agreement"):

(i) immediately upon the Company's termination of that certain Consulting Agreement, dated August 26, 2020, between you and the Company (the "Consulting Agreement"), for "Cause" (as such term is defined in Consulting Agreement) or upon the breach by you of the Non-Compete Agreement;

(ii) Ninety (90) days after you terminate the Consulting Agreement for any reason other than death or Disability, provided that if during any part of such ninety (90) day period your Stock Option is not exercisable solely because of the condition set forth in Section 7 below relating to "Securities Law Compliance", your Stock Option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three months after the termination of the Consulting Agreement;

(iii) 12 months after the termination of your service with the Company due to your death or disability; or

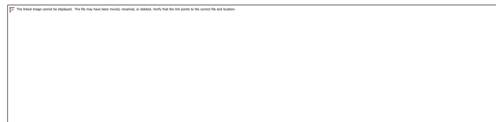
(iv) the Expiration Date."

2. Expenses. In addition to any compensation payable hereunder, XGS shall also reimburse Consultant for all expenses reasonably incurred by Consultant in connection with the Services performed on behalf of XGS under this Agreement including, but not limited to, airfare, hotel, food, and a standard mileage allowance for travel on XGS business using a personally owned vehicle pursuant to IRS guidelines (all of the foregoing, collectively "Business Expenses"), upon providing the original receipts and an expense report for such expenses in accordance with XGS' expense reimbursement policy then in effect. Consultant agrees to abide by and follow XGS travel and expense policy when incurring any expenses in performing the Services under this Agreement.

EXHIBIT C

Confidentiality, Non-Solicitation and Non-Compete Agreement, dated Decmeber 16, 2013

Exhibit 99.1



For Immediate Release

XG Sciences, Inc. Announces New Leadership

LANSING, MI, August 31, 2020 – XG Sciences, Inc. ("XGS" or the "Company"), a leading manufacturer of high-quality graphene nano-materials, today announced that it has appointed Mr. Robert M. Blinstrub as Chief Executive Officer and Mr. Andrew J. (AJ) Boechler as Chief Commercial Officer. Dr. Philip Rose, CEO of XG Sciences, Inc. for the past six years, has resigned to pursue other interests, but will continue to serve as an advisor to the company to ensure a smooth and successful transition.

XG Sciences, Inc.'s Chairman, Arnold A. Allemang, said "I am delighted to welcome Bob as our new CEO and AJ as our new CCO. Bob is a proven leader and an experienced CEO who has excelled at leading early-stage companies through periods of transformative growth. We believe AJ's experience building and scaling global organizations and commercial teams will enable XGS to capitalize on a tremendous market opportunity. Finally, I want to thank Dr. Rose for his tireless service over the past six years."

"I am honored and energized to assume leadership of XG Sciences," said Blinstrub. "We have a very talented team at XGS, and I am excited to continue to innovate our products in new and diverse ways to better serve our customers. Both AJ and I feel XGS is extraordinarily well-positioned to address a significant market opportunity in coming years, and we look forward to unlocking growth opportunities and creating value for our shareholders."

Blinstrub has been an investor in the Company since 2018 and has served as a Member of the Board of Directors since March 2019. Blinstrub was founder, President and CEO of Applied Global Manufacturing, Inc. ("AGM"), a company he started in 2000. Headquartered in Troy, Michigan, AGM was a designer, innovator, and producer of engineered solutions for automobiles, with 9 production facilities around the world, including Austria, China, Costa Rica and Mexico. Under Blinstrub's 17 years of leadership, AGM doubled its revenue every 18 months on average and had total revenue of approximately $500 million and 2,000 employees when it was acquired by Flex, Ltd. (NASDAQ: FLEX) in April 2017. During his tenure, AGM accumulated supplier awards for world class quality, product design, engineering, innovation, and service. Prior to AGM, Blinstrub led multiple startups and operational turnarounds.

Boechler joins XGS following a successful 30-year career with General Electric Company, where he provided executive leadership in a variety of industries and markets including Plastics, Healthcare, Automotive, Oil and Gas, Power Generation, Consumer Electronics, Automation and Industrial Inspection Technologies. While at GE, Boechler built global organizations and brands, developing solutions in both start-up and established business environments.

XG Sciences Inc.
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Lansing, MI 48911

+1 (517) 703-1110
info@xgsciences.com
www.xgsciences.com

About XG Sciences™

Headquartered in Lansing, Michigan, XG Sciences Inc. is a leading supplier of graphene nano-platelets and custom nano-materials to global OEMs serving, composites, electronics, energy, and industrial markets. For more information about XG Sciences' materials and technical support please visit www.xgsciences.com or contact info@xgsciences.com.

