

NEMASKA LITHIUM



MANAGEMENT DISCUSSION AND ANALYSIS

PERIOD ENDED

SEPTEMBER 30, 2015 – FIRST QUARTER

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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 first quarter ended September 30, 2015 and the comparison of the Company's statement of financial position as at September 30, 2015 and June 30, 2015.

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 unaudited condensed interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on November 27, 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 intends to become a lithium hydroxide supplier and lithium carbonate supplier to the emerging lithium battery market that is largely driven by electric vehicles, cell phones, tablets and other consumer products. The spodumene concentrate produced at Nemaska Lithium's Whabouchi mine will be shipped to the Company's lithium compounds processing plant to be built in Shawinigan, Quebec. This plant will transform spodumene concentrate into high purity lithium hydroxide and carbonate using the proprietary methods developed by the Company, and for which patent applications have been filed.

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 Company's proprietary lithium hydroxide and lithium carbonate processes (the "Phase 1 Plant"), with an average combined capacity of producing about 500 tonnes per year of lithium hydroxide and lithium carbonate. 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. The Company 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 Company 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.

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.

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 period, combined with the exercise of warrants and options between October 1, 2015 and November 26, 2015 (see Note 18 (A) “Subsequent events” of the unaudited condensed interim financial statements for the three-month period ended September 30, 2015), will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts to secure the necessary funds to build and operate the Phase 1 Plant.

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 unaudited condensed interim financial statements for the period ended September 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 condensed interim 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 three-month period ended September 30, 2015 and up to the date of this report and next steps

On November 19, 2015, the Company announced the signing of a Memorandum of understanding (MOU) with Johnson Matthey Battery Materials Ltd (JMBM) of Candiac, Quebec, a wholly owned subsidiary of Johnson Matthey Plc (**LSE: JMAT**). The MOU contemplates an up-front payment of CDN\$12M by JMBM in exchange for

services and products of the same value from the Company Phase 1 Plant and the subsequent commercial plant to be located in Shawinigan, Quebec. The MOU also includes provisions for the signing of a long term supply agreement for lithium salts (lithium hydroxide and lithium carbonate) for future expected demand for JMBM's battery material products. The lithium salts will be produced from the commercial hydromet plant which the Company also intends to build in Shawinigan. The collaboration is subject to final due diligence by JMBM and completion of the required final agreements, which is expected to be completed during the first quarter of the calendar year 2016.

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 October 1, 2015 and up to November 26, 2015, 329,000 warrants at an exercise price of \$0.18 per share, 1,040,000 warrants at an exercise price of \$0.20 per share, 3,486,871 warrants at an exercise price of \$0.25 per share and 1,500,000 warrants at an exercise price of \$0.28 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,558,938 and issued a total of 6,355,871 common shares.

During the three-month period ended September 30, 2015, 3,582,516 warrants at an exercise price of \$0.18 per share, 2,705,000 warrants at an exercise price of \$0.20 per share and 857,394 warrants at an exercise price of \$0.25 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,400,201 and issued a total of 7,144,910 common shares.

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 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.

