NEMASKA LITHIUM



MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED

JUNE 30, 2015 – FOURTH QUARTER

450, rue de la gare-du-palais, 1st floor, Québec (Québec) G1K 3X2 – 418 704-6038 www.nemaskalithium.com

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 "Company") and the highlights of its financial situation. It explains the financial situation and the results for the fourth quarter and year ended June 30, 2015 and the comparison of the Company's statement of financial position as at June 30, 2015 and June 30, 2014.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited financial statements of the Company for the fiscal year ended June 30, 2015 and the related notes thereto.

The audited financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on October 26, 2015. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

Forward looking statements

Some statements contained in this MD&A, specially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of the Company that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The real results for the Company could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Company does not intend to update these prospective statements to reflect, in particular, new information or future events, and it is by no means committed doing so.

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

The Company is domiciled in Canada, incorporated under the *Canada Business Corporations Act*. Its shares are listed for trading on the TSX Venture Stock Exchange under the symbol NMX and on the American stock exchange Over-the-Counter QX (OTCQX) under the symbol NMKEF.

The Company is engaged in the exploration and development of hard rock lithium mining projects and related processing of spodumene into lithium compounds. Its activities are in the Province of Quebec, Canada. The Company has determined that one of its mining properties, namely Whabouchi, has economically recoverable ore reserves, pursuant to a NI-43-101 feasibility study with an effective date of May, 13, 2014 prepared by Met-Chem Canada Inc. ("Met-Chem") and filed on SEDAR on June 27, 2014.

The Company has decided to focus its business plan on producing mainly high purity lithium hydroxide. This decision was based on the thorough review of market studies for lithium compounds and discussions with numerous end-users of both lithium hydroxide and lithium carbonate. It is clear that lithium hydroxide is emerging as the chemical compound of choice for the growing lithium-ion battery market. A formal construction decision of the mine and concentrator at the mine site and the hydromet plant in Shawinigan in the province of Québec will be made following, among other things, the launch of the Phase 1 Plant.

Although the Company has taken steps to verify and confirm title to mineral properties in which it has an interest, property title might be subject to unregistered prior agreements or non-compliance with regulatory requirements.

The recoverability of amounts shown for mining properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. As at the date of the financial statements, management determined that the carrying amount of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

Management estimates that the working capital available to the Company at the end of the year, combined with the exercise of warrants and options between July 1, 2015 and October 25, 2015 (see Note 18 "Subsequent events" of the audited financial statements for the year ended June 30, 2015), will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts in order to secure the necessary funds to build and operate a demonstration plant using the Company's proprietary lithium hydroxide and lithium carbonate processes (the Phase 1 Plant). The Phase 1 Plant will have an average combined capacity of about 500 tonnes per year.

Since the Company does not generate revenues, the Company will need to obtain periodically new funds to pursue its operations and despite its ability to obtain funds in the past, there is no guarantee that it will be able to raise additional funds in the future.

The financial statements for the year ended June 30, 2015 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and on the assumption of going concern. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. These financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

Highlights for the year ended June 30, 2015 and up to the date of this report and next steps

The principal business objectives that the Company expects to accomplish in the near term is to complete the financing of a Phase 1 demonstration plant using the Corporation's proprietary lithium hydroxide and lithium carbonate processes, with an average combined capacity of producing about 500 tonnes per year of lithium hydroxide and lithium carbonate. The Corporation has opted for a demonstration plant in order to qualify its products with customers and sign off-take agreements before construction of the commercial plant is completed. Other advantages this strategy provides include among other things: i) the opportunity for initial staff training and development of skills for quick start of the commercial plant; ii) the opportunity for process optimization; and iii) shorten the ramp-up timeline of the commercial plant. In parallel to completing the Phase 1 Plant financing, the management of the Corporation is initiating discussions in order to put in place, in due time, the financing structure in order to build the Whabouchi mine and concentrator near the Cree village of Nemaska, Québec as well as the hydromet commercial plant in Shawinigan, Québec. The goal is to have the Whabouchi mine, concentrator and the hydromet plant in production during the year 2018.

Given that an industrial mineral project needs to secure purchase agreements with end users in order to facilitate its financing, the Company has decided to construct a Phase 1 demonstration plant while completing the

permitting process and building the larger production facility. The plant will use the Company's proprietary lithium hydroxide and lithium carbonate production processes, and will have an average combined capacity of about 500 tonnes per year. The budget to build and operate the Phase 1 plant for a 2 year period is $38M. As at the date of this report, the basic engineering of the Phase 1 plant is completed.

On October 19, 2015, the Company announced that it had obtained a Notice of Allowance in Canada concerning Canadian Patent Application 2,874,917 that describes its proprietary process of preparing lithium hydroxide and lithium carbonate from spodumene sources using membrane electrolysis. Nemaska is also pursuing patent protection on this process in multiple global jurisdictions. Nemaska Lithium has developed proprietary environmentally friendly processes to produce a very high purity, low cost lithium hydroxide and lithium carbonate using membrane electrolysis technologies. The main benefits of these processes include:

- low and predictable operating costs;
- virtually eliminates costly reagents such as soda ash thus eliminating sodium sulfate by-product which has no market value and is environmentally harmful;
- significant reduction of green–house gas emissions (GHG)

Between July 1, 2015 and up to the date of this document, 3,811,516 warrants were exercised by shareholders at an exercise price of $0.18 per share, 2,705,000 warrants were exercised by shareholders at an exercise price of $0.20 per share and 1,955,894 warrants were exercised by shareholders at an exercise price of $0.25 per share. Following these exercises, the Company received an aggregate value of $ 1,716,046 and issued a total of 8,472,410 common shares of the Company.

On September 15, 2015, a consultant exercised 250,000 options at an exercise price of $0.125 per share, the Company received an aggregate value of $31,250 and issued a total of 250,000 common shares of the Company in relation to such exercise.

On September 8, 2015, the Company announced the signing of an agreement in principle with the City of Shawinigan for the acquisition of part of the land and part of existing manufacturing facilities (Produits forestiers Résolu's former Laurentide plant) (the "Shawinigan Facilities") in Shawinigan, Quebec. The agreement in principle provides that the Company would become owner as of January 1, 2016. However, the Company could occupy and use the buildings required for the Phase 1 plant before then. The facility will house the Company's Phase 1 plant and the future commercial Hydromet plant that will convert into high purity lithium hydroxide and lithium carbonate the spodumene concentrate produced at the Whabouchi mine. The Company had originally planned to build its Phase 1 plant and commercial plant in Salaberry-de-Valleyfield, Québec. However, the decision to build these plants in Shawinigan was made based on several key factors, such as, but not limited to: i) reduced construction time for both the Phase 1 plant and commercial plant because of the high quality and state of the existing buildings, significantly reducing capital costs; and ii) existing and ready to use infrastructure required for the operation, including natural gas, electric power station and railway.

On September 4, 2015, the Company received the General Certificate of Authorization (CA) for the Whabouchi Lithium Project from the Quebec Ministry of Sustainable Development, Environment and The Fight Against Climate Change ("MSDEFCC"). The CA is the most significant permit for mining projects in Quebec and allows the Company to pursue project financing discussions to start mine construction. Combined with the positive

federal decision made on July 29, 2015, the Company has now obtained all basic environmental authorizations enabling it to move forward with its Whabouchi Property mine project.

On July 29, 2015, the Company received a positive federal environmental assessment decision for the Whabouchi Lithium Project from the Minister of Environment of Canada. The decision allows the Company to pursue project financing discussions to start mine construction.

On July 24, 2015, the TSX Venture Exchange consented to the amendments in the exercise price and the extension of the following warrants:

- 9,671,666 warrants with original expiry date and exercise price of October 28, 2015 at 18 cents, respectively, keeping the current exercise price of 18 cents until October 28, 2015 and then having a new exercise price of 20 cents until the new expiry date of April 28, 2017. The warrants were issued under the second prospectus supplement dated Oct. 16, 2013, to the Company's short form base shelf prospectus dated March 4, 2013, including a total of 20,833,333 shares and 10,416,666 warrants, which was accepted for filling by the TSX Venture Exchange with effective date of Nov. 21, 2013.
- 13.66 million warrants with original expiry date and exercise price of October 2, 2015 at 20 cents, respectively, having a new exercise price of 22 cents and a new expiry date of April 28, 2017. The warrants were issued under the third prospectus supplement dated March 13, 2014, to the Company's short form base shelf prospectus dated March 4, 2013, including a total of 29.9 million shares and 14.95 million warrants, which was accepted for filling by the TSX Venture Exchange with effective date of April 30, 2014.
- 4,536,765 warrants with original expiry date and exercise price of November 16, 2015 at 25 cents, respectively, keeping the current exercise price of 25 cents until November 16, 2015 and then having a new exercise price of 27 cents until the new expiry date of April 28, 2017. The warrants were issued under the fourth prospectus supplement dated Nov. 5, 2014, to the Company's short form base shelf prospectus dated March 4, 2013, including a total of 9,073,530 shares and 4,536,765 warrants, which was accepted for filling by the TSX Venture Exchange with effective date of Dec. 12, 2014.

