NEMASKA LITHIUM

Management discussion & analysis

YEAR ENDED

JUNE 30, 2018 – FOURTH QUARTER

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TMX Toronto Stock Exchange

BEST 50 OTCQX 2018

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of Nemaska Lithium Inc. (the "Corporation") and its wholly owned subsidiaries as well as the highlights of its financial situation. It explains the financial situation and the results for the three-month and twelve-month periods ended June 30, 2018 and 2017 and the comparison of the Corporation's consolidated statement of financial position as at June 30, 2018 and June 30, 2017.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements for the twelve-month period ended June 30, 2018 and the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2017 and the related notes thereto.

The audited consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

The audited consolidated financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors on September 27, 2018. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

Forward looking statements

All statements, other than statements of historical fact, contained in this Management Discussion & Analysis ("MD&A") including, but not limited to, any information as to the future plans and outlook for the Corporation, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, and are based on expectations, estimates and projections as of the time of this MD&A. The words "anticipates", "plans", "expects", "indicate", "intend", "scheduled", "estimates", "forecasts", "guidance", "initiative", "outlook", "potential", "projected", "pursue", "strategy", "study", "targets", or "believes", or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "would", or "should", "might", or "way forward", "will be taken", "will occur" or "will be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, acting in good faith, as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect.

Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

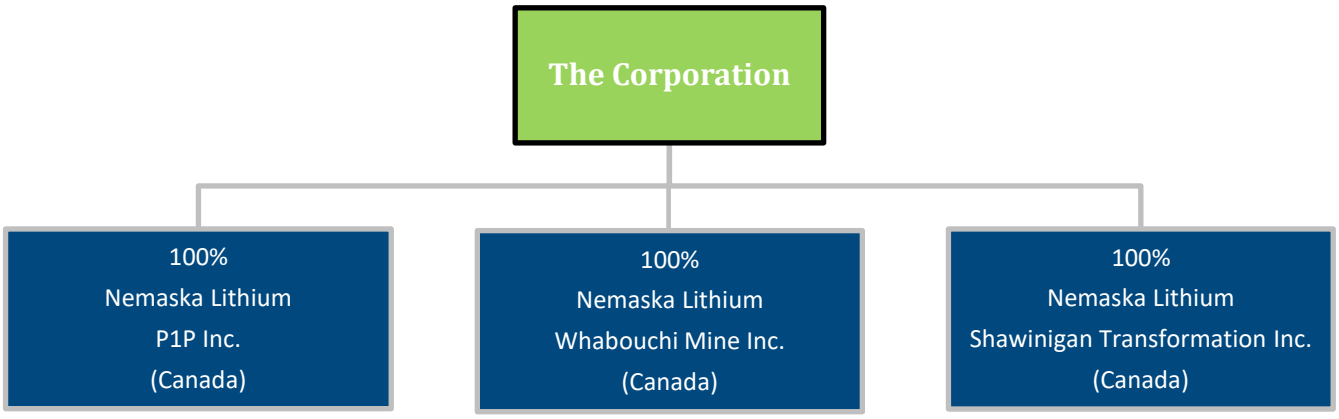
1) Reporting entity, nature of operations, scope of activities and going concern

The Corporation is domiciled in Canada and incorporated under the *Canada Business Corporations Act*. Its shares are listed on the Toronto Stock Exchange under the symbol NMX and on the American stock exchange Over-the-Counter QX ("OTCQX") under the symbol NMKEF.

The Corporation's head and registered offices are located at 450 de la Gare-du-Palais Street, 1st Floor, Québec, Québec G1K 3X2.

Intercorporate Relationships

The Corporation beneficially owns 100% of the voting shares of 3 subsidiaries, namely Nemaska Lithium P1P Inc., Nemaska Lithium Shawinigan Transformation Inc. and Nemaska Lithium Whabouchi Mine Inc. (collectively, the "**Subsidiaries**"). The following corporate chart is a list of the Subsidiaries, indicating their jurisdiction of incorporation.



All assets of the Corporations are located in the province of Québec. In summary, each Corporation has the following main assets:

- Nemaska Lithium Inc.: intellectual property, computer software & hardware, all shares of the three (3) subsidiaries and the investments in Monarques Gold Corporation Inc. and Vision Lithium Inc. ("VLI") (previously ABE Resources Inc.);
- Nemaska Lithium P1P Inc.: equipment and lease required to operate the Phase 1 Plant and also its administrative office in Shawinigan;
- Nemaska Lithium Whabouchi Mine Inc.: mining lease, mining claims, surface usage leases and exploration and evaluation assets, including site preparation, concentrator building, administrative office building and the small DMS modular concentrator, defined herein as the "Whabouchi Mine(1)"; and
- Nemaska Lithium Shawinigan Transformation Inc.: land and commercial buildings located in Shawinigan to be used for the production of lithium salts, defined herein as the "Electrochemical Plant(1)";

(1) together defined herein as the "Commercial Project"

2) Business Activities and Objectives, Foreseen Main Work Planned and Milestones to come

The Corporation's objective is to become a vertically integrated lithium hydroxide and lithium carbonate producer and supplier to the emerging lithium battery market that is largely driven by electric vehicles, cell phones, tablets and other consumer products as well as energy storage. The Corporation has been actively involved since October 2009, in the exploration and development of what management believes is one of the most significant spodumene lithium hard rock deposits in the world, both in volume and grade, the Whabouchi mine, located in the Eeyou Istchee / James Bay Region of the Province of Québec (the "**Whabouchi Property**"). The Corporation has also been actively developing, since the summer of 2011, a new process to produce high purity lithium hydroxide and lithium carbonate from spodumene concentrate, using an electrochemical process. In May 2016, the Corporation has completed the acquisition of the land and existing buildings in Shawinigan, Quebec, to locate its Electrochemical Plant.

The mining property Whabouchi, has economically recoverable ore reserves, pursuant to a NI-43-101 technical report feasibility study on the Whabouchi lithium mine and the Shawinigan electrochemical plant with an effective date of November 7, 2017 and filed on SEDAR on February 21, 2018 (the "2018 Feasibility Study") prepared by Met-Chem, (a division of DRA Americas Inc.). The Corporation is currently in the development and construction stages in respect of its Whabouchi mining property and Shawinigan electrochemical plant (the "Commercial Project") having obtained the project financing required to complete the construction and commissioning of the project.

3) Highlights for the twelve-month period ended June 30, 2018 and up to the date of this report and next steps

During the fiscal year that ended on June 30, 2018 and up to the date of this report, major strides were accomplished by the Corporation in order to put in place a solid basis with a dedicated team to lead its construction and be ready to take over once construction is completed. Several milestones were reached in order to allow for the closing of a project financing package of $1.1 billion on May 30, 2018.

The Corporation is pleased to report its health and safety highlights for the year to date. To date there has been no lost time due to injury during the 149,367 construction and engineering hours worked at both Whabouchi and Shawinigan sites.

As of September 1, 2018, a total of $272.4 million or 31% of the total project budget of $874.7 million, including contingency, has been committed. The total budget of $874.7 million includes $73.5 million already invested by the Corporation as at November 30, 2017 and identified as sunk-costs in the 2018 Feasibility Study.

All amounts are in Canadian dollars
Expenditures and commitments as of September 1, 2018

Description	NI 43-101 Budget	As at September 1, 2018		NI 43-101 Budget remaining commitments	Estimate at completion (EAC)	Variance as at Sept. 1, 2018
		Commitments	Incurred			
Whabouchi Mine Site	$303.6M	$146.3M	$93.0M	$167.3M	$313.6M	$10.0M
Shawinigan Electrochemical Plant	$470.8M	$126.1M	$41.9M	$355.3M	$481.4M	$10.6M
Contingency	$100.3M			$79.7M	$79.7M	($20.6M)
TOTAL WHABOUCHI & SHAWINIGAN	$874.7M	$272.4M	$134.9M	$602.3M	$874.7M	

As for the purchasing packages for both sites, 44% of the budget has been committed for the Whabouchi mine and 23% for the Shawinigan electrochemical plant, putting the Corporation in line to complete the project construction per the timeline. The mine construction has a 12 to 15 months schedule, with concentrate production expected to commence in the second half of 2019. The electrochemical plant has about a 24 months construction schedule with production estimated to begin in the second half of 2020.

The detailed engineering for the Whabouchi mine site, excluding the electrical engineering, is 76% complete with the electrical engineering estimated to be 37% complete. Detailed engineering at Shawinigan is 20% complete and the electrical engineering has yet to start. Engineering at both sites is tracking to schedule, per the above production timeline targets.

At the Whabouchi mine site, procurement of the main equipment is completed. In addition, at Shawinigan, 10% of the equipment procurement packages have been committed representing 52% of the equipment budget. This equipment includes Flash Calciner, Acid Bake Kiln, Lithium Sulfate preparation equipment, Electrolysis, Sulfuric Acid Re-concentration equipment, Crystallization, Evaporation, Drying and Bagging equipment.

FINANCING AGREEMENTS:

During the year ended June 30, 2018, the Corporation completed its overall $1.1 billion (US$849 million) project financing package comprise of a US$150M streaming agreement (the “Streaming Facility Agreement”) with Orion Mine Finance II LP (“**Orion**”), equity financing totalling $454 million and a US$350 million offering of senior secured callable bonds (the **"Bond Offering"**).

(A) BOND OFFERING:

The bonds issued in the aggregate principal amount of US$350 million (about $455 million based on an exchange rate of $1.00: US$0.77) are USD-denominated with a maturity date of May 30, 2023, unless called by the Corporation prior to maturity, and bear interest at a rate of 11.25% per annum. Interest is payable quarterly and in arrears on the relevant interest payment dates in February, May, August and November of each year, commencing on August 30, 2018.As at the date of this report, the Corporation had not met all the

requisite conditions in order to draw on the Bond Offering and consequently, the Corporation did not yet received any amount from the Bond Offering and did not record any financial liabilities related to these bonds.

Also, there is a condition in the Bond Offering for the Corporation to deposit $40,000,000 from the Public Offering in a restricted bank account as a project cost overrun facility, for which the Corporation would have to meet some conditions in order to get approvals to use these funds. The unutilized portion of this $40,000,000 at the end of the Commercial Project construction will be made available to the Corporation once the independent engineer will issue his final report. In the meantime, this deposit is presented as restricted cash in the consolidated statements of financial position.

In relation to the Bond Offering, the Corporation incurred, as at June 30, 2018, financing fees amounting to $16,665,072 and recorded them as deferred financing costs in the consolidated statements of financial position. These financing costs will be recorded against the bonds once the Corporation has met all the requisite conditions since these costs are directly attributable to the bonds. As part of the Bond Offering, the Corporation paid in advance the first quarterly interest expense on May 30, 2018. This payment covers the interest expense of $12,689,560 for the months of June, July and August 2018. Consequently, the Corporation capitalized $4,275,830 in relation to the month of June 2018 in the property, plant and equipment and recorded interest paid in advance amounting to $8,413,730 for the remaining portion.

(B) STREAMING FACILITY AGREEMENT:

In April 2018, the Corporation signed a Streaming Facility Agreement with Orion where the Corporation will, in exchange of US$150 million, sell to Orion 14.5% of its production of lithium hydroxide and lithium carbonate produced at the Shawinigan plant (collectively, "Stream Products") at an agreed discount price. Orion's purchase price paid to the Corporation under the Streaming Facility Agreement will be 40% of the sales proceeds of such Stream Products. The Corporation will act as Orion's agent in the sale of the Stream Products to third-party off-takers. Through this arrangement, Orion will receive 60% of the sales proceeds from such Stream Products, which will result in Orion receiving a net portion of approximately 8.7% of the Stream Products sales. The maximum amount of Stream Products deliverable per year will not exceed the equivalent of 5,000 tonnes of Stream Products.

On August 23, 2018, the Corporation confirmed that Nemaska Lithium Shawinigan Transformation Inc., its wholly-owned subsidiary, has received a first payment of US$75 million from affiliates of Orion under the Streaming Facility Agreement entered into on April 12, 2018. Such payment represents the first tranche of the total advance payment equal to US$150 million to be made by Orion under the streaming agreement. Consequently, in the first quarter of the fiscal year 2019, the Corporation will record a liability related to the Streaming Facility Agreement and will therefore recorded the related deferred financing costs against this liability. The second US$75 million tranche will be payable upon the satisfaction of certain technical and other customary conditions that can be satisfied until December 31, 2019.

In relation to this Streaming Facility Agreement, the Corporation incurred, as at June 30, 2018, financing fees amounting to $1,794,965 and recorded them as deferred financing costs in the consolidated statements of financial position. These financing costs will be recorded against the liability once the Corporation will meet all the requisite conditions since these costs are directly attributable to the streaming facility agreement.

(C) EQUITY FINANCING:

On May 30, 2018, the Corporation completed, through a syndicate of underwriters, a $280,000,000 public offering on a bought deal basis, pursuant to a prospectus supplement dated May 23, 2018 in connection with the short form base shelf prospectus of the Corporation dated March 29, 2018. This resulted for the Corporation to issue 280,000,000 common shares at a price of $1.00 per share.

The Corporation completed contemporaneously an $80,000,000 private placement with Ressources Québec Inc. pursuant to which the Corporation issued 80,000,000 common shares at a price of $1.00 per share.

Finally, on May 30, 2018, following the closing of the public offering, the private placement with Ressources Québec and a US$350M bond offering, the corporation issued to SoftBank Group Corp, 83,729,011 common shares at a price of $1.12 per share the for aggregate gross proceeds of $93,776,492 following conversion of 83,729,011 subscription receipts that were issued to SoftBank on April 5, 2018.

In relation to these equity financings, the Corporation paid financing fees amounting to $18,271,127 recorded in the statements of changes in shareholders' equity.