Forward Looking Statements

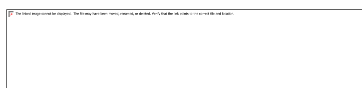
Certain information contained in this letter constitutes forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties that

could cause actual future results to differ materially from those anticipated in the forward-looking statements as the result of the Company's ability to continue gaining new customers, offer new products, and otherwise implement its business plan. Forward-looking statements represent the Company's estimates only as of the date such statements are made (unless another date is indicated) and should not be relied upon as representing the Company's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, it specifically disclaims any obligation to do so, even if its estimates change.

For Further Information, Please Contact: XG

Sciences, Inc.
Jacqueline M. Lemke, CPA Chief
Financial Officer
j.lemke@xgsciences.com (517) 999-
5459

Exhibit 99.2



August 31, 2020

To: The Shareholders of XG Sciences, Inc. (the "Company", "XGS", "we" or "us") From:

Arnold A. Allemang, Chairman of the Board of Directors

Re: Second Quarter 2020 Report to Shareholders Dear

Shareholders:

We are pleased to announce the appointments of Mr. Robert M. Blinstrub as our new Chief Executive Officer and Mr. Andrew J. (AJ) Boechler as our new Chief Commercial Officer. Effective August 26th, Dr. Philip Rose has resigned his position as CEO and a member of the Board of Directors to pursue other interests. We would like to thank him for his tireless service on behalf of XG Sciences as CEO over the last six years. Dr. Rose has agreed to remain as a consultant to XGS to ensure a smooth transition process. Enclosed herewith is a copy of the press release we issued this morning announcing these changes.

Mr. Blinstrub has been an investor in the Company since 2018 and has served as a Member of the Board of Directors since March of 2019. Bob has a proven track record of building early-stage businesses, with decades of experience. Among many distinguished accomplishments, Bob was founder, President and CEO of Applied Global Manufacturing, Inc. ("AGM"), a company he started in 2000. Headquartered in Troy, Michigan, AGM was a designer, innovator, and producer of engineered solutions for automobiles, with nine (9) production facilities around the world, including Austria, China, Costa Rica and Mexico. During its 17-year run as an independent company, AGM doubled its revenue every 18 months on average and had total revenue of $500 million and approximately 2,000 employees when it was acquired by Flex, Ltd. (NASDAQ: FLEX) in April 2017.

When it was acquired, AGM was a Tier 1 global automotive parts supplier that was recognized as a leading provider of LED lighting and electronic solutions to the industry. AGM's technology provided solutions which improved fuel economy and reduced the use of key resources by replacing old technology. During Bob's tenure, AGM accumulated countless supplier awards for world class quality,

product design, engineering, innovation, and service. Prior to AGM, Mr. Blinstrub led multiple startups and operational turnarounds. We are honored that a CEO with his experience and demonstrated record of accomplishment has agreed to be our CEO.

Mr. Boechler joins XG Sciences following a successful 30-year tenure with the General Electric Company where he provided executive leadership in a variety of industries and markets including Plastics, Healthcare, Automotive, Oil and Gas, Power Generation, Consumer Electronics, Automation and Industrial Inspection Technologies. In transformational roles, AJ was integral in building global organizations, brands and developing innovative solutions in both start-up and established business environments. We welcome his entrepreneurial skills and diverse business acumen to the Company.

We believe that XGS has a tremendous market opportunity ahead of us and we are excited to have Mr. Blinstrub's unique experience in taking early-stage companies through periods of transformative growth. We further believe Bob and AJ's wealth of experience and relationships will accelerate XGS's commercialization efforts and are thrilled to welcome them both to the XG Sciences team.

Second Quarter 2020 Financial Highlights

The Company is late in filing its Quarterly Report on Form 10-Q for the period ended June 30, 2020 due to the complex accounting and reporting requirements of both the Amended and Restated Draw Loan Note and Agreement with the Dow Chemical Company and the Unit Offerings completed in late April. We have hired an independent third-party valuation and accounting firm to assist us in the proper accounting treatment and anticipate filing the 10-Q by October 9th. Our detailed financial results are pending the completion of this accounting review and will be available in the 10-Q, when filed.