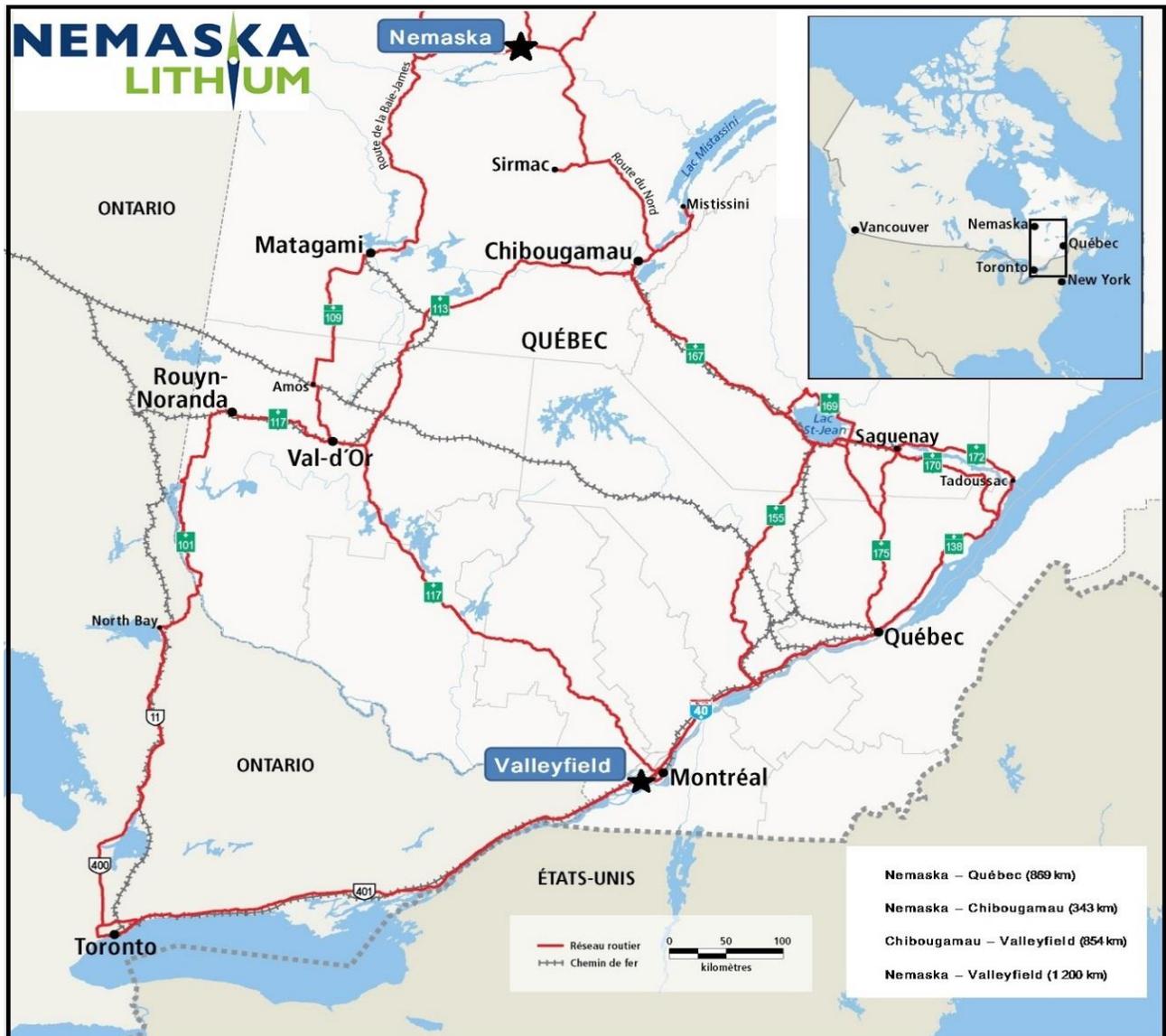
On July 24, 2015, the TSX Venture Exchange consented to the amendments in the exercise price and the extension of the following warrants:

- 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 filing by the TSX Venture Exchange with effective date of Nov. 21, 2013.
- 13,660,000 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 filing 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 filing by the TSX Venture Exchange with effective date of Dec. 12, 2014.

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 ₂ O 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% Li₂O 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% Li₂O.

In-Pit Mineral Resources - Whabouchi Project		
Resource Category	Tonnage (t)*	Li₂O 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/m³ 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 ₂ O 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 Li₂O ≥ 0.43% and the cut-off grade for the underground Mineral Reserves is Li₂O ≥ 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 which has over \$1.1M in credits from the *Ministère de l'Énergie et des Ressources naturelles* in order to renew its claims. 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
<i>Whabouchi</i>	Bulk sample during the spring or summer of 2016.
<i>Lithium Chemicals Complexe (LCC)</i>	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
Environmental and social impacts assessment study	Obtaining the necessary permits to build and operate a mine and a concentrator.	A positive federal environmental assessment decision for the Whabouchi Lithium Project from the Minister of Environment of Canada was received on July 29, 2015. 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").
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 ₂ O 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.

Whabouchi property works	Objectives	Results
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.
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.

Selected Financial Information

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

Statements of loss selected financial information			
	Three-month period ended September 30		
Earnings and loss	2015	2014	
Interest income	3,309	8,573	
Loss before income taxes	430,370	548,139	
Net loss	430,370	548,139	
Loss per share, basic and diluted	0.002	0.003	
Statements of Financial Position selected financial information			
	As at		
	September 30, 2015 (\$)	June 30, 2015 (\$)	June 30, 2014 (\$)
Cash and cash equivalents	2,157,202	1,625,666	1,099,505
Working capital ⁽¹⁾	1,892,282	1,393,482	1,162,265
Total assets	30,284,748	29,208,212	26,937,165
Total liabilities	2,779,025	2,709,138	2,839,354
Shareholder's Equity	27,505,723	26,499,074	24,097,811

- ⁽¹⁾ 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 less the current liabilities which presents the actual working capital available to the Company for general administrative purposes.

Management discussion and analysis

November 27, 2015

Statement of financial position as at September 30, 2015

As at September 30, 2015, the total assets of the Company were at \$30,284,748, an increase of \$1,076,536 when compared to June 30, 2015. The increase in the total assets during the three-month period ended September 30, 2015 is mostly related to the following elements which contribute to increase the total assets: i) the exercise of warrants for a gross proceed of \$1,400,201; and ii) the exercise of options by a consultant for a gross proceed of \$31,250. On the other hand, the cash flow used for the share issuance expenses and the operating activities contributed in the decrease of the total assets for a total of \$354,915.