Other highlights during the twelve-month period ended June 30, 2018 and up to the date of this report

On July 17, 2017, the Corporation received from Johnson Matthey Battery Materials Ltd ("JMBM") of Candiac, Québec, a wholly owned subsidiary of Johnson Matthey Plc the final payment of $1,000,000 following the completion of the final milestone as per the existing agreement between JMBM and the Corporation

The Corporation received on November 9, 2017 the mining lease# 1022 for the Whabouchi mine (fully executed on October 26, 2017). Consequently, the Corporation has made during the month of December 2017 the first payment of $4,603,238 and during the month of September 2018 the second payment of $2,301,619, both payments in total are covering for 75% of the restauration estimated costs. The remaining payment of $2,301,619, covering the remaining 25% of the restauration estimated costs, will be payable in September 2019.

On January 31, 2018, the Corporation sold its 100% undivided interest in the Sirmac lithium property to Vision Lithium Inc. ("VLI"). The Corporation received a total consideration of $9,700,000, representing $250,000 in cash and 15,000,000 shares of VLI valued at $0.63 per share, which represented about 18.50% of the issued and outstanding common shares of VLI as at the date of this report. Since the book value of the Sirmac property totalled $1,889,785 ($442,096 recorded under mining properties and $1,447,689 recorded under exploration and evaluation assets) at the transaction date, the Corporation recorded a profit on disposal of mining assets amounting to $7,810,215.

On May 29, 2018, the Corporation announced the signing of a supply agreement for spodumene concentrate with Hanwa Co., Ltd. acting as agent for General Lithium Corp., the latter having signed the agreement as intervenor. Under this agreement and through its wholly-owned subsidiary Nemaska Lithium Whabouchi Mine Inc., the Corporation will sell spodumene concentrate on a take-or-pay basis at a market priced-based formula, at the time of delivery. The supply period will commence after the construction of the Whabouchi mine and continue up to the full ramp-up of the electrochemical plant in Shawinigan.

Between July 1, 2017 and June 30, 2018, the Corporation received a total amount of $15,853,751 following the exercises of: i) 19,842,875 warrants by shareholders at an average price per share of $0.48; ii) 2,864,518 broker

units which resulted in the issuance of 3,849,197 common shares at an average price of $1.42 per share; and iii) 1,651,750 options by officers, employees, consultants and a former board member at prices per share varying between $0.10 and $1.20, for an aggregate total of 25,343,822 common shares issued following these exercises.

Between July 1, 2018 and the date of this report, 375,000 options were exercised by a consultant at an exercise price of $0.125 per share. The Corporation also issued 1,850,000 options having exercise prices varying between $0.85 and $1.04, cancelled 250,000 options that were issued at an exercise price of $1.04 and 233,334 options exercisable at a price of $1.20 expired.

On July 3, 2018, the Corporation announced the signature of a take-or-pay agreement providing for the supply of 7,000 metric tonnes per year of lithium hydroxide to LG Chem for an initial 5-year term.

On July 24, 2018, the Corporation received $2,500,000 representing 50% of a subsidy amounting to $5,000,000 from Transition Énergétique du Québec in relation to the construction of the 17 km electric line for its Whabouchi mine site.

On August 20, 2018, the Corporation announced the signature of an agreement providing for the supply of up to 5,000 metric tonnes but no less than 3,500 metric tonnes per year of lithium hydroxide to Northvolt AB (“Northvolt”) for an initial 5-year supply period upon the start of commercial production at both the Shawinigan Plant and Northvolt's projected Skellefteå battery factory in Sweden (the "N Factory"). Under this agreement, Northvolt has agreed to issue to the Corporation a EUR 10M promissory note which, at the Corporation's option, can be converted into voting shares of Northvolt in connection with the N Factory funding, or redeemed at cost plus an agreed-upon interest rate.

On August 23, 2018, the Corporation paid, as the final payment for the purchase of the Shawinigan site, $1,700,000 to the Société de Développement de Shawinigan Inc.

On September 12, 2018, the Corporation received from Sustainable Development Technology Canada an amount of $2,732,198 in relation with the non-repayable grant for construction and operation of its Phase 1 Plant.

Progress at the Phase 1 Plant

The Corporation has continued operating its electrochemical demonstration plant (the "**Phase 1 Plant**"), designed to produce high purity lithium hydroxide from spodumene concentrate and lithium sulfate. Since February 2017, the Phase 1 Plant is producing battery grade lithium hydroxide solution from lithium sulfate provided by JM and, since September 2017, the Phase 1 plant is also able to process spodumene concentrate coming from the bulk sample done at the Whabouchi mine during the first 8 months of the calendar year 2017.

The work accomplished at the Phase 1 Plant since July 2017 is progressing as planned. During the twelve-month period that ended June 30, 2018 and up to the date of this report, the following work was done:

- Engineering, installation, commissioning and operation of the calcination and acid baking section at the Phase 1 Plant;
- Continued delivery of Lithium hydroxide in solution to JM for a cumulative total to date of about 47 tonnes produced from lithium sulfate solution;
- Delivery of lithium hydroxide in solution to JM for a total of about 13 tonnes produced from the conversion of spodumene concentrate that was produced at the Whabouchi mine;
- Production of the first kilos of lithium hydroxide monohydrate;
- Purchase order sent to the supplier for the small-scale drying equipment in order to produce lithium hydroxide monohydrate.

Progress at the Electrochemical Plant

During the twelve-month period that ended June 30, 2018 and up to the date of this report, the following work was done:

- Engineering work for the procurement of major equipment completed (*i.e.* Electrolysis, Flash calciner, LHM, LSM, SARC, Acid bake Kiln)
- Engineering for the procurement of other equipment is progressing as per schedule;
- Engineering for the early demolition contracts completed
- Optimization and testing of key elements of the flow sheet;
- Hiring of key operation and support personnel;
- Demolition of the non-required existing buildings by the former owner has been completed in June 2018;
- Site preparation for the installation of the flash calciner is progressing as planned.

The Corporation expects that the construction, installation and pre-operation verification at the Electrochemical Plant will take about 24 months from the date of this report.

Shawinigan Electrochemical Plant and P1P Plant infrastructures

Shawinigan New Administrative Building under construction

Shawinigan site preparation in progress

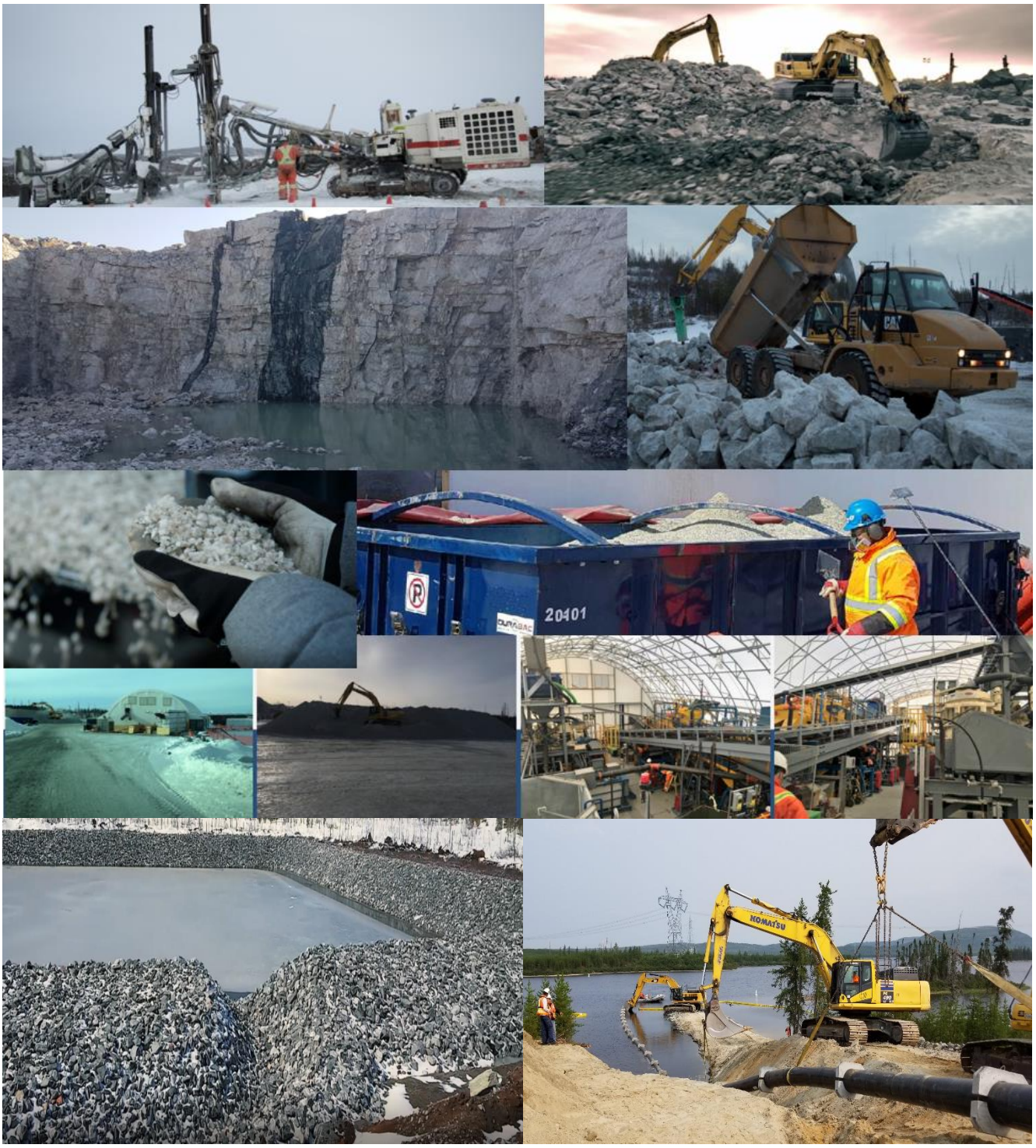
Progress at the Whabouchi Mine

During the twelve-month period that ended June 30, 2018 and up to the date of this report, the following work was done:

- Completing production of about 1,050 tonnes of spodumene concentrate averaging 6.25% Li_2O were produced at the mine site with the DMS concentrator that started in April 2017. About 15 tonnes of flotation concentrate averaging 6.2% Li_2O were produced at SGS in Lakefield, Ontario. A balance of about 125 tonnes of fines at an average grade of 4.6% Li_2O; 3,600 tonnes of fines at an average grade of 1.3% Li_2O as well as about 100 tonnes of middlings at an average grade of 3.8% Li_2O produced with the DMS are stockpiled at the mine site. About 13,000 tonnes of crushed ore it also ready to be processed when the commercial concentrator is commissioned.
- Construction of the approximately 17 km hydroelectric transport line from the Nemiscau sub-station all the way to the sub-station that was also built at the mine site in order to hook the hydroelectric transport line to the infrastructure, with a successful power-on of main switch yard on August 18, 2018;
- Civil works as part of the general site preparation and crushing area;
- Concrete foundations inside the concentrator are ongoing;
- Outside concrete foundations has started;
- Civil work for Basins 11 and 11N has started;
- Part of the 4.16 kV electricity distribution on site has started;
- Continued engineering work, including commercial bid and technical evaluation for key process equipment;
- Optimization and testing of key elements of the flow sheet;
- Hiring of key management, operation and support personnel;
- Engineering for the procurement of main equipment completed;
- Engineering for the award of main CSA contracts completed;
- 3D model showing all disciplines, progressing on supplier's approved design;
- Operation readiness plan is on-going;
- Detailed min plan for 3-5 years is being worked out;
- Definition drilling on-going in the area of the starter pit.

The Corporation expects that the construction, installation and pre-operation verification at the Whabouchi mine and concentrator will take about 12 to 15 months from the date of this report.

Whabouchi Mine site operation and infrastructures



Whabouchi mine site concentrator building and civil work around and inside

Whabouchi mine site administrative building

Intellectual Property and Patents

The Corporation has obtained Canadian Patent No. 2,871,092, Australian Patent No. 2013252439 and US Patent Nos. 9,677,181 and 10,066,305 that relate to its proprietary process for preparing high purity lithium hydroxide as well as Canadian Patents Nos. 2,905,197; 2,928,227; 2,940,027 and 2,964,148; Australian Patent Nos. 2014339706, 2014231593; Chilean Patent No. 55.597; European Patent No. 3 060 699; Japanese Patent No. 6368347; and US Patent No. 10,036,094 that specifically protects improvements of the electrolysis membrane process for preparing lithium hydroxide. The Corporation has also obtained Canadian Patent Nos. 2,874,917 and 2,928,224; US Patent Nos. 9,382,126 and 9,890,053; European Patent no. 2 855 735; Japanese Patent No. 6335316 and Australian Patent No. 2013270412 that relate to its proprietary process for preparing high purity lithium carbonate. The Corporation now has a patent portfolio comprised of 10 different patent families that relate to its proprietary processes for preparing lithium hydroxide and lithium carbonate as well as to improvements thereof. In addition to the above-mentioned patents, the Corporation has 51 pending patent applications in 11 different jurisdictions (AU, CA, CL, CN, HK, EP, IN, JP, KR, US, PCT).