On February 16, 2015, the Company was awarded a $12.87M technology commercialisation grant for the construction and operation of its Phase 1 plant from the federally-funded Sustainable Development Technology Canada (SDTC). This grant represents approximately 32% of the overall Phase 1 Plant project budget of about $38M. The Company is in active discussion with other investors and potential strategic partners to complete the project financing. The construction and installation of the Phase 1 plant will start once the total budget has been financed.

On November 7, 2014, the Company signed, together with the Grand Council of the Crees (Eeyou Istchee), the Cree Nation Government and the Cree Nation of Nemaska, the Social Economic Partnership Agreement (the "**Chinuchi agreement**") concerning the development and operation of the Whabouchi Lithium Project in Eeyou Istchee / James Bay territory. The Chinuchi agreement is a binding agreement that will govern the long-term working relationship between the Company and the Cree parties during all phases of the Whabouchi 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 project will be managed. The Chinuchi agreement includes a mechanism by which the Cree parties will benefit financially

from the success of the project on a long term basis, consistent with the Mining Industry's best practices for engagement with First Nations communities as well as with the Cree Nation Mining Policy.

During the year that ended June 30, 2015, the Company has raised, before share issuance costs, a total of $4,515,176 by the issuance of shares as described below:

- On March 11, 2015, the Company completed a non-brokered private placement for gross proceeds of $400,000 by the issuance of 2,000,000 units, at a price of $0.20 per unit. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company at a price of $0.28 per common share, up to March 13, 2017.

- On February 4, 2015 and February 20, 2015, the Company completed a non-brokered supplemental prospectus offering for gross proceeds of $2,000,000 by the issuance of 10,000,000 units at a price of $0.20 per unit, in connection with the Short Form Base Shelf Prospectus of the Company dated March 4, 2013, as supplemented by the prospectus supplement no. 5 dated January 30, 2015. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company, at a price of $0.28 per common share, up to February 4, 2017.

- On November 14 and November 17, 2014, the Company completed a brokered supplemental prospectus offering for gross proceeds of $1,500,000 by the issuance of 8,823,530 units at a price of $0.17 per unit, in connection with the Short Form Base Shelf Prospectus of the Company dated March 4, 2013, as supplemented by the amended and restated prospectus supplement no. 4 dated November 5, 2014 amending and restating the prospectus supplement no. 4 dated October 20, 2014. The Company also completed on November 17, 2014 a brokered private placement subscription by a European investor for gross proceeds of $42,500 by the issuance of 250,000 units, at a price of $0.17 per unit. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company, at a price of $0.25 per common share, up to November 16, 2015.

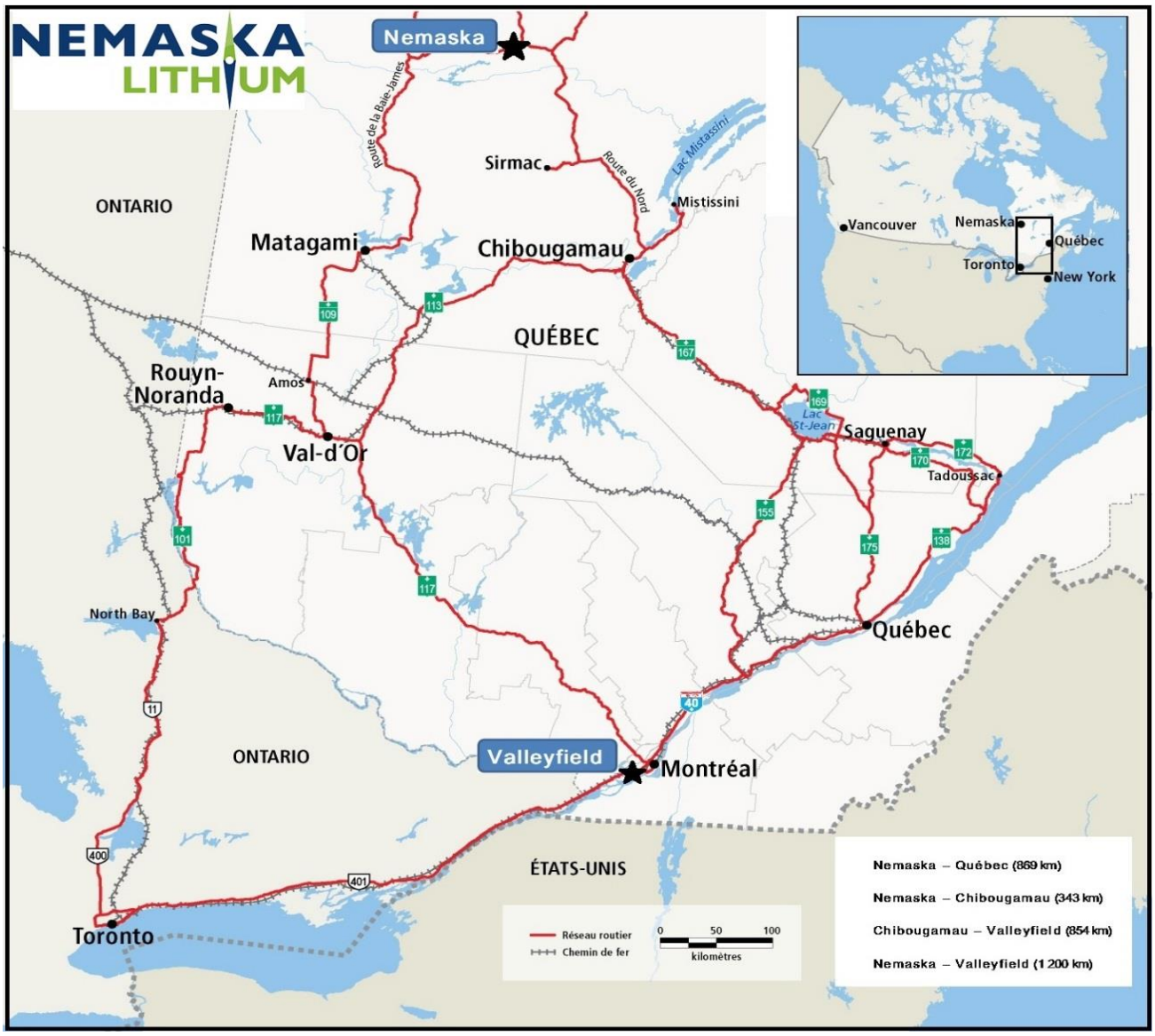
- During the month of September 2014, 1,254,000 common shares purchase options were exercised by members of the management and members of the Board of Directors at an average exercise price of $0.144. Following these exercises, the Company received an aggregate amount of $180,576 and issued a total of 1,254,000 common shares of the Company. As a result, an amount of $136,820 was reclassified from contributed surplus to the share capital and warrants.

- During the month of August 2014, 745,000 warrants were exercised at an exercise price of $0.18 per share and 1,290,000 warrants were exercised by shareholders at an exercise price of $0.20 per share. Following these exercises, the Company received an aggregate amount of $392,100 and issued a total of 2,035,000 common shares of the Company.

On July 15, 2014, following the filing on SEDAR of an independent feasibility study confirming the bringing of the Whabouchi Property into commercial production, 500,000 common shares were issued, at a deemed price of $0.16 per common share, for a total value of $80,000.

Feasibility Study Highlights, Mineral Resources and Mineral Reserves

As at the date of this report, the Company owns two (2) mining properties consisting of 57 claims (Whabouchi and Sirmac) in the Eeyou Istchee / James Bay territory, province of Quebec. The Company has also made the initial payment to purchase approximately 150,000 sq meters of land in the Perron Harbor industrial park in Salaberry-de-Valleyfield, Quebec, where it was intending to build its lithium hydroxide and lithium carbonate production facility. However, since the issuance of the Technical Report in June 2014, the location of the hydromet plant would be changed from Salaberry-de-Valleyfield to Shawinigan, Quebec. As the Company has signed an agreement in principle with the City of Shawinigan for the acquisition of the Shawinigan Facilities and that the transaction for the transfer is not yet completed as at the date of this document, this change in the location is not reflected in this subsection.