Our revenue figures will not be affected by the aforementioned accounting exercise, and the following table summarizes total revenue for the three months ending June 30, 2020 and 2019. For the three months ended June 30, 2020, we reported revenue of $85,402, a 48.8% decrease from the $167,063 reported in Q1 2020 and an 65.4% decrease from the $247,069 reported in Q2 2019. The COVID-19 pandemic had a significant impact on our operations during the quarter, as government mandated shutdowns and related furloughs across the country impacted demand, obstructed access to production facilities, and delayed customer development work. While many customers have restarted operations, few have reached pre-pandemic production levels and we expect COVID-19 to continue to impact our business through the third quarter and possibly beyond.

	For the Three Months Ended June 30,		**Change 2020 to 2019**	
	2020	**2019**	**$**	**%**
Total Revenues	85,402	247,069	(161,667)	-65.4%

Although Callaway did not place any replenishment orders during the second quarter, largely because their production facility and many of their customers were idled due to the pandemic, we are pleased to announce that they recently placed two restocking orders for delivery in August and October, with indications that another similar-sized order is possible in Q4. Other customers, such as Eagle Automotive (a polyurethane foam supplier to Ford Motor Company), were similarly impacted in the second quarter and forced to suspend operations for a period. Eagle has now returned to production, albeit at lower demand levels than before COVID-19 as a result of reduced demand from Ford. In addition, three new customer applications moved to commercial status during the second quarter, including a construction materials company, whose volumes we expect will increase considerably over the next two years as they ramp up production. Another customer has commercialized the use of our materials in anti-corrosive coatings and is beginning to order modest commercial quantities of our materials. A third customer recently began supplying products incorporating our materials for use in a coating application for the oil & gas industry.

As discussed during our May 14th investor call, we responded to the COVID-19 pandemic by restructuring our organization and reducing headcount by 45% through furloughs of substantially all manufacturing employees and support staff. The reduction in headcount, coupled with temporary salary reductions ranging from 15-20%, reduced annual payroll and related costs by 58%. Furthermore, in April 2020 we furloughed additional employees in our R&D and engineering departments and reduced our annual cash run rate for all other expenses by 17%. We now have returned furloughed employees to active status and are beginning to ramp up operations.

Pipeline Opportunities

While disruptions from the COVID-19 pandemic impacted customer orders during Q2, we continue to believe our customer pipeline is robust. Several additional customers have now fully qualified our materials in their products and we believe will begin placing commercial orders soon. A supplier of components for the auto industry has scheduled their first commercial run for September, and a supplier of polymer-based products to the sporting goods market has committed to an initial production run in November. Two other customers began using our products in automotive coatings and both customers indicated an intent to launch production in late Q3 and into early Q4 pf this year. In addition, during Q2 we made significant progress with several other customers who reported successful test and performance results using our materials, and believe these opportunities could reach commercialization in the coming quarters.

Packaging remains a key focus area for the Company, as the need to reduce the amount of plastic consumed globally continues to accelerate and create tailwinds for the adoption of our materials. Currently, we are making good progress in our product development initiatives to incorporate the use of our graphene nanoplatelets in PET and HDPE applications, primarily to increase wall strength in rigid packaging while reducing the amount of resin required per product. Over the past several quarters we have been working closely with a few industry-leading packaging companies to demonstrate efficacy, and since our last report, one of our partners has demonstrated top-load performance meeting their minimum threshold for commercial adoption. These results require further verification and prototype bottles have been sent to third-party labs to confirm the top-load performance. Pending the lab results, we estimate broader commercial adoption with other packaging customers in 2021.

Although it has not shown up in our reported revenue yet, we believe we have made considerable progress in advancing several new customer applications to commercial status this year. As we move into 2021, we expect that Bob and AJ will help us capitalize on our recent customer successes and drive increasing revenue traction.

Thank you for your continued support of XG Sciences. If you have any questions on any aspect of this shareholder report, please feel free to contact either Bob Blinstrub (r.blinstrub@xgsciences.com) or me (aallemang@pobox.com) to schedule a call.

Warm Regards,

Arnold A. Allemang

Arnold A. Allemang
Chairman of the Board of Directors

Forward Looking Statements

Certain information contained in this letter constitutes forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties that could cause actual future results to differ materially from those anticipated in the forward-looking statements as the result of the Company's ability to continue gaining new customers, offer new products, and otherwise implement its business plan. Forward-looking statements represent the Company's estimates only as of the date such statements are made (unless another date is indicated) and should not be relied upon as representing the Company's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, it specifically disclaims any obligation to do so, even if its estimates change.