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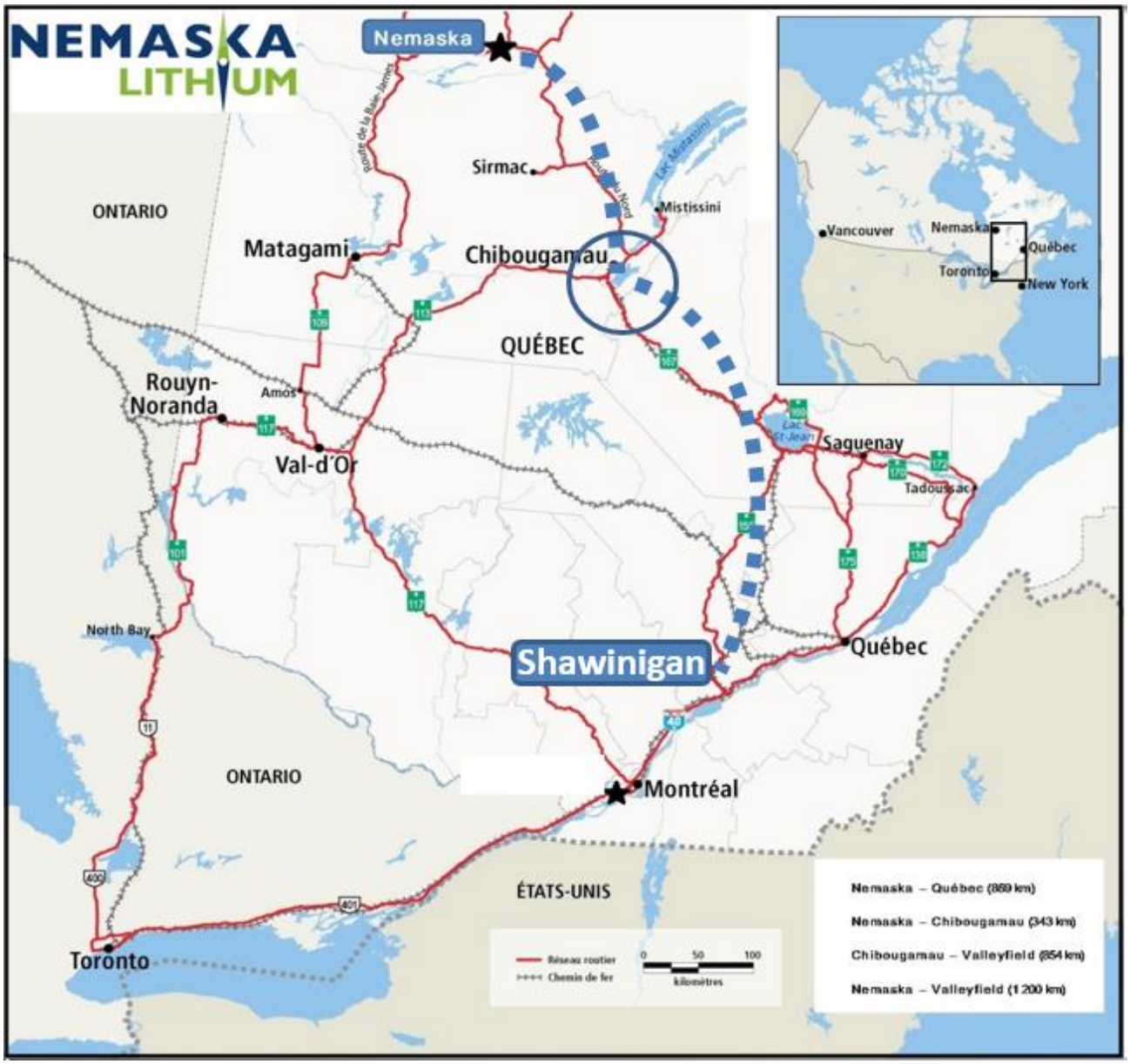
4) Updated Feasibility Study Highlights, Mineral Resources and Mineral Reserves

As at the date of this report, the Corporation owns 1 mining property, namely the Whabouchi property, consisting of 33 claims, one mining lease and 3 surface usage leases in the Eeyou Istchee / James Bay territory, province of Quebec. The Corporation also owns the Shawinigan Site and infrastructures that houses the Corporation's Phase 1 Plant and where the future Electrochemical Plant will be installed. The Plant will convert spodumene concentrate into high purity lithium hydroxide and lithium carbonate.



The table below highlights selected information from the 2018 Feasibility Study

2018 Feasibility Study Highlights (All calculations are based on 6.25% Li_2O spodumene concentrate) (All figures are quoted in Canadian Dollars (CDN$), unless otherwise specified)	
Expected Mine Life	33 years
Life of Mine Revenue	$19.2 Billion (US$14.8 B) (average of $581 M/yr)
Pre-Tax Net Undiscounted Cash Flow **After-Tax Net Undiscounted Cash Flow**	$13.3 Billion (US$10.2 B) (average of $425 M/yr before initial CAPEX) $9.6 Billion (US$7.4 B)
Pre-Tax NPV 8% Discount (base case) **After-Tax NPV 8%Discount (base case)**	$3.3 Billion (US$2.5 B) $2.3 Billion (US$1.8 B)
Pre-Tax Internal Rate of Return (IRR) **After-Tax Internal Rate of Return (IRR)**	34.4% [60.5% (when using the $1.1 Billion Project financing structure)] 30.5% [56.0% (when using the $1.1 Billion Project financing structure)]
Total Initial Capital Costs (*Note 1*)	$801 Million (US$616 M) in CAPEX including contingency
After-Tax Pay Back of Capital Costs	2.9 years
Average Selling Price Lithium Hydroxide over LOM	US$14,000/t Ex Works Shawinigan
Average Selling Price Lithium Carbonate over LOM	US$11,719/t Ex Works Shawinigan
Spodumene Concentrate Average Production Cost Per Tonne (Open Pit)	$285/t (US$219/t) Ex Works Whabouchi Mine
Spodumene Concentrate Average Production Cost Per Tonne (Underground)	$353/t (US$272/t) Ex Works Whabouchi Mine
Lithium Hydroxide Average Production Cost Per Tonne (from the Open Pit Concentrate)	$3,655/t (US$2,811/t) Ex Works Shawinigan
Lithium Carbonate Average Production Cost Per Tonne (from the Open Pit Concentrate)	$4,425/t (US$3,403/t) Ex Works Shawinigan
Life of Mine Production	7 million tonnes spodumene concentrate converted into ≈770k tonnes battery grade lithium hydroxide and ≈361k tonnes of battery grade lithium carbonate. (average per year of ≈213k tonnes of concentrate to produce ≈23k tonnes of lithium hydroxide and ≈11k tonnes of lithium carbonate)
Exchange Rate CDN$ to $US	1 : 0.769

Note 1: *this amount excludes the already invested CAPEX amount of $73.5 million that was already done at the Whabouchi Mine site and for the Shawinigan site as at November 30, 2017 and identified as sunk-costs in the 2018 Feasibility Study.*

Mineral Resources and Mineral Reserves

The Mineral Resources were estimated based on the following geological and resources block modeling parameters utilised by SGS Geostat:

- Mineral resources were evaluated from the diamond drill holes and channels analytical results completed by Nemaska since 2009. Historical drill holes and channels were not used for the current mineral resources estimate. A total of 593 drill holes/channels and 15,590 assays were used for the mineral resources model.
- The mineral resources 3-D modeling of mineralized pegmatite dyke was conducted using a lower modeling grade of 0.40% Li_2O over a 2m horizontal thickness.
- Two-meter composites were used in the estimation process. The Mineral Resources were modeled and estimated using Genesis© software.
- Block Model Interpolation was done using Ordinary Kriging. The block model was defined by a block size of 5m long by 3m wide by 5m thick and covers a strike length of 1,315 m to a maximal depth of 520 m below surface. Only Li_2O % grades were estimated.
- The In-pit Mineral Resources were limited inside an optimized pit shell with a 0.43% Li_2O cut-off grade. The interpolated blocks of the model located below the optimised pit shell are not included in the updated Mineral Resources. The In-pit Mineral Resources reach 320 m below surface (maximum depth of optimised pit).
- The cut-off grade of the reported Mineral Resources is 0.3% Li_2O for the open pit and 0.6% Li_2O for the underground mine.

FINAL DRILL HOLE DATABASE

Type	Count	Metres Drilled	Survey Records	Lithology Records	Assays Records	% Assayed Metres
Channel	344	6,806	0	855	944	14 %
Drill hole	249	50,572	8,998	4,498	14,646	30 %
Total	593	57,378	8,998	5,353	15,590	

The following resources have been estimated for the Whabouchi lithium mine.

OPEN PIT RESSOURCE ESTIMATE

Cut-Off Grade (Li_2O %)	Category	Tonnage* (t)	Average Grade (% Li_2O)
0.30	Measured	16,953,000	1.57
0.30	Indicated	20,403,000	1.41
0.30	**Measured+Indicated**	**37,356,000**	**1.48**
0.30	Inferred	6,687,000	1.37

Note: The Mineral Resource estimate has been estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions Standards for Mineral Resource and Mineral Reserve in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mineral resources which are not Mineral Reserve do not have demonstrated economic viability. Inferred Mineral Resource are exclusive of the Measured and Indicated Resources. Bulk density of 2.71 t/m³ is used. Effective date November 24, 2017. Blocks touching the pit were taken out,

* Rounded to the nearest thousand.

BELOW PIT MINERAL RESOURCE ESTIMATE

Cut-Off Grade (Li_2O %)	Category	Tonnage* (t)	Average Grade (% Li_2O)
0.60	Measured	12,000	1.87
0.60	Indicated	233,000	1.59
0.60	**Measured+Indicated**	**245,000**	**1.60**
0.60	Inferred	9,376,000	1.39

Note: The Mineral Resource estimate has been estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions Standards for Mineral Resource and Mineral Reserve in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mineral resources which are not Mineral Reserve do not have demonstrated economic viability. Inferred Mineral Resource are exclusive of the Measured and Indicated Resources. Bulk density of 2.71 t/m³ is used. Effective date November 24, 2017. Blocks touching the pit were taken out,

* Rounded to the nearest thousand.

The Mineral Reserves estimates that were used in the 2018 Feasibility Study. The Mineral Reserves are included in the Measured and Indicated Mineral Resources that have been identified as being economically extractable and incorporate the mining losses and the addition of waste dilution. The open pit minable cut-off grade is 0.34% Li_2O and 0.63% Li_2O for the underground.

WHABOUCHI COMBINATE MINERAL RESERVES

	Category	Tonnage (Mt)	Li_2O Grade (%)
Open Pit (OP)	Proven	15.5	1.56
	Probable	8.5	1.48
	OP: Proven & Probable Reserves	**24.0**	**1.53**
Underground (U/G)	Proven	1.5	1.36
	Probable	11.1	1.13
	UG: Proven & Probable Reserves	**12.7**	**1.16**
Total OP & U/G Reserves	Proven	17.0	1.54
	Probable	19.6	1.28
	Proven & Probable Reserves[1]	**36.7**	**1.40**

1 due to rounding errors, totals may not add-up exactly.

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5) Selected Financial Information

The following table summarizes the Corporation's selected key financial data taken from the consolidated statements of loss for the years ended June 30, 2018 and 2017 as well as the consolidated statement of financial position as at June 30, 2018, June 30, 2017 and June 30, 2016.

Consolidated statements of loss selected financial information		
	Years ended June 30	
Earnings and loss	**2018**	**2017**
Interest income	**979,875**	359,830
Loss before income taxes	**12,072,200**	9,510,441
Net loss	**12,072,200**	10,043,800
Loss per share, basic and diluted	**0.028**	0.032

Consolidated Statements of Financial Position selected financial information			
	As at		
	June 30, 2018 ($)	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Cash and cash equivalents	**371,193,499**	66,567,210	19,563,445
Restricted cash	**40,000,000**	-	-
Working capital [(1)]	**364,091,003**	60,131,206	17,119,140
Total assets	**648,354,862**	202,042,706	63,515,382
Total liabilities	**48,387,237**	47,593,940	15,808,688
Shareholder's Equity	**599,967,625**	154,448,766	47,706,694

[(1)] This is a non-GAAP financial measure which does not have any standardized meaning prescribed by the Corporation's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. This financial measure is defined as the current assets less the current liabilities which presents the actual working capital available to the Corporation for general administrative purposes. For greater clarity, this calculation excludes the restricted cash.

Consolidated statement of financial position as at June 30, 2018

As at June 30, 2018, the total assets of the Corporation were at $648,354,862, an increase of $432,059,434 and of $446,312,156 when compared to March 31, 2018 and to June 30, 2017, respectively. The increase in the total assets during the twelve-month period ended June 30, 2018 is mostly due to the increase in cash and cash equivalent related to the following elements: i) the closing of a public offering on a bought deal basis through a syndicate of underwriters, contemporaneous with the closing of two private placements for aggregate gross proceeds of $453,776,492 ii) $15,035,526 following the exercises of shareholders' warrants and brokers warrants; iii) the proceeds of $818,225 following the exercises of options; iv) the $250,000 cash proceeds related to the sale of the Sirmac property; v) the reception of the final amount representing $1,000,000 in relation with the advanced payment from JM; vi) the net increase of $4,890,538 in the investments in Monarques Gold Corporation and in Vision Lithium Inc. in the aggregate; and vii) the estimated inflation-adjusted discounted cash flows required asset retirement obligations of $1,052,767. On the other hand, the following main elements contributed to the decrease in the total assets during the year ended June 30, 2018: i) the cash flow used in order to pay for the share issuance expenses of $18,321,983; ii) the decrease of $1,887,670 in the mining properties and in the exploration and evaluation assets in relation with the Sirmac property sold to Vision Lithium; iii) the cash flow used to decrease the accounts payable and accrued liabilities for a total of $1,259,469 and iv) the operating activities also contributed in the decrease of the total assets.