The table below highlights selected information taken from the Feasibility Study filed on Sedar on June 27, 2014:

Feasibility Study Highlights (All calculations assume a 6% Li_2O spodumene concentrate) (All figures are quoted in Canadian Dollars (C$), unless otherwise specified)	
Expected Mine Life	26 years
Life of Mine Revenue	C$6.9 Billion (average of **C$267M/yr for 26 yr**)
Pre-Tax Net Cash Flow	C$3.4 Billion (average of **C$151M/yr before initial CAPEX**)
Pre-Tax NPV	**C$924 Million @ 8% Discount (base case)** $680 Million @ 10% Discount
Post-Tax NPV	**C$581 Million @ 8% Discount (base case)** $412 Million @ 10% Discount
Pre-Tax Internal Rate of Return (IRR)	**25.2%**
Post-Tax Internal Rate of Return (IRR)	21.0%
Total Initial Capital Costs	C$448 Million in CAPEX C$52 Million in Contingency C$21 Million in Working Capital
Pay Back of Capital Costs	3.7 years
Selling Price for Lithium Hydroxide	US $8,000/t FOB Valleyfield
Selling Price for Lithium Carbonate	US $5,000/t FOB Valleyfield
Average Cost Per Tonne Spodumene Concentrate	C$189/t FOB Whabouchi Mine
Average Cost Per Tonne Lithium Hydroxide	C$3,450/t (US $ 3,105/t) FOB Valleyfield
Average Cost Per Tonne Lithium Carbonate	C$4,190/t (US $ 3,771/t) FOB Valleyfield
Yearly average production	**≈213,000 tonnes of concentrate (6%)** **≈28,000 tonnes of lithium hydroxide** **≈ 3,250 tonnes of lithium carbonate**
Exchange Rate C$ to $US	1 : 0.9

Mineral Resources and Mineral Reserves

The Mineral Resources were estimated based on the following geological and resources block modeling parameters which are based on the Memorandum received from SGS Geostat, dated January 22, 2014:

- 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 479 drill holes/channels and 9,358 assays were used for the mineral resources model.
- The mineral resources 3-D modeling of mineralized pegmatite dyke was conducted using a minimal modeling grade of 0.50% Li_2O over a 2m horizontal thickness.
- The interpolation was conducted using composited assays of 2m in length. 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.
- The In-pit Mineral Resources were limited inside an optimized pit shell. 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 0.43% Li_2O.

In-Pit Mineral Resources - Whabouchi Project		
Resource Category	**Tonnage (t)***	**Li_2O Grade (%)**
Measured	12,998,000	1.60
Indicated	14,993,000	1.54
Measured + Indicated	**27,991,000**	**1.57**
Inferred	4,686,000	1.51

*Note: The mineral resources estimate has been calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions Standards for mineral resources in concordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are exclusive of the Measured and Indicated resources. Bulk density of 2.70 t/m^3 is used. Effective date January 22, 2014. * Rounded to the nearest thousand.

The Mineral Reserves estimate used in the Feasibility study was prepared using the updated Mineral Resource block model. The Mineral Reserves are included in the Measured and Indicated Mineral Resources that have been identified as being economically extractable and which incorporate mining losses and the addition of waste dilution.

Mineral Reserves - Whabouchi Project		
Reserve Category	**Tonnage (Mt)**	**Li_2O Grade (%)**
Open Pit		
Proven	11.7	1.58
Probable	8.3	1.46
Proven and probable	**20.0**	**1.53**
Underground		
Proven	1.6	1.27
Probable	5.7	1.29
Proven and probable	**7.3**	**1.28**

Reserves categories are compliant with Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions Standards for mineral resources in concordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The cut-off grade for the open pit Mineral Reserves $Li_2O \geq 0.43\%$ and the cut-off grade for the underground Mineral Reserves is $Li_2O \geq 0.80\%$. The effective date of the Mineral Reserves estimate is May 13, 2014. * Rounded to the nearest thousand.

Main works planned and details of the exploration and development works

As the Company now has obtained all basic environmental authorizations enabling it to move forward with its Whabouchi Property mine project, the work planned on this property during the next twelve months would be to do a bulk sample during the year 2016 and to continue the on-going optimization program.

As for the Sirmac project, the last drilling campaign and metallurgical tests done did not allow to confirm the presence of technical grade spodumene (low iron content) required for direct use. The latest tests results and reports recommend that additional work be undertaken on the property. However, given the fact that the priority is the Whabouchi project, no further work is planned in the short term on the Sirmac project. It's the intention of the Company to renew its claims in the future and to continue exploration activities on its properties when the necessary funds will be available to the Company at a reasonable price and acceptable conditions.

The foreseen main works on the Whabouchi property are as follows:

MAIN WORKS PLANNED	
Properties or Project	**Work**
Whabouchi	Bulk sample during the spring or summer of 2016.
Lithium Chemicals Complexe (LCC)	Complete the financing of the Phase 1 Plant in order to start its construction.

Whabouchi property

The following works were carried out on the Whabouchi property during the last 8 quarters and up to the date of this report:

Whabouchi property works	Objectives	Results
Feasibility study Ni-43-101 report completed by Met-Chem.	Confirm the mineral reserves of the Whabouchi deposit. Confirm capital expenditures to construct a mine and concentrator on the mine site. Confirm operating expenditures for same. Confirm logistics and transportation costs of a 6 % Li_2O spodumene concentrate to Salaberry-de-Valleyfield for conversion. Confirm capital expenditures to construct a chemical plant to convert spodumene concentrate into lithium hydroxide and lithium carbonate of battery grades. Confirm operating expenditures for same.	The results of the feasibility study were released with an effective date of May 13, 2014. Complete report has been filed on SEDAR on June 27, 2014.
Metallurgical lab and pilot scale tests	Confirm a process to produce high purity lithium hydroxide from spodumene concentrate and also to produce high purity lithium carbonate from the lithium hydroxide produced with the first process.	Both high purity lithium hydroxide and lithium carbonate were produced on a pilot scale level. Samples were sent to potential end users. Patent applications were filed to protect these processes.
Metallurgical lab and pilot scale tests	Additional concentrate processing tests to demonstrate the feasibility to produce a 6 % spodumene concentrate using only dense media separation (DMS).	Tests completed. Confirms optimized use of DMS in the process. Results included in the feasibility study of May 13, 2014.
Environmental and social impacts assessment study	Support the request for obtaining the necessary permits to build and operate a mine and a concentrator.	The report was filed on April 3, 2013. Continue the permitting process with federal and provincial agencies.

Whabouchi property works	Objectives	Results
September 2013, definition diamond drilling, 14 holes totalling 1,815 meters	Additional diamond drilling in the actual pit design to increase the number of tonnes in the measured and indicated categories.	Updated resource estimate received on January 23, 2014. This estimate was used for the feasibility study of May 13, 2014.

Sirmac property

The following works were carried out on the Sirmac property during the last 8 quarters and up to the date of this report:

Sirmac property works	Objectives	Results
In June 2013, exploration work. 25 grab samples were collected and sent to the laboratory	Sample pegmatite for lithium in the new claims acquired (Clapier showing).	Results up to 3.69% Li_2O were obtained. Final report was filed in September 2013 (MRN).
Metallurgical tests at SGS Canada Inc. (Lakefield).	Confirm the possibility to obtain a low iron content spodumene concentrate (technical grade).	The results did not confirm the possibility to obtain technical grade spodumene concentrate.
Re-Assays for Tantalum	Confirm the presence of tantalum mineralized zones.	Results of up to 862 ppm of Ta_2O_5.

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the statements of loss for the periods ended June 30, 2015 and 2014 as well as the statement of financial position as at June 30, 2015, June 30, 2014 and June 30, 2013.

Statements of loss selected financial information		
	Years ended June 30	
Earnings and loss	**2015**	**2014**
Interest income	**20,280**	17,730
Loss before income taxes	**2,041,695**	2,776,003
Net loss	**2,041,695**	2,857,075
Loss per share, basic and diluted	**0.011**	0.021

Statements of Financial Position selected financial information			
	As at		
	June 30, 2015 ($)	**June 30, 2014 ($)**	**June 30, 2013 ($)**
Cash and cash equivalents	**1,625,666**	1,099,505	2,445,768 (1)
Working capital	**1,393,482**	1,162,265	876,120 (2)
Total assets	**29,208,212**	26,937,165	25,824,310
Total liabilities	**2,709,138**	2,839,354	4,359,038
Shareholder's Equity	**26,499,074**	24,097,811	21,465,272

(1) The cash and cash equivalents includes $496,087 as at June 30, 2013 of cash reserved for exploration expenses.

(2) This is a non GAAP financial measure which does not have any standardized meaning prescribed by the Company'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 excluding the cash reserved for exploration, less the current liabilities excluding the liability related to flow-through shares, which presents the actual working capital available to the Company for general administrative purposes.