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Consolidated Statement of Loss and Comprehensive Loss
Three-month periods ended June 30, 2018 and 2017

	2018	2017
	$	$
EXPENSES:		
Compensation	**1,982,526**	1,873,439
Share-based expense	**5,266,797**	607,017
Rent, office expense and other expenses	**158,420**	91,401
Depreciation and amortization expense	**99,670**	44,538
Registration, listing fees and shareholders' information	**295,369**	7,779
Promotion and advertising	**18,171**	30,631
Representation, missions and trade shows	**368,800**	217,325
Consultants fees	**835,320**	171,317
Professional fees	**480,244**	113,747
Operating loss	**9,505,317**	3,157,194
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(724,387)**	(56,743)
Finance expense	**12,569**	6,656
(Profit) or loss on foreign exchange	**(150,049)**	357,775
	(861,867)	307,588
Loss before other item and income taxes	**8,643,450**	3,464,782
Other items :		
Other items related to disposal of mining assets	**671**	-
Impairment of the investments recorded at fair value	**4,559,761**	-
	4,560,432	-
Loss before income taxes	**13,203,882**	-
Deferred income taxes and mining taxes recovery	**(269,374)**	553,294
	(269,374)	553,294
Net loss for the period	**12,934,508**	4,018,076
OTHER COMPREHENSIVE LOSS:		
Decrease in fair value of the investments	**2,538,709**	396,237
Deferred income taxes	**(367,915)**	(53,294)
	2,170,794	342,943
Decrease in fair value of the investments transferred to net loss	**(4,559,761)**	-
Deferred income taxes	**637,289**	-
	(3,922,472)	-
Other comprehensive loss, net of income taxes	**(1,751,678)**	342,943
Total comprehensive loss for the period	**11,182,830**	4,361,019
Basic and diluted loss per share	**0.020**	0.012
Basic and diluted weighted average number of shares outstanding	**553,144,375**	326,769,706

The results for the three-month period ended June 30, 2018 show a loss before other items and income taxes of $8,643,450 ($3,464,782 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $724 386 ($56,743 for the same period in the previous year), the Corporation has no revenues from operations.

As seen in the previous consolidated statement of loss and comprehensive loss, the main variations between the current year three-month period and the previous year comparative figures having an impact on the net loss are: i) compensation increased by $109,087 mainly due to headcount increases ii) share-based payments increased by $4,659,780 mainly driven by the different parameters of the Black-Scholes valuation model combined with the fact that more options were issued and vested in the current three-month period than the same period in the previous year; iii) increase by $287,590 in Registration, listing fees and shareholders' information is mainly due to the TSX annual sustaining fees and also delayed invoicing received in Q4 instead of Q3 in relation with the shareholders meeting and finally reclassification of fees not related to financing costs; iv) promotion and advertising combined with representation, missions and trade shows increased by $139,015 mainly due to high activities during the current quarter; v) increases by $1,030,501 in the combined consultant fees and professional fees are mainly due to increases in the corporate human resources activities and in due diligence activities; vi) increase in finance income by $667,643 mainly related to the financing activities; vii) positive variance on foreign exchange by $507,824 mainly due to the fact that more transactions are made in foreign currencies; and viii) the fluctuation in the fair market value of the investment in Monarques Gold Corporation and in the investment in Vision Lithium Inc. resulted in a year-over-year impairment and decrease in the fair value of the investments variation of $2,142,472 when we combined the lines of Impairment of the investments recorded at fair value, Decrease in fair value of the investments and Decrease in fair value of the investments transferred to net loss.

Financing activities for the three-month period ended June 30, 2018

Between April 1, 2018 and June 30, 2018, 686,750 options were exercised by officers and employee at a price varying between $0.10 and $0.50 for an aggregate total value of $240,850; this resulted in the Corporation issuing 686,750 common shares.

On May 30, 2018, the Corporation completed, through a syndicate of underwriters, a Public Offering on a bought deal basis pursuant to a prospectus supplement dated May 23, 2018 in connection with the short form base shelf prospectus of the Corporation dated March 29, 2018. This resulted for the Corporation to issue 280,000,000 common shares at a price of $1.00 per share for aggregate gross proceeds of $280,000,000.

Furthermore, on May 30, 2018, the Corporation completed contemporaneously a Private Placement with Ressources Québec pursuant to which the Corporation issued 80,000,000 common shares at a price of $1.00 per share for aggregate gross proceeds of $80,000,000.

Finally, on May 30, 2018, following the Public Offering, the Private Placement with Ressources Québec and the Bond Offering (note 10), all conditions related to the private placement with Softbank have been met. This resulted in the conversion of 83,729,011 subscription receipts that were issued on April 5, 2018 into 83,729,011 common shares at a price of $1.12 per share the for aggregate gross proceeds of $93,776,492.

Investing activities for the three-month period ended June 30, 2018

During the three-month period ended June 30, 2018, a net amount of $27,149,080 was used in the investing activities. The cash flows used for investments in the property, plant and equipment required a net cash amount of $17,675,202; while the cash flow used for prepaid interest that will be capitalized to property, plant and equipment required a total amount of $8,413,730 and finally the investments in the intangible assets required

cash flows for a total amount of $975,436. For details on the investment activities, please refer to the "*Highlights for the twelve-month period ended June 30, 2018 and up to the date of this report and next steps*" section at the beginning of this document under the sub-sections "*Progress at the Phase 1 Plant*", "*Progress at the Electrochemical Plant*", "*Progress at the Whabouchi mine site*" and "*Intellectual Property and Patents*".

Consolidated Statement of Loss and Comprehensive Loss
Twelve-month periods ended June 30, 2018 and 2017

	2018	2017
	$	$
EXPENSES:		
Compensation	**5,404,152**	4,235,135
Share-based payments	**6,231,943**	2,243,516
Rent, office expense and other expenses	**443,845**	335,290
Depreciation and amortization expense	**299,677**	92,525
Registration, listing fees and shareholders' information	**432,593**	447,423
Promotion and advertising	**73,198**	170,099
Representation, missions and trade shows	**1,060,628**	928,457
Consultants fees	**1,028,016**	456,906
Professional fees	**1,276,665**	634,904
Operating loss	**16,250,717**	9,544,255
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(979,875)**	(359,830)
Finance expense	**30,633**	18,035
Loss on foreign exchange	**21,179**	307,981
	(928,063)	(33,814)
Loss after net finance income	**15,322,654**	9,510,441
OTHER ITEMS (INCOME):		
Profit on disposal of mining assets	**(7,810,215)**	-
Impairment of the investments recorded at fair value	**4,559,761**	-
	(3,250,454)	-
Loss before income taxes	**12,072,200**	9,510,441
Current income taxes and mining taxes recovery	**-**	(91,750)
Deferred income taxes and mining taxes recovery	**-**	625,109
	-	533,359
Net Loss and comprehensive loss for the year	**12,072,200**	10,043,800
Basic and diluted loss per share	**0.028**	0.032
Basic and diluted weighted average number of shares outstanding	**428,150,592**	315,831,084

The results for the twelve-month period ended June 30, 2018 show a net loss after finance income of $15,322,654 ($9,510,441 for the same period in the previous year) as seen in the previous table. Aside from interest revenues

of $979,875 ($359,830 for the same period in the previous year), the Corporation has no revenues from operations.

As seen in the previous consolidated statement of loss and comprehensive loss, the main variations between the current year twelve-month period and the previous year comparative figures having an impact on the net loss are: i) compensation increased by $1,169,017 mainly due to headcount increases and severance expense; ii) share-based payments increased by $3,988,427 mainly driven by the different parameters of the Black-Scholes valuation model combined with the fact that more options were issued and vested in the current twelve-month period than the same period in the previous year; iii) increases by $1,212,871 in the combined consultant fees and professional fees are mainly due to increases in the corporate human resources activities and in due diligence activities; iv) increase in finance income by $620,045 mainly related to the financing activities; v) positive variance on foreign exchange by $286,802 mainly due to the fact that more transactions are made in foreign currencies; vi) non-recurring profit of $7,810,215 due to the sale of the Sirmac mining property; and vii) the fluctuation in the fair market value of the investment in Monarques Gold Corporation and in the investment in Vision Lithium Inc. resulted in an impairment of the investments recorded at fair value of $4,559,761.

Financing activities for the twelve-month period ended June 30, 2018

Between July 1, 2017 and June 30, 2018, 1,651,750 options were exercised by officers, employees, consultants and a former board member at prices per share varying between $0.10 and $1.20 while shareholders exercised 19,842,875 warrants at an average price per share of $0.48 and brokers exercised 2,864,518 broker units which resulted in the issuance of 3,849,197 common shares at an average price of $1.42 per share for an aggregate total issuance of 25,343,822 common shares for a total value of $16,313,412. As a result of the options exercised, an amount of $459,661 was reclassified from contributed surplus to the share capital and warrants.

On May 30, 2018, the Corporation completed, through a syndicate of underwriters, a Public Offering on a bought deal basis, pursuant to a prospectus supplement dated May 23, 2018 in connection with the short form base shelf prospectus of the Corporation dated March 29, 2018. This resulted for the Corporation to issue 280,000,000 common shares at a price of $1.00 per share for aggregate gross proceeds of $280,000,000.

Furthermore, on May 30, 2018, the Corporation completed contemporaneously a Private Placement with Ressources Québec Inc. pursuant to which the Corporation issued 80,000,000 common shares at a price of $1.00 per share for aggregate gross proceeds of $80,000,000.

Finally, on May 30, 2018, following the closing of a Public Offering, the Private Placement with Ressources Québec and the Bond Offering, these closing resulted in the conversion of 83,729,011 subscription receipts that were issued to Softbank on April 5, 2018 into 83,729,011 common shares at a price of $1.12 per share the for aggregate gross proceeds of $93,776,492.

Investing activities for the twelve-month period ended June 30, 2018

During the twelve-month period ended June 30, 2018, a net amount of $89,261,831 was used in the investing activities. The cash flows used for investments in the property, plant and equipment required a net cash amount of $74,463,896; while the cash flow used for prepaid interest that will be capitalized to property, plant and equipment required a total amount of $8,413,730; while the investments in the asset retirement obligation and in the intangible assets required cash flows for a total amount of $6,548,050. The sale of the Sirmac property

generated $250,000 of cash. For details on the investment activities, please refer to the "*Highlights for the twelve-month period ended June 30, 2018 and up to the date of this report and next steps*" section at the beginning of this document under the sub-sections "*Progress at the Phase 1 Plant*", "*Progress at the Electrochemical Plant*", "*Progress at the Whabouchi mine site*" and "*Intellectual Property and Patents*".

2018 Feasibility Study Investments Highlights

Based on the 2018 Feasibility Study and as at June 30, 2018, the cumulative Commercial Project CAPEX investments are as follows:

Based on 2018 Feasibility Study ("2018 FS")	
	2018 FS ($ '000)
Total expected CAPEX Whabouchi Mine Site (***Note 1***)	333,352
CAPEX invested as at June 30, 2018	(83,677)
CAPEX to be invested from July 1, 2018 onward	**249,675**
Total expected CAPEX Shawinigan Site (***Note 2***)	541,397
CAPEX invested as at June 30, 2018	(21,759)
CAPEX to be invested from July 1, 2018 onward	**519,638**
Total expected CAPEX Whabouchi Mine Site and Shawinigan Site (***Note 3***)	**874,749**
CAPEX invested as at June 30, 2018	(105,436)
Expected CAPEX to be invested from July 1, 2018 onward	**769,313**

Note 1: *this amount includes the already invested CAPEX amount of about $63.5 million that was already done at the Whabouchi Mine site as at November 30, 2017 and identified as sunk-costs in the 2018 Feasibility Study.*

Note 2: *this amount includes the already invested CAPEX amount of about $10 million that was already done for the Shawinigan site as at November 30, 2017 and identified as sunk-costs in the 2018 Feasibility Study.*

Note 3: *this amount includes the already invested CAPEX amount of $73.5 million that was already done at the Whabouchi Mine site and for the Shawinigan site as at November 30, 2017 and identified as sunk-costs in the 2018 Feasibility Study.*

6) Selected Quarterly Data

Operating results for each of the last 8 quarters are presented in the table below. The data related to these quarters were prepared in the same manner as that of the audited financial statements for the fiscal year ended June 30, 2017.

Operating results:

Operating results as at:	Finance income $	(Profit) or Loss before income taxes $	Net (Profit) or Loss $	(Profit) Loss per share – basic $
June 30, 2018	724,387	13,203,882 [1]	12,934,508 [1]	0.020 [1]
March 31, 2018	73,756	(5,720,508) [2]	(5,557,721) [2]	(0.014) [2]
December 31, 2017	95,612	2,078,742	2,206,647	0.008
September 30, 2017	86,120	2,510,084	2,488,766	0.006
June 30, 2017	56,743	3,464,782	4,018,076	0.013
March 31, 2017	81,821	2,165,615	2,108,250	0.007
December 31, 2016	131,978	2,630,877	2,748,123	0.011
September 30, 2016	89,287	1,249,167	1,169,351	0.004

[1] The higher loss in this quarter compared to previous quarters is mainly due to the impairment of the investments recorded at fair value for $2,538,709 and to the share-based expense for $5,266,797.

[2] The profit was generated by a gain of $7,810,887 resulting from the sale of the Sirmac Property.

Activities in the Common shares, Share purchase option, Warrants issued to shareholders and Compensation options to brokers:

Please refer to the "*Financing activities for the twelve-month period ended June 30, 2018*" section in this document for more details on the main movements.

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	846,434,338	846,112,909
June 30, 2018	846,059,338	846,059,338
March 31, 2018	401,643,577	401,516,841
December 31, 2017	400,354,721	381,600,032
September 30, 2017	377,436,505	377,120,744
June 30, 2017	376,986,505	326,769,706
March 31, 2017	318,400,855	316,289,155
December 31, 2016	312,933,855	312,909,942
September 30, 2016	312,833,855	307,484,390

Options:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price $
As at the date of this report	35,404,400	21,497,740	0.93
June 30, 2018	34,512,734	20,630,242	0.92
March 31, 2018	16,324,484	13,670,325	0.76
December 31, 2017	15,924,484	13,182,826	0.64
September 30, 2017	16,239,484	13,272,825	0.65
June 30, 2017	16,956,150	13,035,321	0.70
March 31, 2017	17,056,150	12,626,987	0.70
December 31, 2016	17,681,150	12,856,150	0.68
September 30, 2016	16,781,150	12,706,150	0.64

As at June 30, 2018, the Corporation had 34,512,734 outstanding options to purchase Common Shares. These options allow their holders to subscribe to one (1) common share at exercise prices varying between $0.10 and $2.39 per common share at different dates until June 2023, subject to the conditions established under the Common Share Purchase Option Plan.