Statement of financial position as at June 30, 2015

As at June 30, 2015, the total assets of the Company were at $29,208,212, a decrease of $572,710 and an increase of $2,271,047 when compared to March 31, 2015 and June 30, 2014, respectively. The increase in the total assets during the years ended June 30, 2015 is mostly related to the following elements which contribute to increase the total assets: i) the issuance of shares for a net cash flow increase of $3,448,471; ii) the exercise of options by members of the management and members of the Board of directors for a gross proceed of $180,576; iii) the exercise of warrants for a gross proceed of $392,100; iv) grants received to finance part of the investing activities for a total of $334,081; and v) the payment of mining properties by issuance of shares in the amount of $80,000. On the other hand, the cash flow used for the operating activities contributed in the decrease of the total assets for a total of $1,830,100.

Management estimates that the working capital available to the Company at the end of the year, combined with the exercise of warrants and options between July 1, 2015 and October 25, 2015 (see Note 18 "Subsequent events" of the audited financial statements for the year ended June 30, 2015), will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts in order to secure the necessary funds to build and operate a demonstration plant using the Company's proprietary lithium hydroxide and lithium carbonate processes (the Phase 1 Plant). The Phase 1 Plant will have an average combined capacity of about 500 tonnes per year.

Statement of Loss for the three-month period ended June 30, 2015 and 2014

	2015	2014
	$	$
EXPENSES:		
Compensation	**195,332**	184,471
Share-based payments	**2,555**	53,273
Rent, office expense and other expenses	**35,194**	34,166
Depreciation, amortization expense and disposals	**3,638**	4,785
Registration, listing fees and shareholders' information	**22,059**	25,192
Promotion and advertising	**21,215**	31,939
Representation, missions and trade shows	**78,872**	28,830
Consultants fees	**47,675**	15,568
Professional fees	**19,692**	29,555
	426,232	407,779
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(5,557)**	(4,055)
Finance expense	**1,491**	1,255
	(4,066)	(2,800)
OPERATING LOSS AND LOSS BEFORE INCOME TAXES	**422,166**	404,979
Current income tax expense	**(8,015)**	(16,917)
Deferred income and mining taxes	**8,015**	16,917
	-	-
Net loss for the period	**422,166**	404,979
Basic and diluted loss per share	**0.002**	0.002
Basic and diluted weighted average number of shares outstanding	**191,596,104**	165,519,289

The results for the three-month period ended June 30, 2015 show an operating loss of $422,166 ($404,979 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $5,557 ($4,055 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous statement of loss, the main variations between the current year fourth quarter and the previous year comparative figures are: i) share-based payments, a non-cash item, decreased by $50,718 due to the fact that less options were issued in the current year than the previous year; ii) promotion and advertising combined with representation, missions and trade shows increased by $39,318 mainly due to development missions in Asia, Europe and the USA in order to promote the Company and to increase the exposure of the Company to potential partners and end users for the development of the Whabouchi project; and iii) Consultant fees have increased by $32,107, mainly due to increase in investors relation from external sources.

Financing activities for the three-month period ended June 30, 2015

During the three-month period ended June 30, 2015, the Company did not complete any financing.

Investing activities for the three-month period ended June 30, 2015

During the three-month period ended June 30, 2015, a net amount of $384,726 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of $689,951, net of the variation, during the period, in the accounts payables, accrued liabilities and deposits to suppliers amounting to $50,788, capitalized on the Whabouchi property ($170,618) and for the Lithium Chemicals Complex ($468,545). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to: i) the continued efforts for the work done in relation to the permitting, for which the Company received the General Certificate of Authorization (CA) from the MSDEFCC on September 4, 2015 combined to the positive federal decision made on July 29, 2015; ii) the start of the basic engineering of the Phase 1 plant; and iii) the continued work in the processes optimization. The Company also cashed grants in the amount of $305,226, which contributed to finance the investing activities.

The details for exploration and evaluation assets are detailed in the following table for the three-month period ended June 30, 2015 on each property or project:

Properties or Projects	Balance as at March 31, 2015	Salaries and fringe benefits	Consultants	Test, sampling and prospecting and other expenses	Lodging, meals and travel expenses	Increase for the period	Tax credits and grants	Balance as at June 30, 2015
Whabouchi	**16,892,419**	8,664	149,152	16,416	(3,614)	170,618	-	**17,063,037**
Sirmac	**1,447,689**	-	-	-	-	**-**	**-**	**1,447,689**
Lithium Chemical Complex *	**5,779,908**	112,536	300,285	42,854	12,870	468,545	(305,226)	**5,943,227**
Total	**24,120,016**	**121,200**	**449,437**	**59,270**	**9,256**	**639,163**	**(305,226)**	**24,453,953**

* The Company 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 and pilot plant scale tests in order to develop different processes to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide. Patent applications and patent cooperation treaty (PCT) covering such processes 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. In order to properly reflect this specific work within the assets of the Company, it was decided to record this "Lithium Chemicals Complex" as exploration and evaluation asset.

The details for exploration and evaluation assets are detailed in the following table for the three-month period ended on June 30, 2014 on each property or project:

Properties or Projects	Balance as at March 31, 2014 ($)	Salaries and fringe benefits ($)	Consultants ($)	Geology and geophysics ($)	Test, sampling and prospecting ($)	Drilling, equipment rental and other material ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Balance as at June 30, 2014 ($)
Whabouchi	**15,527,190**	10,940	547,428	-	58,030	997	9,532	**626,927**	**16,154,117**
Sirmac	**1,447,689**	-	-	-	-	-	-	**-**	**1,447,689**
Lithium Chemical Complex	**4,363,801**	23,006	293,609	-	115,788	-	1,873	**434,276**	**4,798,077**
Total	**21,338,680**	**33,946**	**841,037**	**-**	**173,818**	**997**	**11,405**	**1,061,203**	**22,399,883**

* The Company has identified specific markets of interest for lithium compounds produced from the transformation of spodumene concentrate and has completed, among other things, numerous metallurgial bench scale and pilot plant scale tests in order to determine a process to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide. Patent applications and patent cooperation treaty (PCT) covering such processes have been filed. In order to properly reflect this specific work within the assets of the Company, it was decided to record this “Lithium Chemicals Complex” as exploration and evaluation asset.

Statement of Loss for the years ended June 30, 2015 and 2014

	2015	2014
		$
EXPENSES:		
Compensation	**746,736**	642,363
Share-based payments	**348,977**	176,123
Rent, office expense and other expenses	**143,875**	134,656
Depreciation, amortization expense and disposals	**13,845**	17,485
Registration, listing fees and shareholders' information	**107,598**	103,374
Promotion and advertising	**51,346**	57,613
Representation, missions and trade shows	**209,324**	114,717
Consultants fees	**145,938**	101,371
Professional fees	**97,811**	99,062
	1,865,450	1,446,764
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(20,280)**	(17,730)
Finance expense	**30,911**	8,110
	10,631	(9,620)
OPERATING LOSS	**1,876,081**	1,437,144
OTHER ITEMS:		
Other loss (income) related to flow-through shares	**165,614**	(88,942)
Share of loss in an equity accounted investee	**-**	1,427,801
	165,614	1,338,859
Loss before income taxes	**2,041,695**	2,776,003
Current income tax (recovery) expense	**(49,832)**	74,390
Deferred income and mining taxes	**49,832**	6,682
	-	81,072
Net loss for the year	**2,041,695**	2,857,075
Basic and diluted loss per share	**0.011**	0.021
Basic and diluted weighted average number of shares outstanding	**179,957,373**	136,969,547

The results for the year ended June 30, 2015 show an operating loss of $1,876,081 ($1,437,144 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $20,280 ($17,730 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous statement of loss, the main variations between the current year and the previous year comparative figures are: i) compensation have increased by $104,373, mainly due to the fact that an amount of $29,248 of compensation paid to key management personnel was capitalized last year in relation to exploration and evaluation assets, and secondly due to an accrued incentive expense of $60,000 that was reversed during the previous year since it was never paid out; ii) share-based payments, a non-cash item, increased by $172,854 due to the fact that more options were issued in the current year than the previous year; iii) Promotion and advertising combined with representation, missions and trade shows have increased by $88,340, mainly due to development missions in Asia, Europe and the USA in order to promote the Company and to increase the exposure of the Company to potential partners and end users for the development of the Whabouchi project; iv) Consultant fees have increased by $44,567, mainly due to increase in investors relation from external sources; v) a charge of $165,614 plus finance expense of $25,000 was recorded during the year as a result of an audit by a governmental agency which resulted in renounced expenditures not qualifying towards flow-through shares previous years financings; and vi) the recognized share of losses in an equity accounted investee is nil compared to $1,427,801 in the previous year, as the investment was brought to nil during the year ended June 30, 2014 in the statements of financial position.

Financing activities for the year ended June 30, 2015

During the month of August 2014, 745,000 warrants were exercised at an exercise price of $0.18 per share and 1,290,000 warrants were exercised at an exercise price of $0.20 per share. Following these exercises, the Company received an aggregate amount of $392,100 and issued a total of 2,035,000 common shares of the Company. Also, during the month of September 2014, 1,254,000 common shares purchase options were exercised by members of the management and members of the Board of Directors at an average exercise price of $0.144, and the Company received an aggregate amount of $180,576 and issued a total of 1,254,000 common shares of the Company.

On November 14 and November 17, 2014, the Company completed a brokered supplemental prospectus offering for gross proceeds of $1,500,000 by the issuance of 8,823,530 units at a price of $0.17 per unit, in connection with the Short Form Base Shelf Prospectus of the Company dated March 4, 2013, as supplemented by the amended and restated prospectus supplement no. 4 dated November 5, 2014 amending and restating the prospectus supplement no. 4 dated October 20, 2014. The Company also completed on November 17, 2014 a brokered private placement subscription by a European investor for gross proceeds of $42,500 by the issuance of 250,000 units, at a price of $0.17 per unit. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company, at a price of $0.25 per common share, up to November 16, 2015.

On February 4, 2015 and February 20, 2015, the Company completed a non-brokered supplemental prospectus offering for gross proceeds of $2,000,000 by the issuance of 10,000,000 units at a price of $0.20 per unit, in connection with the Short Form Base Shelf Prospectus of the Company dated March 4, 2013, as supplemented by the prospectus supplement no. 5 dated January 30, 2015. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant

entitles its holder to purchase one common share of the Company, at a price of $0.28 per common share, up to February 4, 2017.

On March 11, 2015, the Company completed a non-brokered private placement for gross proceeds of $400,000 by the issuance of 2,000,000 units, at a price of $0.20 per unit. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company at a price of $0.28 per common share, up to March 13, 2017.

Investing activities for the year ended June 30, 2015

During the year ended June 30, 2015, a net amount of $2,013,123 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of $2,633,427, net of the variation, during the period, in the accounts payables, accrued liabilities and deposits to suppliers amounting to $226,526, capitalized on the Whabouchi property ($908,920) and for the Lithium Chemicals Complex ($1,497,981). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to: i) the negotiations leading to the signature of the Chinuchi agreement that the Company signed on November 7, 2014 with the Grand Council of the Crees (Eeyou Istchee), the Cree Nation Government and the Cree Nation of Nemaska, concerning the development and operation of the Whabouchi Lithium Project in Eeyou Istchee / James Bay territory; ii) the continued efforts for the work done in relation to the permitting, for which the Company received the General Certificate of Authorization (CA) from the MSDEFCC on September 4, 2015 combined to the positive federal decision made on July 29, 2015; iii) the start of the basic engineering of the Phase 1 plant; and iv) the continued work in the processes optimization. The Company also cashed tax credits in the amount of $386,223 and grants in the amount of $334,081, which contributed to finance the investing activities.

The details for exploration and evaluation assets are detailed in the following table for the years ended June 30, 2015 on each property or project:

Properties or Projects	Balance as at June 30, 2014 ($)	Salaries and fringe benefits ($)	Consultants ($)	Test, sampling and prospecting and other expenses ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Tax credits and grants ($)	Balance as at June 30, 2015 ($)
Whabouchi	**16,154,117**	**50,934**	**762,136**	**86,593**	**9,257**	**908,920**	**-**	**17,063,037**
Sirmac	**1,447,689**	**-**	**-**	**-**	**-**	**-**	**-**	**1,447,689**
Lithium Chemical Complex *	**4,798,077**	**345,989**	**708,469**	**416,224**	**27,299**	**1,497,981**	**(352,831)**	**5,943,227**
Total	**22,399,883**	**396,923**	**1,470,605**	**502,817**	**36,557**	**2,406,902**	**(352,831)**	**24,453,953**

* The Company 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 and pilot plant scale tests in order to develop different processes to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide. Patent applications and patent cooperation treaty (PCT) covering such processes 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. In order to properly reflect this specific work within the assets of the Company, it was decided to record this "Lithium Chemicals Complex" as exploration and evaluation asset.

The details for exploration and evaluation assets are detailed in the following table for the years ended on June 30, 2014 on each property or project:

Properties or Projects	Balance as at June 30, 2013 ($)	Salaries and fringe benefits ($)	Consultants ($)	Geology and geophysics ($)	Test, sampling and prospecting ($)	Drilling, equipment rental and other material ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Balance as at June 30, 2014 ($)
Whabouchi	**14,041,770**	134,268	1,422,592	11,698	231,081	257,398	55,310	**2,112,347**	**16,154,117**
Sirmac	**1,332,692**	35,987	16,600	11,699	47,546	1,418	1,747	**114,997**	**1,447,689**
Lithium Chemical Complex*	**3,371,057**	156,101	935,834	-	331,966	-	3,119	**1,427,020**	**4,798,077**
Total	**18,745,519**	**326,356**	**2,375,026**	**23,397**	**610,593**	**258,816**	**60,176**	**3,654,364**	**22,399,883**

* The Company has identified specific markets of interest for lithium compounds produced from the transformation of spodumene concentrate and has completed, among other things, numerous metallurgial bench scale and pilot plant scale tests in order to determine a process to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide. Patent applications and patent cooperation treaty (PCT) covering such processes have been filed. In order to properly reflect this specific work within the assets of the Company, it was decided to record this “Lithium Chemicals Complex” as exploration and evaluation asset.

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, 2015.

Operating results:

Operating results as at:	Finance income $	Loss before income taxes $	Net Loss $	Loss per share – basic and diluted $
June 30, 2015	5,557	422,166	422,166	0.002
March 31, 2015	3,253	687,608	687,608	0.004
December 31, 2014	2,897	383,782	383,782	0.002
September 30, 2014	8,573	548,139	548,139	0.003
June 30, 2014	4,055	404,979	404,979	0.002
March 31, 2014	3,732	309,698	309,698	0.002
December 31, 2013	3,588	1,744,294	1,775,065	0.014
September 30, 2013	6,355	317,032	367,333	0.003

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	200,318,514	192,399,009
June 30, 2015	191,596,104	191,596,104
March 31, 2015	191,596,104	185,618,327
December 31, 2014	179,596,104	175,101,858
September 30, 2014	170,522,574	168,110,593
June 30, 2014	166,733,574	136,969,547
March 31, 2014	136,833,574	136,833,574
December 31, 2013	136,833,574	129,832,447
September 30, 2013	116,000,242	116,000,242

On November 14 and 17, 2014, the Company completed a brokered offering for gross proceeds of $1,500,000, by the issuance of 8,823,530 units at a price of $0.17 by way of supplemental prospectus #4 in connection with the Base Shelf Prospectus dated March 4, 2013. The Company also completed on November 17, 2014 a brokered private placement subscription by a European investor for gross proceeds of $42,500, by the issuance of 250,000 units at a price of $0.17 per unit. Each unit is comprised of one common share of the Company and half of a common share purchase warrant. Each whole warrant issued under this financing is exercisable for a period of 12 months, starting on November 14 and 17, 2014, as the case may be, to purchase one common share of the Company at a price of $0.25.

On February 4, 2015 and February 20, 2015, the Company completed a non-brokered offering for gross proceeds of $2,000,000, by the issuance of 10,000,000 units at a price of $0.20 by way of supplemental prospectus #5 in connection with the Base Shelf Prospectus dated March 4, 2013. Each unit is comprised of one common share of the Company and half of a common share purchase warrant. Each whole warrant issued under this financing is exercisable at a price of $0.28 until February 4, 2017.

On March 11, 2015, the Company completed a private placement of a non-brokered offering for gross proceeds of $400,000, by the issuance of 2,000,000 units at a price of $0.20 per unit. Each unit is comprised of one common share of the Company and half of a common share purchase warrant. Each whole warrant issued under this financing is exercisable for a period of 24 months, starting at the issue date, to purchase one common share of the Company at a price of $0.28.

On September 15, 2015, a consultant exercised 250,000 options at an exercise price of $0.125 per share, the Company received an aggregate value of $31,250 and issued a total of 250,000 common shares of the Company in relation to such exercise.

Between July 1, 2015 and up to the date of this document, 3,811,516 warrants were exercised by shareholders at an exercise price of $0.18 per share, 2,705,000 warrants were exercised by shareholders at an exercise price of $0.20 per share and 1,955,894 warrants were exercised by shareholders at an exercise price of $0.25 per share. Following these exercises, the Company received an aggregate value of $ 1,716,046 and issued a total of 8,472,410 common shares of the Company.