Between July 1, 2018 and up to the date of this report, 375,000 options were exercised by a consultant at a price of $0.125 per share and the Corporation issued 375,000 common shares in relation to this exercise. Also, the Corporation issued 1,850,000 options having exercise prices varying between $0.85 and $1.04, cancelled 250,000 options that were issued at an exercise price of $1.04 and 233,334 options exercisable at a price of $1.20 expired.

Warrants issued to shareholder:

Outstanding warrants issued to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average exercise strike price $
As at the date of this report	29,274,823	29,274,823	1.50
June 30, 2018	29,274,823	29,274,823	1.50
March 31, 2018	29,274,823	29,274,823	1.50
December 31, 2017	29,749,550	29,749,550	1.50
September 30, 2017	49,117,698	49,117,698	1.10
June 30, 2017	49,117,698	49,117,698	1.10
March 31, 2017	59,933,348	59,933,348	0.94
December 31, 2016	64,525,348	64,525,348	0.76
September 30, 2016	64,575,348	64,575,348	0.76

As at June 30, 2018, the Corporation had a total of 29,274,823 exercisable warrants outstanding. Each warrant allows its holder to subscribe to one (1) common share at a price of $1.50 per share with an expiry date of July 8, 2019.

Compensation options or warrant units to brokers:

Outstanding compensation options or warrant units to brokers as at:	Compensation options or warrant units issued to brokers	Compensation options or warrant units exercisable	Average exercise strike price $
As at the date of this report	735,488	735,488	1.15
June 30, 2018	735,488	735,488	1.15
March 31, 2018	735,488	735,488	1.15
December 31, 2017	1,451,617	1,451,617	1.15
September 30, 2017	3,600,006	3,600,006	1.15
June 30, 2017	3,600,006	3,600,006	1.15
March 31, 2017	3,600,006	3,600,006	1.15
December 31, 2016	3,600,006	3,600,006	1.15
September 30, 2016	3,600,006	3,600,006	1.15

As at June 30, 2018, the Corporation had the equivalent of 735,488 broker warrant units outstanding, collectively entitling the holders thereof to purchase an aggregate of up to 735,488 units of the Corporation, at a price of $1.15 per unit, each being comprised of one common share of the Corporation and one-half of one common share purchase warrant. Subject to acceleration provisions as described in the July Warrant Indenture, each whole common share purchase warrant is exercisable up to July 8, 2019 to purchase one common share of the Corporation at a price of $1.50 per common share. As at June 30, 2018, in addition to the outstanding and exercisable broker units, a total of 447,580 broker warrants allowing the holders to purchase 447,580 common shares are still outstanding at an exercise price of $1.50 per share and having an expiry date of July 8, 2019.

Related Party Transactions and Commercial Objectives

During the three-month and twelve-month periods ended June 30, 2018, the Corporation incurred expenses for services rendered by executive officers of the Corporation. These services were rendered in the normal course of operations and are measured at the exchange amount, which is the amount agreed between the parties.

Three-month periods ended June 30		
	2018 ($)	**2017 ($)**
Compensation paid to key management personnel	**1,429,660**	1,238,938
Stock-based compensation paid to key management personnel	**1,317,603**	171,428
Fees and expenses towards the external directors	**41,383**	51,337
Stock-based compensation paid to external directors	**3,185,744**	160,769
Twelve-month periods ended June 30		
	2018 ($)	**2017 ($)**
Compensation paid to key management personnel	**3,121,225**	2,734,054
Stock-based compensation paid to key management personnel	**1,562,485**	819,409
Fees and expenses towards the external directors	**154,893**	182,895
Stock-based compensation paid to external directors	**3,185,744**	160,769

Financing sources

The financing sources for the last 8 quarters and up to the date of this report are listed in the following table:

Financing sources table				
Date	**Type**	**Financings**	**Gross Amounts ($)**	**General description of the use of proceeds**
July 8, 2016	Short Form Prospectus	Common shares and Warrants	69,000,115	The net proceeds of the financing were mainly used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs; **ii)** Diamond drilling program on the Whabouchi mine site; **iii)** Detailed engineering work and other projects development costs for the Whabouchi and Shawinigan sites; **iv)** Installation of the portable mill at the Whabouchi mine site in order to do a bulk sample and training; **v)** Site preparation and construction of the concentrator building at the Whabouchi mine site.
Between July 1, 2016 and June 30, 2017	Options exercised	Common shares	503,000	The net proceeds of the financing were used to fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2016 and June 30, 2016	Warrants exercised	Common shares	3,503,705	The net proceeds of the financing were mainly used to fund the general administrative expenses, investing activities and other working capital needs.
February 10, 2017	Advance payment	Johnson Matthey Battery Materials Ltd	3,000,000	The net proceeds of the financing were used to fund the investing activities and other working capital needs of the Phase 1 Plant.
April 3, 2017	Lump sum payment	FMC	US$10,000,000 (13,357,987)	The net proceeds of the financing were used to fund the general administrative expenses, investing activities and other working capital needs.
May 5, 2017	Advance payment	Johnson Matthey Battery Materials Ltd	2,000,000	The net proceeds of the financing were used to fund the investing activities and other working capital needs of the Phase 1 Plant.

Financing sources table				
Date	**Type**	**Financings**	**Gross Amounts ($)**	**General description of the use of proceeds**
June 29, 2017	Short Form Prospectus	Common shares and Warrants	50,001,000	The net proceeds of the financing were used to fund for: **i)** Detailed engineering work, Corporation's costs and other projects development costs for the Whabouchi and Shawinigan sites; **ii)** Construction of the power line for the Whabouchi mine site; **iii)** Site preparation and buildings infrastructures work at the Whabouchi site.
Between July 1, 2017 and June 30, 2018	Options exercised	Common shares	818,225	The net proceeds of the financing were used to fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2017 and June 30, 2018	Warrants	Common shares	15,035,526	The net proceeds of the financing were used to continue detailed engineering work, other projects development costs for the Whabouchi and Shawinigan sites and fund the general administrative expenses.
May 30, 2018	Short Form Prospectus base shelf	Common shares	280,000,000	The net proceeds of the project financing package, after deductions of the financing costs, is and will be used by the Corporation to fund the construction, commissioning, working capital and reserves of the Commercial Project and partly for general corporate working capital.
May 30, 2018	Non-brokered Private Placement	Common shares	80,000,000	The net proceeds of the project financing package, after deductions of the financing costs, is and will be used by the Corporation to fund the construction, commissioning, working capital and reserves of the Commercial Project and partly for general corporate working capital.
May 30, 2018	Non-brokered Private Placement	Common shares	93,776,492	The net proceeds of the project financing package, after deductions of the financing costs, is and will be used by the Corporation to fund the construction, commissioning, working capital and reserves of the Commercial Project and partly for general corporate working capital.

Financing sources table				
Date	**Type**	**Financings**	**Gross Amounts ($)**	**General description of the use of proceeds**
July 24, 2018	Grants	Transition Énergétique du Québec	2,500,000	The net proceed of the grant was to reimburse part of the cost of construction of the hydroelectric line that was built for the Whabouchi mine site.
August 23, 2018	Stream payment	Orion Mine Finance II LP	US$75,000,000	The net proceeds of the stream payment, after deductions of the financing costs, is and will be used by the Corporation to fund the construction, commissioning, working capital and reserves of the Commercial Project.
September 12, 2018	Grants	Sustainable Development Technology Canada	2,732,198	The net proceed of the financing is to fund the investing activities and other working capital needs of the Phase 1 Plant.

7) Basis of preparation:

(A) STATEMENT OF COMPLIANCE:

The audited consolidated financial statements for the year ended June 30, 2018 have been prepared in accordance with IFRS.

The accounting policies applied in these audited consolidated financial statements are based on IFRS issued and in effect as at year-end. On September 27, 2018, the Board of Directors approved for filling on SEDAR these audited consolidated financial statements.

(B) BASIS OF MEASUREMENT:

The audited consolidated financial statements have been prepared on the historical cost basis, except for investment which are recorded at fair value.

The audited consolidated financial statements have been prepared on a going concern basis, meaning the Corporation would be able to realize its assets and discharge its liabilities in the normal course of operations.

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

The audited consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of the audited consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 1 - the determination that the Corporation is in the development stage; in Note 5 – capitalized cost and recoverability of property, plant and equipment; and intangible assets and in. It also includes the following critical judgment:

Commercial production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of Phase 1 Plant and Commercial Plant, Buildings and Sites Preparation in progress within property, plant and equipment, and proceeds from sales will be offset against capitalized costs.

Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- when the mine is substantially complete and ready for its intended use;
- the ability to sustain ongoing production at a steady or increasing level;
- the mine has reached a level of pre-determined percentage of design capacity;
- mineral recoveries are at or near the expected production level, and;
- the completion of a reasonable period of testing of the mine plant and equipment.

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Once in commercial production, the capitalization of certain mine development and construction costs will cease. Subsequent costs will be either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development will be assessed to determine whether capitalization is appropriate.

The Commercial project has not yet reached commercial production and the net book value of the Phase 1 Plant in progress and Commercial Project totaling $146,817,416 as at June 30, 2018 will be classified in specific categories of assets once the construction of the commercial assets is finalized.

8) Significant accounting policies:

The preparation of audited consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that effect amounts reported in the audited financial statement and accompanying notes. There is full disclosure of the Corporation's significant accounting policies and accounting estimates in notes 3 of the audited consolidated financial statements for the years ended June 30, 2018 and 2017.

9) Financial instruments and financial risk management:

Off Balance sheet agreements

The Corporation has not concluded any off-balance sheet agreements.

Obligations and contractual commitments

The Corporation had the following commitments as at the date of this report:

A) In September 2009, the Corporation acquired a 100% interest in 16 mining claims included in the Whabouchi property. The vendors kept a 3% Net Smelter Return ("NSR") royalty on the 16 claims and on 4 of the 7 claims acquired by map designation by the Corporation. For an amount of $1,000,000, 1% of this royalty may be purchased once the Corporation has officially declared it is in commercial production. The Whabouchi lithium mine is located on these claims.

B) In case of commercial production on any of the 10 claims acquired from Golden Goose Resources Inc. in January 2010 related to the Whabouchi property, the Corporation has to pay a 2% NSR royalty on all metals. The Corporation has the option to purchase 1% of this NSR royalty for an amount of $1,000,000.

C) The Corporation leases office space and the lease was renewed in December 2016 for a period of four years, from February 1, 2017 to January 31, 2021, with the option to terminate the lease after the first year of this renewal. The monthly amount of the lease is $6,062 until January 2020 and will be $6,142 for the remaining term. As at June 30, 2018, the total contractual payments remaining until then, assuming the lease will not be terminated before the end of the term, will amount to $188,882.

D) As at June 30, 2018, the Corporation had issued $18,601,585 of purchases orders ($14,252,347 in relation to the construction and $4,409,238 in relation to the operation).

E) On August 23, 2018, the Corporation confirmed that Nemaska Lithium Shawinigan Transformation Inc., its wholly-owned subsidiary, has received a first payment of US$75 million from affiliates of Orion under the Streaming Agreement entered into on April 12, 2018 (Note 10(B) of the audited consolidated financial statements for the year ended June 30, 2018). Such payment represents the first tranche of the total advance payment equal to US$150 million to be made by Orion under the Streaming Agreement. Therefore, following this first tranche payment, Orion is entitled to 7.5% of the Stream Products (Note 10 (B) of the audited consolidated financial statements for the year ended June 30, 2018). Orion is secured by the Corporation's intangible assets, present and future; and is also secured by the universality of the subsidiaries (Nemaska Lithium Shawinigan Transformation Inc. and Nemaska Lithium Whabouchi Mine Inc.) tangible and intangible assets, present and future.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of short-term financial assets and liabilities which include cash and cash equivalents, grants and other receivables, accounts payable and accrued liabilities and purchase price balance payable, approximate their fair value due to the immediate or short-term maturity of these financial instruments.

RISK EXPOSURE AND MANAGEMENT

The Corporation is exposed to a certain amount of risks at different levels. The type of risk and the way the exposure is managed are described hereafter.

Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents bear interest at variable rates that can range during the year anywhere between 0.70% up to 1.90% per year, depending on the Bank of Canada overnight rate fluctuations. In relation with those items, there is limited exposure to fair value variation due to the fact that they are redeemable at any time. The other financial assets and liabilities of the Corporation as at the consolidated financial statement date do not represent interest risk because they are without interest and are current liabilities. The Corporation does not use financial derivatives to decrease its exposure to interest risk.

Currency risk:

The Corporation makes certain transactions in foreign currencies mainly in US dollars, euros and Great Britain pound. The balances in the accounts payable and accrued liabilities in these foreign currencies were $498,821 (US$254,774, €44,730 and £60,168) as at June 30, 2018 and $291,537 (US$164,111, €35,932 and £8,950) as at June 30, 2017. Consequently, the Corporation is slightly exposed to foreign exchange fluctuation.

Credit risk:

Credit risk is the risk of a financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Corporation's cash and cash equivalents and grants and other receivables and the carrying amount of these financial assets represents the Corporation's maximum exposure to credit risk as at the date of the financial statements. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The credit risk on grants is also limited as the counterparties are funded by federal and provincial government.

Liquidity risk and cash restriction:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with its financial liabilities as they fall due.

The Corporation manages liquidity risk through the management of its capital structure as outlined in Note 20. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As part of the Financing Agreements, the Corporation had to deposit $40,000,000 in a restricted bank account as a project cost overrun facility, for which the Corporation would have to meet some conditions in order to get approvals to use these funds. The Corporation does not expect to use these funds during the next twelve months.