Share purchase option plan:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price $
As at the date of this report	8,772,075	8,640,825	0.29
June 30, 2015	8,722,075	8,659,575	0.29
March 31, 2015	8,722,075	8,586,658	0.29
December 31, 2014	5,831,075	5,612,325	0.31
September 30, 2014	6,035,575	5,473,075	0.31
June 30, 2014	7,352,075	6,279,158	0.30
March 31, 2014	6,452,075	5,483,324	0.33
December 31, 2013	6,452,075	5,139,576	0.36
September 30, 2013	5,031,575	4,694,075	0.38

During the month of September 2014, 1,254,000 common shares purchase options were exercised by members of the management and members of the Board of Directors at an average exercise price of $0.144. Following these exercises, the Company received an aggregate amount of $180,576 and issued a total of 1,254,000 common shares of the Company.

Also during the year ended June 30, 2015, 3,100,000 options were granted with an exercise price of $0.20 and 476,000 options with an average exercise price of $0.46 expired.

As at June 30, 2015, the Company had 8,722,075 outstanding options to purchase Common Shares. These options allow their holders to subscribe to one (1) common share at a price varying between $0.10 and $0.51 per common share at different dates until March 2020, subject to the conditions established under the Common Share Purchase Option Plan.

Between July 1, 2015 and the date of this report, an aggregate number of 250,000 stock options were exercised at $0.125 and 300,000 stock options were issued by the Company with an exercise price of $0.20.

Warrants to shareholders and Compensation options to brokers:

Outstanding warrants to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average strike price $
As at the date of this report	25,396,021	25,396,021	0.22
June 30, 2015	33,868,431	33,868,431	0.22
March 31, 2015	40,930,015	40,930,015	0.25
December 31, 2014	34,930,015	34,930,015	0.24
September 30, 2014	30,393,250	30,393,250	0.24
June 30, 2014	32,428,250	32,428,250	0.24
March 31, 2014	17,478,250	17,478,250	0.27
December 31, 2013	17,478,250	17,478,250	0.27
September 30, 2013	8,676,584	8,676,584	0.45

During the month of August 2014, 745,000 warrants were exercised by shareholders at an exercise price of $0.18 per share and 1,290,000 warrants were exercised by shareholders at an exercise price of $0.20 per share. Following these exercises, the Company received an aggregate amount of $392,100 and issued a total of 2,035,000 common shares of the Company.

During the month of November 2014, following the completion of a brokered offering by way of supplemental prospectus #4 in connection with the Base Shelf Prospectus dated March 4, 2013 and a brokered private placement subscription by a European investor, the Company issued 4,536,765 warrants to shareholders at an exercise price of $0.25 per share for a period of 12 months from their issue date.

On February 4, 2015 and February 20, 2015, following the completion of a non-brokered offering by way of supplemental prospectus #5 in connection with the Base Shelf Prospectus dated March 4, 2013, the Company issued 5,000,000 warrants to shareholders at an exercise price of $0.28 per share for a period of 24 months from their issue date.

On March 11, 2015, following the completion of a private placement of a non-brokered offering the Company issued 1,000,000 warrants at an exercise price of $0.28 per share for a period of 24 months from their issue date.

During the fiscal year ended June 30, 2015, 7,061,584 warrants to shareholders with an exercise price of $0.40 expired.

As at June 30, 2015, the Company had issued a total of 33,868,431 exercisable warrants to shareholders. Each warrant allows its holder to subscribe to one (1) common share at a price varying between $0.18 per share to $0.28 per share for a period varying from 18 months to 24 months following their issue date.

Between July 1, 2015 and up to the date of this document, 3,811,516 warrants were exercised by shareholders at an exercise price of $0.18 per share, 2,705,000 warrants were exercised by shareholders at an exercise price of $0.20 per share and 1,955,894 warrants were exercised by shareholders at an exercise price of $0.25 per share. Following these exercises, the Company received an aggregate value of $ 1,716,046 and issued a total of 8,472,410 common shares of the Company.

Outstanding compensation options to brokers as at:	Compensation options issued to brokers	Compensation options exercisable	Average exercise strike price $
As at the date of this report	136,000	136,000	0.12
June 30, 2015	136,000	136,000	0.12
March 31, 2015	981,140	981,140	0.28
December 31, 2014	981,140	981,140	0.28
September 30, 2014	981,140	981,140	0.28
June 30, 2014	981,140	981,140	0.28
March 31, 2014	981,140	981,140	0.28
December 31, 2013	981,140	981,140	0.28
September 30, 2013	958,190	958,190	0.32

As at June 30, 2015, the Company had issued a total of 136,000 exercisable compensation options to brokers. Each compensation options allows its holder to subscribe to one (1) common share at a price of $0.12 per share for a period of 60 months following their issue date.

During the fiscal year ended June 30, 2015, 7,061,584 warrants to shareholders with an exercise price of $0.40 and 845,140 compensation options to brokers with an exercise price of $0.30 expired.

Related Party Transactions and Commercial Objectives

During the three-month and years ended June 30, 2015, the Company incurred expenses for services rendered by executive officers of the Company. 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		
	2015 ($)	**2014 ($)**
Compensation paid to key management personnel	123,022	120,123
Share-based payments towards key management personnel	0	5,263
Fees and expenses towards the external directors	20,591	19,218
Share-based payments towards the external directors	0	15,789

Years ended June 30		
	2015 ($)	2014 ($)
Compensation paid to key management personnel	475,691	377,542
Share-based payments towards key management personnel	151,114	13,117
Fees and expenses towards the external directors	74,687	74,138
Share-based payments towards the external directors	99,418	39,349

Inter-company transactions carried out during the year ended June 30, 2015 between the Company and its equity accounted investee, MQR, totalled an amount of $104,000 ($120,968 in 2014) as follows: the Company charged MQR for the following: $104,000 ($107,768 in 2014) of compensation and nil ($13,200 in 2014) as general administrative and office expenses.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. There is no inter-company balance receivable by or payable to the Company from or to MQR as at June 30, 2015 (nil as at June 30, 2014).

Off Balance sheet agreements

The Company has not concluded any off balance sheet agreements.

Obligations and contractual commitments

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

Whabouchi Property

Of the 33 claims comprising the Whabouchi property, 16 claims were acquired from Victor Cantore and 10 claims were acquired from Golden Goose Resources Inc. The Whabouchi deposit is located on the Cantore claims. In September 2009, the Company acquired a 100% interest in 16 mining claims included in the Whabouchi property. The vendors kept a 3% royalty on the 16 claims and on 4 of the 7 claims acquired by map designation by the Company. 1% of this royalty may be purchased for an amount of $1,000,000.

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 Company has to pay a 2% NSR royalty on all metals. The Company has the option to purchase 1% of this NSR royalty for an amount of $1,000,000.

Sirmac Property

The Sirmac property is composed of 24 claims, covering approximately 1,101 hectares, located in SNRC sheet 32J11 in the province of Québec, Canada. The property is subject to a 1% NSR royalty, on 15 of the 24 claims forming the property, which can be purchased by the Company for $1,000,000.

Lease

The Company leases office space and the lease was renewed in November 2014 for a period of 3 years, from February 1, 2015 to January 31, 2018, with the option to terminate the lease after the first year of this renewal. The monthly amount of the lease for the first 2 years of the renewal is $4,517 and will be $4,740 for the third year. As at June 30, 2015, the total contractual payments remaining until then, assuming the lease will not be terminated before the end of the term, will amount to $142,708.

Additional information required from junior issuers with no significant income

The Company reports the information on its exploration and evaluation assets in note 7 of its financial statements for the period ended June 30, 2015.

The Company has no research and development expenses.

The Company has no deferred expenses other than those related to its mining properties and explorations and evaluation assets.