As at June 30, 2018, all of the Corporation's financial liabilities had contractual maturities of less than one year and the Corporation had enough funds available to meet its current financial liabilities. At the same date, the Corporation had $371,193,499 in non-restricted cash and cash equivalents ($66,567,210 as at June 30, 2017), $2,983,800 in sales tax receivables ($5,054,044 as at June 30, 2017), $8,053,608 in Grants and other receivables ($7,663,838 as at June 30, 2017) and $379,694 in mining rights and tax credits receivable ($379,694 as at June 30, 2017) in order to meet its financial liabilities and future financial liabilities from its commitments.

GRANTS:

On February 16, 2015, the Corporation entered into an agreement with the federally-funded Sustainable Development Technology Canada for a $12,870,000 non-repayable grant for construction and operation of its Phase 1 Plant. The Corporation received in three tranches a total amount of $8,850,802, the first one was received in January 2016, the second in June 2016 and the third one in December 2017. An amount of $2,732,198 was received on September 12, 2018 and the 10% retention on amounts disbursed amounting to $1,287,000 should be received during the 2019 calendar year. This last amount of $1,287,000 is not yet included in the "Grants and other receivables" in the audited consolidated financial statements of financial position as at June 30, 2018 because the Corporation has not yet fulfilled all its obligations in respect of this amount.

On March 11, 2015, the Corporation signed an agreement with the Ministère de l'Énergie et des Ressources Naturelles, which entitles the Corporation to receive a total of $3,000,000 non-repayable grant as part of the Technoclimat program. The Corporation received the first tranche of $300,000 in May 2015, a second tranche of $450,000 in March 2016 and a third tranche of $900,000 on November 30 2017. The remaining balance of $900,000 should be received before the end of the calendar year 2018 while the 15% retention on amounts disbursed amounting to $450,000 should be received during the 2019 calendar year. This last amount of $450,000 is not yet included in the "Grants and other receivables" in the audited consolidated financial statements of financial position as at June 30, 2018 because the Corporation has not yet fulfilled all its obligations in respect of this amount.

As at June 30, 2018, an amount of $3,632,198 was recorded as grants receivable ($7,538,650, as at June 30, 2017 was recorded as grants receivable).

During the year ended June 30, 2018, the Corporation was awarded a subsidy amounting to $5,000,000 from Transition Énergétique du Québec in relation to the construction of the electric line for its Whabouchi mine site. As at June 30, 2018, the Corporation recorded an amount of $3,750,000 as subsidy receivable (nil as at June 30, 2017) of which, an amount of 2,500,000 was received on July 24, 2018.The remaining amount of $1,250,000 will be recognized and claimed as soon as the final milestone will be met.

As at June 30, 2018, an amount of $671,410 of accrued interest on cash equivalent as other receivables.

PURCHASE PRICE BALANCE PAYABLE:

The Corporation has contracted a purchase price balance payable towards the Société de Développement de Shawinigan Inc. in the amount of $2,000,000 in relation to the acquisition of the land and selected buildings located in Shawinigan, Québec, Canada. A first payment of $300,000 was paid in March 2017 and consequently, the balance payable as at June 30, 2018 amounted to $1,700,000 ($1,700,000 as at June 30, 2017). On August, 23, 2018, the amount of $1,700,000 was fully paid.

DEFERRED REVENUES:

The Corporation has signed an agreement with Johnson Matthey Battery Materials Ltd ("JMBM") in the amount of $12,000,000 in exchange for services and products of the same value from the Corporation Phase 1 Plant. As at June 30, 2018, the full amount was received ($11,000,000 as at June 30, 2017). In the event of a default regarding the agreement between the Corporation and JMBM, the Corporation would need to reimburse the amount of $12,000,000; unless the Corporation and JMBM are able to agree on other mutual terms that would prevent the Corporation to have to do so.

On April 3, 2017, the Corporation (via its wholly owned subsidiary Nemaska Lithium Shawinigan Transformation Inc.) received from FMC Corporation ("FMC") an amount of $13,357,987 (US $10,000,000), in accordance with the Supply Agreement announced on October 31, 2016, and agreed to amend the Supply Agreement to extend the timeline for the supply of product thereunder. In the event of a default regarding the agreement between the Corporation and FMC, the Corporation would need to reimburse a total of US $10,000,000, unless the Corporation and FMC are able to agree on other mutual terms that would prevent the Corporation to have to do so.

CAPITAL MANAGEMENT:

During the year, the Corporation has been able to change its capital structure with the financing described in note 10 of the consolidated financial statements for the year ended June 30, 2018. The Corporation issued a total of 469,072,833 new shares, which is materially higher than previous years, mainly following the financing of the Commercial Project that closed on May 30, 2018. The Company is also committed to a US$350 million Bond financing and a US$150 million of streaming facility that will be available once certain conditions are met.

As at June 30, 2018, the Corporation's capital consists of shareholders' equity amounting to $599,967,625 ($154,448,766 as at June 30, 2017).

The Corporation's capital management objective is to have sufficient capital to be able to pursue its activities in order to ensure the growth of its assets. It has also the objective to have sufficient liquidity to finance the investing activities and its working capital requirements.

In order to maintain or adjust the capital structure, the Corporation may issue new capital instruments, obtain debt financing and acquire or sell mining properties or other assets, to improve its financial performance and flexibility.

The access to financing depends on the economic situation and state of the equity and credit markets.

The Corporation has no dividend policy.

PROPERTY TITLES

According to the mining Act and regulations of the Province of Quebec, to renew its claims, the Corporation must incur a minimum of exploration expenditures and must pay the Quebec government a rent per claim for every 2 years renewal period. Between the date of this MD&A and June 30, 2019, all the claims and mining lease have been renewed and therefore no other amounts have to be paid for these renewals. As at the date of this report, the Corporation has approx. $5.1M in credits from the *Ministère de l'Énergie et des Ressources naturelles* that can be used to renew its claims on the Whabouchi property. Out of the 33 claims, the surface of 10 claims of the Whabouchi property have been modified following the issuance of mining lease #1022 issued on October 26, 2017 by the *Ministère de l'Énergie et des Ressources naturelles*.

10) Risk Factors Related to the Corporation

PROTECTION AND MAINTENANCE OF INTELLECTUAL PROPERTY

The Corporation's success could depend in part on its ability to protect and maintain its intellectual property rights. The Corporation has identified specific markets of interest for lithium compounds produced from the transformation of spodumene concentrate and has completed, among other things, numerous metallurgical bench scale, pilot plant scale and demonstration scale production in order to develop different processes to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide.

The Corporation has obtained Canadian Patent No. 2,871,092, Australian Patent No. 2013252439 and US Patent Nos. 9,677,181 and 10,066,305 that relate to its proprietary process for preparing high purity lithium hydroxide as well as Canadian Patents Nos. 2,905,197; 2,928,227; 2,940,027 and 2,964,148; Australian Patent Nos. 2014339706, 2014231593; Chilean Patent No. 55.597; European Patent No. 3 060 699; Japanese Patent No. 6368347; and US Patent No. 10,036,094 that specifically protects improvements of the electrolysis membrane process for preparing lithium hydroxide. The Corporation has also obtained Canadian Patent Nos. 2,874,917 and 2,928,224; US Patent Nos. 9,382,126 and 9,890,053; European Patent no. 2 855 735; Japanese Patent No. 6335316 and Australian Patent No. 2013270412 that relate to its proprietary process for preparing high purity lithium carbonate. The Corporation now has a patent portfolio comprised of 10 different patent families that relate to its proprietary processes for preparing lithium hydroxide and lithium carbonate as well as to improvements thereof. In addition to the above-mentioned patents, the Corporation has 51 pending patent applications in 11 different jurisdictions (AU, CA, CL, CN, HK, EP, IN, JP, KR, US, PCT).

The Corporation has also received confirmation of other patent applications and patent cooperation treaty ("PCT") covering such processes that have been published and have received PCT numbers. The Corporation also filed additional patents which cover optimization and evolution of the technology as a result of the Corporation's ongoing optimization programs. No assurance can be given that the rights used by the Corporation will not be challenged, invalidated, infringed or circumvented, nor that the rights granted thereunder will provide competitive advantages to the Corporation. Patent applications have been filed by the Corporation regarding methods of transforming spodumene and producing lithium hydroxide from lithium sulfate and lithium carbonate from lithium hydroxide. Therefore, it is not clear whether the pending patent applications will result in the issuance of patents. Moreover, it is not clear whether the patents to be issued regarding these methods will be challenged by third parties, whether the patents of others will interfere with the Corporation's ability to use those patents and know-how to produce lithium compounds. There is no assurance that the Corporation will be able to develop or obtain alternative technology in respect of patents issued to third parties that incidentally cover its production processes. Moreover, the Corporation could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting patent infringement suits against others. The Corporation's commercial success also depends on the Corporation not infringing patents or proprietary rights of others.

CONDITIONS OF THE INDUSTRY IN GENERAL

The exploration and development of mineral resources, including construction, start-up and operation of a mine, involves significant risks that even an allied neat evaluation with experience and know-how cannot avoid. Although the discovery of a deposit can prove extremely lucrative, few properties where exploration and development work are carried out become producing mines thereafter. Important expenditures are necessary to establish ore reserves, to work out the metallurgical processes and to build the mining plant on a particular site. It is impossible

to provide assurance to the effect that the exploration and development programs contemplated by the Corporation will generate a profitable mine.

The mining activities comprise a high level of risks. The activities of the Corporation are subject to all the dangers and the risks usually dependent on the exploration and the development, including the unusual and unforeseen geological formations, explosions, collapses, floods and other situations which can occur during drilling and the removal of material and of which any could cause physical or material or environmental injuries and, possibly, legal responsibility.

GOVERNMENTAL REGULATION

The activities of the Corporation are subject to various federal, provincial and local laws, which relate to the exploration and development, taxes, standards of work, diseases and the occupational safety, the safety in mines, toxic substances, the protection of the environment and others. The development is subject to legislative measures and laws with the federal, provincial and local levels relating to the protection of the environment. These laws impose high standards on the mining industry, in order to control the rejects of waste water and to force the participants to account for such controls to the lawful authorities, to reduce or eliminate the impact that are generated by certain production activities; extraction and of treatment and which are later on deposited on the ground or are rejected into the air or the water, to complete work of restoration of the mining properties, to control dangerous waste and materials and to reduce the risk of industrial accidents. The defect to conform to the above-mentioned legislative measures can involve important fines and other penalties.

RISKS OF LAWSUITS AND NO INSURABLE RISKS

The Corporation could be held responsible for pollution or for other risks against which it could not be insured or against which it could choose not to be insured, given the high cost of the premiums or for other reasons. The payment of sums in this respect could involve the loss of the assets of the Corporation.

CONFLICTS OF INTEREST

Some of the directors and officers of the Corporation are engaged as directors or officers of other Corporation's involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. Any decision taken by these directors and officers and involving the Corporation will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Corporation and these other corporations. Moreover, these directors and officers will declare their interests and will abstain to vote on any question which could give place to a conflict of interest.

PERMITS, LICENCES AND AUTHORIZATIONS

The activities of the Corporation require obtaining on a timely manner and maintaining permits and licences from various governmental authorities. The Corporation considers that it holds all the permits and licences required for the activities it currently carries on, in accordance with the relevant laws and by-laws. Changes brought to the laws and regulations could affect these permits and licences. Nothing guarantees that the Corporation can obtain all the permits and all the necessary licences in order to continue its mining activities, to build mines or mining plants and to begin the exploitation of its property.

DEPENDENCE ON THE MANAGEMENT

The Corporation is dependent towards certain persons of its management. The loss of their services could have an unfavourable impact on the Corporation. The Corporation has contracted key-man insurance in order to mitigate such unfavourable impact on the Corporation.

PRICE OF LITHIUM SALTS AND SPODUMENE CONCENTRATE

The price of the common shares, financial results of the Corporation, its activities; could undergo in the future important negative effects because of the fall of the prices of the lithium compounds, resulting in an impact on the capacity of the Corporation to finance its activities. The prices of lithium compounds may fluctuate in an important way and are tributary to various factors which are independent of the will of the Corporation, such as the sale or the purchase of lithium compounds by various brokers, the rates of interest, foreign exchange rates, the rates of inflation or deflation, the fluctuations in the value of the Canadian dollar and other currencies, the regional and world offer and demand, the economic conjuncture and policy which prevails in the countries of the world which are large lithium compounds producers. Lithium compounds, which are not traded on any exchange and the fact that sales contracts are negotiated on an individual basis, can see their prices fluctuates sometimes positively or negatively and any serious fall could prevent the continuation of the development activities of the properties of the Corporation.

The Bond Offering includes certain conditions precedent that must be satisfied by the Corporation in order to achieve settlement of the Bond Offering and, to permit drawdowns thereunder, which conditions may not be satisfied or complied with by the Corporation. Accordingly, there is a risk that the Corporation will still be unable to drawdown or access some or any of the proceeds from the Bond Offering Trust Account and/or that such proceeds will not be available to the Corporation when needed. If the Corporation is unable to draw some or all of the funds from the Bond Offering, this may result in a material adverse effect on the Corporation’s ability to complete the Commercial Project and the Corporation will have to seek other debt and equity financing options. In particular, no further funds from the Bond Offering will be made available to the Corporation in the event of certain delays in completing the Commercial Project, in which case the Corporation's options to be able to complete the Commercial Project will be to obtain additional equity financing or to renegotiate the relevant drawdown conditions with the bondholders which may or may not be successful.

OBLIGATIONS, COVENANTS AND RESTRICTIONS IN THE TERMS OF THE FINANCING TRANSACTIONS

The terms of the Stream Agreement, the SoftBank Private Placement and the Bond Offering, contain financial and operating covenants that limit the discretion of management with respect to certain business matters and to engage in activities that may be in the Corporation’s long-term best interest. These covenants will restrict the Corporation's ability to incur additional indebtedness, which may limit the Corporation's ability to finance any additional capital expenditure for the Commercial Project that may be necessary or appropriate once the project has been completed, to finance additional development activities, to fund working capital requirements and to service debt requirements, which may greatly restrict the Corporation’s ability to adjust to changing market conditions and may render the Corporation vulnerable to a downturn in general economic conditions and unable to make expenditures that are important to its growth and strategy. These covenants also place significant restrictions on, among other things, the Corporation's ability to create liens or other encumbrances, to make certain payments and investments, to sell or otherwise dispose of assets, and to merge or consolidate with other entities, which will limit the Corporation’s operating flexibility and could prevent the Corporation from taking

advantage of business opportunities. The terms of the Stream Agreement, the SoftBank Private Placement and the Bond Offering also contain various provisions requiring the Corporation to take certain positive actions in order to fulfill its commitments such as entering into various future agreements in connection with the Commercial Project and providing confirmations, evidences and documents as may be required under the financing transactions contemplated by the Project Financing Package. Events may occur in the future, including events out of the Corporation's control that could cause the Corporation to fail to satisfy its obligations under the Project Financing Package that may arise.

The obligations of the Corporation under the terms of the Bond Offering and Stream Facility are secured by a first and second ranking security, respectively, on all present and after acquired movable and immovable property, assets and undertakings of the Corporation and the Guarantors, including without limitation, the Commercial Project and all intangible property and intellectual property. A failure to comply with its obligations and restrictive covenants could result in an event of default which, if not cured or waived, could permit acceleration of the related debt and acceleration of debt under other instruments that contain cross acceleration or cross default provisions and lead to enforcement actions or proceedings under the security granted under the Bond Offering, the Stream Facility and any other debt entered into by the Corporation. The occurrence of any such events would have a material adverse effect and could, among other thing, result in the bankruptcy or liquidation of the Corporation.

SIGNIFICANT LEVEL OF INDEBTEDNESS

If the Corporation is able to successfully settle and drawdown, in full or in part, the amounts raised under the Bond Offering, the Corporation will have a significant amount of indebtedness. The Bonds will also bear an interest rate of 11.25 % per annum, and will require the Corporation to service this debt requirement quarterly.

Subject to the limits contained in the Bond Terms, the Stream Agreement, the SoftBank Investment Agreement and any other debt instruments entered into by the Corporation, the Corporation may be able to incur additional debt, including but not limited to certain permitted working capital facilities and permitted hedging arrangements, from time to time. If the Corporation does so, the risks related to the Corporation’s high level of indebtedness could increase.

The Corporation’s degree of leverage in the future could have adverse consequences for the Corporation, due to the following factors that may affect the Corporation: (i) increased difficulty in satisfying obligations with respect to indebtedness, including interest payment and amortized principal payments on the Bonds; (ii) limitations on the ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements; (iii) requirements that a substantial portion of the Corporation’s cash flows be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes; (iv) increased vulnerability to general adverse economic and industry conditions; (v) decreased flexibility in planning for and reacting to changes in the industry in which it competes; (vi) placing the Corporation at a disadvantage compared to other, less leveraged competitors; and (vii) increased cost of borrowing.

The Corporation’s ability to make scheduled payments on or refinance its debt obligations, depends on the Corporation’s financial condition and operating performance at that time, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Corporation may be unable to generate or maintain a level of sufficient cash flows from operating

activities to satisfy its debt obligations or to refinance its indebtedness on commercially reasonable terms or at all, which would have a material and adverse effect on the Corporation's financial condition and results of operations. The Corporation can provide no assurance that it will achieve sufficient future cash flow and earnings to satisfy its debt obligations. If cash flows and capital resources are insufficient to fund debt service obligations, the Corporation could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, seek additional debt or equity capital or restructure or refinance indebtedness. If the Corporation cannot make scheduled payments on its debt, the Corporation could be in default and holders of any indebtedness could declare all outstanding principal and interest to be due and payable which could lead to cross default and cross acceleration provisions under certain of the Corporation's other debt agreements. The Corporation's creditors (including the bondholders) could foreclose against the collateral securing the Corporation's obligations and the Corporation could be forced into bankruptcy or liquidation.

GOING CONCERN AND INSOLVENCY RISK

The Corporation's financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Corporation does not currently have guaranteed sources of funding or cash flow to repay indebtedness that it intends to incur under the Bond Offering and the Stream Facility or in the event it enters into any permitted working capital or permitted hedging facilities and the inability to successfully generate revenues from operations would cast significant doubt as to the Corporation's ability to continue as a going concern.

RISKS RELATED TO FUTURE SALE OF LITHIUM PRODUCTS

The Corporation is dependent on future sales of lithium products. Although the Corporation has and will continue to strive to enter into sales agreements, including offtake agreements for future sales, no assurance can be given that the Corporation will be able to sell lithium products on such terms and conditions as are favourable for, or necessary to sustain the operations of the Corporation. Furthermore, the Corporation is in the development and construction stages, and several risk factors including those set out herein and other risk factors currently not known to the Corporation may result in delays for start of production or, in a worst-case scenario, result in the Corporation not being able to commence production as currently contemplated or at all. The occurrence of any such risk factors may have an adverse effect for the Corporation's operations and financial position.

The Corporation has entered into certain offtake agreements regarding the sale of expected production of lithium hydroxide and lithium carbonate generated by the Commercial Project, and the Corporation may in the future enter into other such offtake agreements for the Commercial Project. Such agreements have, and may have, certain representations, terms and conditions in order to result in firm commitments, and no assurance can be made that such representations, terms and conditions can or will be satisfied.

The Corporation has committed under a supply agreement as amended on March 20, 2017, to supply lithium carbonate to FMC Corporation (the "Supply Agreement"). Since completion of the project financing has significantly delayed the construction of its electrochemical plant, the Corporation is not in position to start delivering lithium carbonate according to the schedule in the Agreement. The parties have been actively negotiating a revised schedule as well as arrangements to see that (in specs) lithium carbonate be nonetheless supplied to FMC from alternative sources under the responsibility of the Corporation, with a view to providing FMC

with product while minimizing the Corporation's exposure until its electrochemical plant is in operation. In the course of these negotiations, the Corporation had advised FMC that, in the event no agreement is reached between the parties, the Corporation might have no other option but terminating the Agreement pursuant to its terms by reimbursing a US$10 million payment FMC had made to the Corporation in April 2017 and by paying a penalty of same amount. FMC disputes the Corporation's entitlement to terminate the Agreement in that fashion and, accordingly, filed for ICC arbitration (as per the Supply Agreement's terms) principally to have this termination right declared inapplicable, with a view to securing supply from the Corporation. On September 25, 2018, the parties agreed on the final wording of a draft amended & restated supply agreement and, accordingly, also agreed to suspend the Arbitration process under the expectation that the parties will agree on arrangements regarding alternative supply sources in the very near future. There is no assurance that the Corporation will have the funds necessary to meet its repayment obligations to FMC should the Supply Agreement with FMC be terminated.

Furthermore, under the JMBM Agreements, the Corporation is required to achieve certain conversion rates at the Shawinigan Electrochemical Plant in 2019, which requirements as of the date hereof have not been met and, which will not be achieved by the Corporation. Such failure will result in an event of default under the Deposit Agreement, unless it is amended, pursuant to which Johnson Matthey can require the outstanding $12 million Deposit Amount thereunder to be repaid. An event of default under the Deposit Agreement also confers a right of termination by Johnson Matthey under the Tolling and Supply Agreement. Any repayment by the Corporation under either offtake arrangements would need to be funded with available cash on hand or from additional proceeds raised by the Corporation. There is no assurance that the Corporation will have the funds necessary to meet its repayment obligations to JMBM should the agreement with JMBM be terminated.

Further, no assurance can be made that the Corporation is able to maintain in place its existing offtake agreements for lithium hydroxide and lithium carbonate, nor replace or obtain additional agreements on satisfactory terms. Failure in this respect may have an adverse effect on the Corporation's operations and financial position. The conditions precedents required to be satisfied or waived prior to the second release of the Stream Deposit to the Corporation provides for, among others, that the Corporation shall maintain arrangements with third-party offtakers for certain amounts of refined lithium products to be produced at the Shawinigan Electrochemical Plant. Under the Bond Offering, the Corporation shall provide confirmation, prior to any drawdown, that existing offtake agreements for lithium hydroxide and lithium carbonate constitute enforceable obligations, and are in good standing and in full force and effect.

Such offtake agreements may also confer firm commitments upon the Corporation to deliver products in the future. If the Corporation, for whatever reason, is not able to produce the products in accordance with the terms and specifications of such agreements, such noncompliance or violation of these agreements, resulting in termination or damages, may have an adverse effect on the Corporation's operations and financial position. Even if the Corporation is able to meet the requirements set out in each offtake agreements, there is no assurance that the contract counterparties will be willing or able to purchase the production at the prices or quantities they have agreed to in the offtake agreement. Under the Tolling and Supply Agreement, the Corporation and JMBM are required to use best efforts to agree annually to a minimum volume of lithium products to be provided and supplied to JMBM in that year; however, there is no obligation on JMBM to agree to the purchase of an annual minimum amount of lithium products. In the event JMBM decides, in any given year, not to purchase lithium products, the Corporation will be required to conclude sales of the amounts allocated to JMBM under the Tolling and Supply Agreement to third party purchasers. There is no assurance that the Corporation will be able to find alternate

purchasers to buy its lithium products on terms that are satisfactory to the Corporation, which would have an adverse effect on the Corporation's financial condition. If one of the offtake counterparties defaults or if the relevant contract is otherwise terminated in accordance with its terms, there can be no guarantee that the Corporation will be able to find a new counterparty willing to enter into a replacement offtake agreement with similar pricing, quantity and quality terms or at all. Such termination or violation of these contracts by the relevant counterparties, depending upon the Corporation's ability to enter into replacement contracts of equivalent value, could materially and adversely affect the Corporation's business, results of operations and financial condition or prospects.

The Corporation and SoftBank have entered into the SoftBank ROFO Agreement pursuant to which SoftBank will have the right of first offer to purchase up to the 20% of the lithium compounds produced at the Shawinigan Electrochemical Plant that is sourced from spodumene concentrate from the Whabouchi Mine. All purchases will be at pre-agreed discounts applicable to a pre-determined market price-based formula. There is no guarantee that SoftBank will exercise its right of first offer to purchase any lithium products from the Corporation. Additionally, in the event that SoftBank's percentage holdings in the Corporation's outstanding share capital fall below 5% for a period of 60 days, the SoftBank ROFO Agreement will terminate.

On May 29, 2018, the Corporation announced the signing of a supply agreement for spodumene concentrate with Hanwa Co., Ltd. acting as agent for General Lithium Corp., the latter having signed the agreement as intervenor. Under this agreement and through its wholly-owned subsidiary Nemaska Lithium Whabouchi Mine Inc., the Corporation will sell spodumene concentrate on a take-or-pay basis at a market priced-based formula, at the time of delivery. The supply period will commence after the construction of the Whabouchi mine and continue up to the full ramp-up of the electrochemical plant in Shawinigan.

On July 3, 2018, the Corporation announced the signature of a take-or-pay agreement providing for the supply of 7,000 metric tonnes per year of lithium hydroxide to LG Chem for an initial 5-year term.

On August 20, 2018, the Corporation announced the signature of an agreement providing for the supply of up to 5,000 metric tonnes but no less than 3,500 metric tonnes per year of lithium hydroxide to Northvolt AB ("Northvolt") for an initial 5-year supply period upon the start of commercial production at both the Shawinigan Plant and Northvolt's projected Skellefteå battery factory in Sweden (the "N Factory"). Under this agreement, Northvolt has agreed to issue to the Corporation a EUR 10M promissory note which, at the Corporation's option, can be converted into voting shares of Northvolt in connection with the N Factory funding, or redeemed at cost plus an agreed-upon interest rate.

THE CORPORATION'S DEPENDENCE UPON THE COMMERCIAL PROJECT

The Corporation expects future mining operations at the Whabouchi Mine to account for all of the Corporation's ore production unless additional sources of spodumene properties are acquired and brought into production, producing properties are acquired or spodumene concentrate can be purchased and processed at the Shawinigan Electrochemical Plant. Furthermore, the Corporation expects spodumene revenues (through the sale of spodumene concentrates to third parties from the Whabouchi Mine) to be an integrated part of the completion of the Commercial Project. As the Whabouchi Mine will be put into operation prior to the Shawinigan Electrochemical Plant, spodumene revenues are intended to be used as a source of financing in the capital budgeting to complete the Commercial Project. Any adverse condition affecting the Whabouchi Mine, or any adverse conditions affecting the revenues from any spodumene concentrate sale or the costs for producing spodumene concentrate at the

Whabouchi Mine could be expected to have a material adverse effect on the Corporation's financial performance, results of operations and prospects and could require the Corporation to raise additional financing, which may not be obtainable under such circumstances. While the Technical Report demonstrates the economic feasibility of the Commercial Project, the inability to achieve commercial operations on a basis that is economically viable will have a material adverse effect on the Corporation.

NEW MINING OPERATIONS

None of the Corporation's mineral properties have an operating history. Whether income will result from any of the Corporation's projects, including, without limitation, the Commercial Project, will depend on the successful establishment of new mining operations and expansion of current operations, including the construction and operation of the Whabouchi Mine, the Concentrator, the Shawinigan Electrochemical Plant and related infrastructure. As a result, the Corporation is subject to all of the risks associated with establishing or expanding new mining operations and business enterprises, including: the timing and cost, which can be considerable, of the construction of mining and processing facilities and related infrastructure; the availability and cost of skilled labour and mining equipment; the need to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits; the availability of funds to finance construction and development activities; potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies.