The office and general administrative expenses for the three-month and years ended June 30, 2015 as well as the same period for the previous year are composed of the following expenses:

Rent, office expenses and other expenses for the three-month periods ended June 30		
	2015 ($)	**2014 ($)**
Office supplies and mailing	1,557	1,709
Insurances, taxes and permits	8,043	7,555
Office lease and maintenance	18,102	10,413
Telecommunications	2,500	2,887
Training, HR activities and other expenses	6,517	10,626
(Gain) / Loss on exchange and other adjustments	(1,525)	976
Total	**35,194**	**34,166**

Rent, office expenses and other expenses for the years ended June 30		
	2015 ($)	**2014 ($)**
Office supplies and mailing	11,439	4,236
Insurances, taxes and permits	30,275	29,930
Office lease and maintenance	67,490	47,521
Telecommunications	12,724	13,422
Training, HR activities and other expenses	20,674	35,741
Loss on exchange and other adjustments	1,243	3,806
Total	**143,875**	**134,656**

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**	**Amount ($)**	**Use of proceeds**
October 28, 2013; November 11, 2013; and November 14, 2013	Base-shelf prospectus second supplemental prospectus	Common shares	2,500,000	The net proceed of the financing that was closed in three tranches was used to: **i)** Advance the permitting process for the mine and concentrator on the Whabouchi property; **ii)** Advance the feasibility study for the Whabouchi project and the hydrometallurgical plant in Salaberry-de-Valleyfield; and **iii)** General administrative expenses.
April 2, 2014	Base-shelf prospectus third supplemental prospectus	Common shares	3,250,000	The net proceed of the financing was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property; **ii)** Complete the feasibility study for the Whabouchi project and the hydrometallurgical plant in Salaberry-de-Valleyfield; **iii)** Fund the general administrative expenses and other working capital needs; and **iv)** Make the last payment due to the vendor of the Whabouchi property for an amount of $500,000.
April 15, 2014	Base-shelf prospectus third supplemental prospectus over-allotment option	Common shares	487,500	The net proceed of the over-allotment option financing was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property; **ii)** Complete the feasibility study for the Whabouchi project and the hydrometallurgical plant in Salaberry-de-Valleyfield; and **iii)** Fund the general administrative expenses and other working capital needs.
September 18, 2014	Options exercises	Common shares	180,576	The net proceed of the financing will be used to: **i)** Fund the general administrative expenses and other working capital needs.

Financing sources table				
Date	**Type**	**Financings**	**Amount ($)**	**Use of proceeds**
November 14 and 17, 2014	Base-shelf prospectus fourth supplemental prospectus	Common shares	1,500,000	The net proceed of the financing was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property, including the follow-up work in relation to such permitting; **ii)** Fund the general administrative expenses, other investing activities and other working capital needs.
November 17, 2014	Brokered Private Placement	Common shares	42,500	The net proceed of the brokered private placement was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property, including the follow-up work in relation to such permitting; **ii)** Fund the general administrative expenses, other investing activities and other working capital needs.
February 4 and 20, 2015	Base-shelf prospectus fifth supplemental prospectus	Common shares	2,000,000	The net proceed of the financing was used to: **i)** Start of the detailed engineering in relation to the Phase 1 Plant; **ii)** Fund the general administrative expenses, other investing activities and other working capital needs.
March 11, 2015	Non-brokered offering	Common shares	400,000	The net proceed of the financing is being used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.
September 15, 2015	Options exercises	Common shares	31,250	The net proceed of the financing will be used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2015 and October 26, 2015	Warrants exercises	Common shares	1,716,046	The net proceed of the financing will be used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

(A) STATEMENT OF COMPLIANCE:

These financial statements have been prepared in accordance with IFRS.

The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end. On October 26, 2015, the Board of Directors approved, for issuance, these financial statements.

(B) BASIS OF MEASUREMENT:

The financial statements have been prepared on the historical cost basis.

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

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of the 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 3 (D) - determination of capitalizable costs as exploration and evaluation assets - and in Note 3 (M), which relates to the accounting for refundable credit for mining duties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3 - assessment of refundable tax credits related to resources and credit on mining duties;
- Notes 3, 6 and 7 - recoverability of mining properties and capitalizable costs as exploration and evaluation assets;
- Notes 3 and 11 - recoverability of deferred income tax assets.

Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements for the year ended June 30, 2015, unless otherwise indicated.

(A) BASIS OF CONSOLIDATION:

Investment in an equity accounted investee

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist, but is not limited to, when the Company holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The Company records its investment in Monarques Gold Corporation ("MQR") using the equity method since the Company considers that it has a significant influence with a 18.90% (24.5% as at June 30, 2014) holding of the voting shares of MQR.

Transactions eliminated between associates

Unrealized gains arising from transactions with an equity accounted investee are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(B) FOREIGN CURRENCY:

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(C) FINANCIAL INSTRUMENTS:

(i) **Non-derivative financial assets**

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash balances and short-term investments with original maturities of three months or less from the acquisition date or that can be cashed at any time.

***(ii)* Non-derivative financial liabilities:**

The Company classifies its accounts payable and accrued liabilities as financial liabilities, which are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

***(iii)* Fair value of financial instruments:**

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- **Level 1**: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- **Level 2**: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- **Level 3**: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop its own assumptions.

(D) MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS:

Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for mine, extract and sell all minerals from such claims.

All pre-exploration costs, that is to say costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned.

Costs incurred include appropriate technical and administrative overheads as well as borrowing costs related to the financing of exploration activities. Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(E) EQUIPMENT:

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. The costs of the day to day servicing of equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The estimated useful lives, depreciation method and rates for the current and comparative year are as follows:

Asset	Basis	Rate
Office and computer equipment	Declining balance	30%
Vehicle	Declining balance	25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

(F) IMPAIRMENT:

(i) **Financial assets:**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) **Non-financial assets:**

The carrying amounts of equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amount of the investment in an equity accounted investee is assessed at each reporting period to determine whether there is objective evidence that it is impaired. Because goodwill that forms part of the carrying amount of the investment is not separately recognised, it is not tested for impairment separately, and instead the entire carrying amount of the investment is tested for impairment as a single asset, by comparing its recoverable amount, the higher of its value in use and fair value less costs to sell, with its carrying amount. Any impairment loss recognized in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the equity accounted investee.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;

- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing mining properties and exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the CGU on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(G) PROVISION:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(H) FINANCE INCOME AND FINANCE COSTS:

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Interests received are classified under operating activities in the statements of cash flows.

(I) SHARE CAPITAL AND WARRANTS:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, share options and warrants are recognized as an increase to deficit, net of any tax effects.

Flow-through shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liability related to flow-through shares using the residual method, deducting the quoted price of common share from the price of the flow-through shares at the date of the financing announcement.

A company may renounce the deductions for tax purposes under either what is referred to as the “general” method or the “look-back” method.

When tax deductions are renounced under the general method, the Company records a deferred tax liability with a corresponding charge to income tax expense when Company has the expectation of renouncing and has capitalized the expenditures. At the same time the liability related to flow-through shares is reduced, with a corresponding increase to other income related to flow-through shares.

When tax deductions are renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are incurred and capitalized. At the same time, the liability related to flow-through shares would be reduced, with a corresponding increase to other income related to flow-through shares.

Warrants

Warrants are classified as equity when they are derivatives over the Company’s own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments; otherwise they are classified as liabilities.

(J) SHARE-BASED PAYMENTS:

The grant date fair value of share-based payment awards granted to employees, directors and consultants is recognized as an expense, with a corresponding increase in contributed surplus, over the years during which the participants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(K) LEASES:

Leases are classified as either operating or finance, based on the substance of the transaction at inception of the lease. Classification is re-assessed if the terms of the lease are changed. Leases in which a significant portion of the risks and rewards of ownership are not assumed by the Company are classified as operating leases. All leases are classified as operating leases and, as such, the leased assets are not recognized in the Company's statements of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(L) INCOME TAX:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries or associates to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from business combinations and transactions recognized in equity.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(M) REFUNDABLE CREDIT ON MINING DUTIES AND REFUNDABLE TAX CREDIT RELATED TO RESOURCES:

The Company is eligible for a refundable credit on mining duties under the Québec *Mining Duties Act*. This refundable credit on mining duties is equal to 16% applicable on 50% of the eligible expenses. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded against exploration and evaluation assets.

Currently, it is management's intention to have the Company become a producer in the future, as such, credit on mining duties are recorded as an income tax recovery.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources can represent up to 38.75% of the amount of eligible expenses incurred until June 4, 2014 and up to 31% for eligible expenses incurred thereafter and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits for mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. They are recognized in profit or loss on a systematic basis over the useful life of the related assets.

(N) EARNINGS PER SHARE:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares issued, which include flow-through shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise warrants and share options granted.

(O) ADOPTION OF NEW ACCOUNTING STANDARDS:

Certain pronouncements issued by the International Accounting Standards Board ("IASB") became mandatory for accounting periods beginning on or after January 1, 2014. The following new standards and amendments have been adopted by the Company in preparing these financial statements.

Amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities:*

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities*. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively.

The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set off if that right is:

- not contingent on a future event; and

- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement.

The adoption of the amendments did not have a significant impact on the Company's financial statements.

IFRIC 21, *Levies*:

In May 2013, the IASB issued IFRIC 21, *Levies*. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively.

IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts or other contractual arrangements.

The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

The adoption of the amendments did not have a significant impact on the Company's financial statements.

(P) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE:

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these consolidated financial statements:

Business combination accounting for interests in a joint operation (Amendments to IFRS 11):

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.

The Company intends to adopt the amendments to IFRS 11 in its financial statements for the annual period beginning on July 1, 2016. The Company does not expect the amendments to have a material impact on the financial statements.

Disclosure Initiative: Amendments to IAS 1

On December 18, 2014 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures.

The Company intends to adopt these amendments in its financial statements for the annual period beginning on July 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

IFRS 9 Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on July 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

Annual Improvements to IFRS (2012-2014) cycle

On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process.

The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply.

Each of the amendments has its own specific transition requirements.

Amendments were made to clarify the following in their respective standards:

- Changes in method for disposal under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations;*
- 'Continuing involvement' for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7 *Financial Instruments: Disclosures;*
- Discount rate in a regional market sharing the same currency under IAS 19 *Employee Benefits;*
- Disclosure of information 'elsewhere in the interim financial report' under IAS 34 *Interim Financial Reporting;*

The Company intends to adopt these amendments in its financial statements for the annual period beginning on July 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

RISK EXPOSURE AND MANAGEMENT

The Company 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.

(i) 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 Company'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 a fixed rate of 1.25% per year. In relation with those items, there is no exposure to fair value variation due to the fact that they are redeemable at any time. The other financial assets and liabilities of the Company as at the financial statement date do not represent interest risk because they are without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Currency risk:

The Company 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 CAD $35,215 (US $19,014 and 8,250 EUR) as at June 30, 2015 and CAD $179,609 (US $162,395 and 4,200 GBP) as at June 30, 2014. Consequently, the Company is exposed to foreign exchange fluctuation but the risk is minimal due to the low balances.

(ii) CREDIT RISK:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents and other receivables and the carrying amount of these financial assets represents the Company'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.

(iii) LIQUIDITY RISK:

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

The Company manages liquidity risk through the management of its capital structure as outlined in Note 17 of the audited financial statements for the year ended June 30, 2015. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at June 30, 2015, all of the Company's financial liabilities had contractual maturities of less than one year and the Company had enough funds available to meet its current financial liabilities. At the same date, the Company had $1,625,666 in cash and cash equivalents not reserved for exploration ($1,099,505 as at June 30, 2014) plus $113,695 in sales tax receivables ($298,723 as at June 30, 2014) and $207,593 in mining rights and tax credits receivable ($525,234 as at June 30, 2014) to meet its financial liabilities and future financial liabilities from its commitments.

CAPITAL MANAGEMENT:

There were no significant changes in the Company's approach to capital management during the current year compared with the prior year.

As at June 30, 2015, the Company's capital consists of shareholders' equity amounting to $26,499,074 ($24,097,811 as at June 30, 2014).

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

In order to maintain or adjust the capital structure, the Company may issue new capital instruments, obtain debt financing and acquire or sell mining properties 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 Company is subject to regulatory requirements related to the use of funds obtained by flow-through shares financing. These funds have to be incurred for eligible exploration expenses in accordance with the Canada *Income Tax Act* and Québec *Taxation Act* (see Note 3 d). During the year, the Company complied with all of its regulatory requirements. The Company has a no dividend policy.

PROPERTIES TITLES

According to the mining Act and regulations of the Province of Quebec, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Quebec government a rent per claim for every 2 year renewal period. Between the date of this MD&A and June 30, 2016 no amounts have to be paid for claims renewal.

ADDITIONAL FINANCING

In the future, additional funds will be required to finance the exploration or development work on the Company's properties, to pay for the renewal of the claims forming the properties and to cover the costs of managing the Company. The Company will also need to secure additional financing in order to build and operate the Phase 1 Plant, as well as the Whabouchi mine, concentrator and hydromet plant. The main sources of funds available to the Company are the issuance of additional shares, the borrowing of money or the sale of interests in its properties. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

PROTECTION AND MAINTENANCE OF INTELLECTUAL PROPERTY

The Corporation's success will depend in part on its ability to protect and maintain its intellectual property rights. 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.

CREE NATION MINING POLICY AND RELATED AGREEMENTS

Under the actual mining policy adopted by the Cree Regional Authority, any mineral production on the Eeyou Istchee /James Bay territoy shall be subject to specific agreement between the Corporation, the First Nations on which traditional territory the mine will be located, the GCC and the CNG.

On November 7, 2014, the Corporation signed the Chinuchi Agreement concerning the development and operation of the Whabouchi Lithium Project in Eeyou Istchee / James Bay territory. The Chinuchi Agreement is a binding agreement that will govern the long-term working relationship between the Corporation and the Cree parties during all phases of the Whabouchi Lithium 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 project will be managed. The Chinuchi Agreement includes a mechanism by which the Cree parties will benefit financially from the success of the project on a long term basis, consistent with the mining industry's best practices for engagement with First Nations communities as well as with the Cree Nation Mining Policy.

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 Company will generate a profitable mine.

Economic viability of a mineral deposit depends on many factors, of which some are due to the particular characteristics of the deposit, in particular its size, its content and its proximity with the infrastructures as well as the cyclic character of the prices of metals and the governmental regulations, the royalties, the limits of production, the import and export of minerals and the protection of the environment, as well as social acceptability of the project. The impact of these factors cannot be evaluated in a precise way, but their effect can make so that the Company does not provide an adequate return of the funds invested.

The mining activities comprise a high level of risks. The activities of the Company 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 Company 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 exploration and the development are 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 Company 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 Company.

CONFLICTS OF INTEREST

Some of the directors and officers of the Company are engaged as directors or officers of other company'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 Company will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Company 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 Company require obtaining and maintaining permits and licences from various governmental authorities. The Company 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 by-laws could affect these permits and licences. Nothing guarantees that the Company 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 exploration properties. Moreover, if the Company begins the exploitation of an exploration property, it will have to obtain the necessary permits and licences and to conform to all the required obligations concerning the use of water, removal of waste etc. It cannot be guaranteed that the Company will be able to obtain these permits and licences, nor that it will be able to conform to their requirements.

DEPENDENCE ON THE MANAGEMENT

The Company is dependent towards certain persons of its management. The loss of their services could have an unfavourable impact on the Company.

TERRITORIAL CLAIMS

The properties in which the Company holds an interest are not currently subject to territorial claims on behalf of first nations. No insurance can however be provided to the effect that such will not be the case in the future.

PRICE OF METALS

The price of the common shares, financial results of the Company, its exploration and development activities; could undergo in the future, important negative effects because of the fall of the prices of the lithium commodities, resulting in an impact on the capacity of the Company to finance its activities. The prices of lithium commodities may fluctuate in an important way and are tributary to various factors which are independent of the will of the Company, such as the sale or the purchase of lithium commodities by various brokers, central banks and financial institutions, the rates of interest, foreign exchange rates, the rates of inflation, of 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 commodities producers. The prices of lithium commodities largely fluctuated these last years and any serious fall could prevent the continuation of the development activities of the properties of the Company.

TAX RISKS

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors. In such an event, the Company will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of the date shown in the header of this document. Additional information relating to the Company, including the technical reports mentioned herein and the Company's Annual Information Form can be found on the website www.sedar.com and on our website www.nemaskalithium.com.

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NEMASKA LITHIUM INC.

GENERAL INFORMATION

HEAD OFFICE

450, rue de la Gare du Palais
1st floor
Québec (Québec) G1K 3X2
CANADA
Tel: (418) 704-6038
Fax: (418) 614-0627

WEB SITE

www. nemaskalithium.com

E-MAIL

info@nemaskalithium.com

STOCK EXCHANGE

TSX Venture Exchange under the symbol: **NMX**
OTCQX under the symbol: **NMKEF**

OFFICERS

Guy Bourassa
President, CEO and Secretary

Steve Nadeau, CPA, CGA
Chief Financial Officer

BOARD OF DIRECTORS

Michel Baril*, Eng., Chairman of the Board
Guy Bourassa, Director
René Lessard*, Director
Judy Baker, Director
Vivian Wu, Director
Gordon Gao, Director
Paul-Henri Couture*, Director
* Member of the audit committee

LEGAL COUNSEL

Stein Monast, L.L.P.
Building Stein Monast
70, Dalhousie Street
Suite 300
Québec (Québec) G1K 4B2
CANADA
www.steinmonast.ca

TRANSFER AGENT

Computershare Trust Company of Canada
1500, Robert-Bourassa Boulevard
7th floor
Montréal (Québec) H3A 3S8
CANADA

AUDITORS

KPMG LLP
KPMG tower
600, boulevard de Maisonneuve West
Suite 1500
Montréal (Québec) H3A 0A3
CANADA

INVESTORS RELATION

Contact : Wanda Cutler
wanda.cutler@nemaskalithium.com
Tel : (416) 303-6460

Contact : Victor Cantore
victor.cantore@nemaskalithium.com
Tel : (514) 825-3036