Various factors, including the successful construction, commissioning and ramp-up of the Commercial Project, costs, actual mineralization, consistency and reliability of ore grades, commodity prices, future cash flow and profitability can affect successful project development, and there can be no assurance that current or future estimates of these factors will reflect actual results and performance. The design and construction of efficient processing facilities, the cost and availability of suitable machinery, supplies, mining equipment and skilled labour, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants can also affect successful project development. The operations of the Commercial Project will rely on new infrastructure for hauling ore and materials to the surface. It is common in new mining operations to experience unexpected problems and delays during construction, development, mine start-up and commissioning activities.

The costs, timing and complexities of developing the Commercial Project, may be significantly higher than anticipated, including because the Corporation's property interests are located in remote, undeveloped areas and therefore the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. Such factors can add to the cost of mine development, production and operation and/or impair production and mining activities, thereby affecting the Corporation's profitability. See "Risk Factors Related to the Corporation – Uncertainty of Completion or Disbursement of Funds relating to the Project Financing Package or Additional Funding".

Pursuant to the Bond Terms and the Stream Agreement the draw down or release of funds will each be subject to the satisfaction of certain conditions precedent, including evidence that, at the relevant time, the construction and commissioning of the Commercial Project is proceeding in accordance with the project budget and the project schedule, and that project completion continues to be capable of being met within the scope of funds available thereunder and in conjunction with other funds from the Project Financing Package. In the event that the costs of

developing the Commercial Project are higher than anticipated, certain proceeds of the Project Financing Package may not be available to the Corporation, in which case it would not have sufficient financing to meet the anticipated development expenditures required to advance the Commercial Project to the commencement of commercial production as described herein. Such a lack of financing could result in the delay or indefinite postponement of further development of the Commercial Project, which in turn would materially and adversely affect the financial and operating results of the Corporation and the market price of the Corporation's securities and, ultimately, could result in the loss of its properties.

Accordingly, there is no assurance that the Commercial Project, will ever be brought into a state of commercial production or that its activities will result in profitable mining operations.

INFRASTRUCTURE, SUPPLIES, INFLATION AND OPERATION COSTS

The Whabouchi Mine is located in the Eeyou Istchee/James Bay area of the Province of Québec, Canada, approximately 30 km east of the Nemaska community and 300 km north-northwest of the town of Chibougamau. The Whabouchi Mine is accessible by the *Route du Nord*, the main all-season gravel road linking Chibougamau to Nemaska, and crossing the Whabouchi Mine's property near its center. The Nemiscau airport is 18 km west of the Whabouchi Mine. Due to the location of the Whabouchi Mine, the Corporation will rely on air transport for the transport of its employees and also for some goods and services that may not be available at an economic cost.

The Shawinigan Electrochemical Plant will be installed and constructed in the City of Shawinigan, Province of Québec, Canada. The Shawinigan site was selected because of the readily available existing infrastructure (roads, rail, building, electricity and natural gas).

The spodumene concentrate is expected to be trucked from the Whabouchi Mine to a transloading facility, where it is to be transloaded into rail cars to be shipped directly to the Shawinigan Electrochemical Plant. The transloading facility is not currently built. It could be built by third parties and then the Corporation would have to negotiate a contractual arrangement with such third parties for the use of the facility. Should the transloading facility not be available in time for the initial shipment of spodumene concentrate expected in the third quarter of calendar year 2019 or in the event the Corporation is not able to negotiate an agreement for the use of the transloading facility on favorable terms, then the Corporation will need to source different alternatives to ship its concentrate. One such possibility will be to truck its concentrate directly to the Shawinigan Electrochemical Plant or, alternatively to truck its concentrate to an existing transloading facility located elswhere, where it can be transloaded into rail cars. The Corporation may also decide to build its own transloading facility in or near Chibougamau. Any of the alternative scenarios would result in higher costs of the spodumene concentrate.

Prices for goods and services will fluctuate in relation to the level of investment in the mining and industrial sectors; it is reasonable to expect that increased demand could impact the Corporation's future economic projections and competitiveness, as it may entail a meaningful increase in costs for various goods and services during construction and operation. Improvements in the economic conditions for the mining and industrial sectors as a whole will typically result in increases to both the costs of planned development and construction activities, which must also be factored into economic models used in projections for future development and potential operations. Increased demand for, and costs of, goods or services could result in delays if they cannot be obtained in a timely manner due to inadequate availability, and it may cause scheduling difficulties and delays due to the need to coordinate their availability, any of which could materially increase project development and/or construction costs. These

factors could have a material impact on the Corporation's operations and profitability.

PROCESSING TECHNOLOGY AND OFF-TAKE SPECIFICATIONS

The Corporation's proprietary process of preparing lithium hydroxide and lithium carbonate from spodumene concentrate using membrane electrolysis has only been developed recently. This process, for which the Corporation has filed several patent applications and which is key to its business strategy and the economics of the Commercial Project, has not been used on a commercial basis and there is no certainty that results achieved during small scale testing (including at the Phase 1 Plant) will be replicated in commercial quantities, which could have a material adverse impact on the conversion abilities at the Commercial Project. The production and capital costs associated with the process may also differ from those used in the Technical Report which could have a direct impact on the economics of the Commercial Project.

Pursuant to the Corporation's off-take arrangements under the JMBM Agreements, the FMC Agreement, the SoftBank ROFO Agreement, the LG Chem Agreement, the Northvolt Agreement and the Stream Agreement, and any future definitive Supply Agreements entered into, , the Corporation is, and will be, required to provide lithium products that meet certain purity and grade specifications. The inability of the Corporation to fully commission and scale-up its operations at the Phase 1 Plant and the Shawinigan Electrochemical Plant to produce battery grade lithium would have an adverse effect on the Corporation's ability to meet its obligations under its off-take arrangements which would have a material adverse effect on the Corporation.

CREE NATION MINING POLICY AND RELATED AGREEMENTS

Under the current mining policy adopted by the Cree Regional Authority, any mineral production on the *Eeyou Istchee*/James Bay territory shall be subject to specific agreement among the Corporation, the Cree Nation of Nemaska (the First Nations on whose traditional territory the Whabouchi Mine is located), the Grand Council of the Crees (Eeyou Istchee) and the Cree Nation Government (collectively, the "**Cree Parties**").

On November 7, 2014, the Corporation signed the Chinuchi Agreement with the Cree Parties (the "**Chinuchi Agreement**") concerning the development and operation of the Whabouchi Mine in *Eeyou Istchee*/James Bay territory. The Chinuchi Agreement is a binding agreement that governs the long-term working relationship between the Corporation and the Cree Parties during all phases of the Commercial Project. It provides for training, employment and business opportunities for the Crees during project construction, operation and closure, and sets out the principles of social, cultural and environmental respect under which the Whabouchi Mine will be managed. In consideration for the consent of the Cree Parties to the Whabouchi Mine and their support thereof, which ensures a stable regional environment for the development and operation of the Whabouchi Mine and the Commercial Project, the Corporation is subject to several obligations, including in respect of the foregoing opportunities and principles, and including payment of fixed and ongoing variable amounts throughout the life of the Commercial Project. The said fixed payments, which first become payable upon the satisfaction of a specified milestone, are subject to a one-time adjustment mechanism at a specified time after commencement of commercial production has been achieved at the Whabouchi Mine and at the Shawinigan Electrochemical Plant, which might result in a larger payment. All expected payments under the Chinuchi Agreement have been included in the assessment for the 2018 Feasibility Study.

In connection with the Bond Offering, the obligations of the Corporation under the Bonds will be secured by, among other things, a first ranking (in all material respects) security package which will cover, to the extent legally

possible, all material mining titles and the Shawinigan site. In the event of a default under the Bonds, the security trustee, on behalf of the bondholders will be entitled, subject in all cases to the terms of the Bond indenture and all intercreditor agreements entered into (including in respect of the Stream Agreement) to exercise all rights and remedies in respect of the security package and to commence any enforcement action, including but not limited to selling, transferring or disposing of, in whole or in part, the Commercial Project. Pursuant to the terms of the Chinuchi Agreement, upon (i) a transfer of the Whabouchi Mine to a third party that is not affiliated with the Corporation or (ii) the sale of, or acquisition of a controlling interest in, the Corporation (or of any permitted assignee of the Corporation's rights and obligations under the Chinuchi Agreement), payment of the aggregate balance of all outstanding fixed payments, together with any accrued interest in respect thereof, is accelerated. This accelerated payment (which may be substantial), together with any variable payments owed to the Cree Parties at the date of such transfer, sale or acquisition of control, become payable within thirty days of the closing thereof. Moreover, any transferee of the Whabouchi Mine must assume the rights and obligations of the Corporation under the Chinuchi Agreement in order to avail itself of the benefit thereof. The consent of the Cree Parties to, and their support of, the Whabouchi Mine project, as set forth in the Chinuchi Agreement, is essential to the success of the Commercial Project. Non-compliance with the obligations of the Corporation under the Chinuchi Agreement could have a material adverse effect on the Corporation.

FOREIGN EXCHANGE RISK

Certain components of the Project Financing Package such as the Bond Offering and Stream Facility are required to be paid to the Corporation or funded in U.S. dollars, while funds raised in the Offering, which will constitute a significant portion of the total funds raised as part of the Project Financing Package, are denominated in Canadian dollars. In addition, the majority of the Corporation's expenses at the present time are denominated in Canadian dollars, including the anticipated development, construction and commissioning expenditures required to advance the Commercial Project to the commencement of commercial production. See "Use of Proceeds".

From time to time, there may be a time lag in converting funds from U.S. dollars to Canadian dollars. The Corporation's currency exposure relates to expenses and obligations incurred by it in Canadian dollars. The appreciation of the Canadian dollar against the U.S. dollar, will increase the expenses of the Corporation's mineral properties and the amount of the Corporation's Canadian dollar liabilities relative to the total funds the Corporation will receive as part of the Project Financing Package. Accordingly, decreases in the value of the U.S. dollar versus the Canadian dollar could adversely affect the Corporation's financial position and results of operations.

RISK FACTORS RELATED TO THE EQUITY FINANCING

The completion and expenditure by the Corporation of a determined minimum amount of proceeds raised from equity financings, which includes the May 30, 2018 equity bought deal financing, the Contemporaneous Private Placement with Ressources Québec Inc. and the SoftBank Private Placement, must be deployed and spent by the Corporation prior to any or all other amounts being released to the Corporation under the Bond Offering or under the Stream Agreement for the second tranche. There is no assurance that the conditions precedent to the release of other funds needed for the Commercial Project completion will be satisfied or met. The proceeds of the Commercial Project equity financing could be spent in entirety by the Corporation, under circumstances in which the remaining funds required to satisfy the remaining capital cost requirements at the Commercial Project will never be released. In such circumstances, the Corporation will be required to find alternative sources of financing

to meet its capital cost requirements and there is no assurance that such financing will be available on terms and conditions acceptable to the Corporation, if at all.

STRUCTURAL SUBORDINATION OF THE COMMON SHARES

In the event of a bankruptcy, liquidation or reorganization of the Corporation, holders of certain of its indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Corporation before any assets are made available for distribution to the shareholders. The Common Shares will be effectively subordinated to most of the other indebtedness and liabilities of the Corporation.

NO CURRENT PLANS TO PAY CASH DIVIDENDS

The Corporation has no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, the Corporation's financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. In addition, the Corporation's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness that the Corporation or its subsidiaries incur. As a result, investors may not receive any return on an investment in the Corporation's securities unless they sell the securities for a price greater than that which they paid for them.

DILUTION

Additional financing needed to continue funding the development and operation of the Corporation may require the issuance of additional securities of the Corporation. The issuance of additional securities and the exercise of common share purchase warrants, options and other convertible securities will result in dilution of the equity interests of any persons who are or may become holders of common shares.

11) DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's President and Chief Executive Officer ("CEO"), and its Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures (DC&P), and internal controls over financial reporting (ICFR) as defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings," in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CONTROLS AND PROCEDURES

As a publicly listed entity, management must take steps to ensure that material information regarding the reports filed or submitted under securities legislation fairly presents the financial information. Responsibility for this resides with management, including the CEO and the CFO. Management is responsible for establishing, maintaining and evaluating the design of disclosure controls and procedures, as well as internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES (DC&P)

The evaluation of the design of DC&P (as defined in National Instrument 52-109) was performed under the supervision of the CEO and the CFO.

The DC&P have been designed to provide reasonable assurance that:

- material information relating to the Corporation is made known to the CEO, and the CFO by others, and that;
- information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

The design of ICFR (as defined in National Instrument 52-109) were evaluated under the supervision of the President and Chief Executive Officer and Chief Financial Officer.

In evaluating the design of DC&P and ICFR, the Company recognizes that any controls and procedures, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Based on this evaluation, the CEO and CFO concluded that the Company's DC&P and ICFR were designed and operating effectively as of June 30, 2018. ICFR was designed using the Internal Control – Integrated Framework (2013) developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to ICFR in the year ended June 30, 2018.

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NMX.WT for the warrants issued on July 8, 2016 and expiring on July 8, 2019
OTCQX under the symbol: **NMKEF**

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Steve Nadeau, CPA, CGA
Chief Financial Officer

Marc Dagenais, llb
Vice-President, legal affairs
and corporate secretary

Chantal Francoeur
Vice-President human resources and
organizational development

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Guy Bourassa, Director
René Lessard, Director
Paul-Henri Couture(1,2,3), Director
François Biron(1,2), Director
Patrick Godin(2,3), Director
Shigeki (Sean) Miwa(1), Director

(1) Member of the audit and risk committee
(2) Member of the corporate governance and social responsibility committee
(3) Member of the human resources, compensation and nominating committee

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