Management estimates that the working capital available to the Company at the end of the period, combined with the exercise of warrants and options between October 1, 2015 and November 26, 2015 (see Note 18 (A) "Subsequent events" of the unaudited condensed interim financial statements for the three-month period ended September 30, 2015), will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts to secure the necessary funds to build and operate its Phase 1 Plant

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

		2015	2014
		\$	\$
EXPENSES:			
Compensation		169,523	188,298
Share-based payments		18,820	21,409
Rent, office expense and other expenses		34,244	35,789
Depreciation, amortization expense and disposals		2,610	3,639
Registration, listing fees and shareholders' information		14,007	9,193
Promotion and advertising		27,071	4,706
Representation, missions and trade shows		57,437	50,383
Consultants fees		90,599	25,238
Professional fees		17,958	25,653
		432,269	364,308
NET FINANCE (INCOME) EXPENSE:			
Finance income		(3,309)	(8,573)
Finance expense		1,410	26,790
		(1,899)	18,217
Operating loss		430,370	382,525
OTHER ITEMS:			
Other loss (income) related to flow-through shares		-	165,614
		-	165,614
Loss before income taxes		430,370	548,139
Current income tax (recovery) expense	11	(12,225)	(13,357)
Deferred income and mining taxes	11	12,225	13,357
		-	-
Net loss for the period		430,370	548,139
Basic and diluted loss per share	12	0.002	0.003
Basic and diluted weighted average number of shares outstanding		192,535,434	168,110,593

The results for the three-month period ended September 30, 2015 show an operating loss of \$430,370 (\$382,525 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of \$3,309 (\$8,573 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 first quarter and the previous year comparative figures are: i) promotion and advertising combined with representation, missions and trade shows increased by \$29,419 mainly due to development missions in Canada, 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 ii) Consultant fees have increased by \$65,361, mainly due to increase in investors relation from external sources and other corporate affairs in relation to, among other things, the obtainment of the positive federal environmental assessment decision from the Minister of Environment of Canada as well as 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").

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

During the three-month period ended September 30, 2015, 3,582,516 warrants at an exercise price of \$0.18 per share, 2,705,000 warrants at an exercise price of \$0.20 per share and 857,394 warrants at an exercise price of \$0.25 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,400,201 and issued a total of 7,144,910 common shares.

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

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

During the three-month period ended September 30, 2015, a net amount of \$495,459 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of \$495,474, net of the variation, during the period, in the accounts payables and accrued liabilities amounting to \$27,225, capitalized on the Whabouchi property (\$88,359) and for the Lithium Chemicals Complex (\$434,340). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to: i) the continued work in the processes optimization; and ii) the continued work on the basic engineering of the Phase 1 plant.

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

Properties or Projects	Balance as at June 30, 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 September 30, 2015
Whabouchi	17,063,037	43,495	14,821	13,966	16,077	88,359	-	17,151,396
Sirmac	1,447,689	-	-	-	-	-	-	1,447,689
Lithium Chemical Complex *	5,943,227	98,947	264,359	68,180	2,854	434,340	-	6,377,567
Total	24,453,953	142,442	279,180	82,146	18,931	522,699	-	24,976,652

* 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. 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 has been obtained and other patent applications and patent cooperation treaty ("PCT") covering such processes have been published and have received PCT numbers. The Company also filed additional patents which cover optimization and evolution of the technology as a result of the Company'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.

Management discussion and analysis

November 27, 2015

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

Properties or Projects	Balance as at June 30, 2014 (\$)	Salaries and fringe benefits (\$)	Consultants (\$)	Test, sampling and prospecting (\$)	Equipment rental and other expenses (\$)	Lodging, meals and travel expenses (\$)	Increase for the period (\$)	Balance as at September 30, 2014 (\$)
Whabouchi	16,154,117	13,607	272,848	22,059	652	2,081	311,247	16,465,364
Sirmac	1,447,689	-	-	-	-	-	-	1,447,689
Lithium Chemical Complex*	4,798,077	38,748	173,432	22,160	-	941	235,281	5,033,358
Total	22,399,883	52,355	446,280	44,219	652	3,022	546,528	22,946,411

* 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 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 \$
September 30, 2015	3,309	430,370	430,370	0.002
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

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	205,346,885	192,853,473
September 30, 2015	198,991,014	192,535,434
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

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 in relation to such exercise.

During the three-month period ended September 30, 2015, 3,582,516 warrants at an exercise price of \$0.18 per share, 2,705,000 warrants at an exercise price of \$0.20 per share and 857,394 warrants at an exercise price of \$0.25 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,400,201 and issued a total of 7,144,910 common shares.

Between October 1, 2015 and up to November 26, 2015, 329,000 warrants at an exercise price of \$0.18 per share, 1,040,000 warrants at an exercise price of \$0.20 per share, 3,486,871 warrants at an exercise price of \$0.25 per share and 1,500,000 warrants at an exercise price of \$0.28 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,558,938 and issued a total of 6,355,871 common shares.

Share purchase option:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price \$
As at the date of this report	8,822,075	8,715,825	0.29
September 30, 2015	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

During the period ended September 30, 2015, 300,000 options were granted with an exercise price of \$0.20 and 250,000 options with an average exercise price of \$0.125 were exercised.

As at September 30, 2015, the Company had 8,772,075 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 August 2020, subject to the conditions established under the Common Share Purchase Option Plan.

Between October 1, 2015 and the date of this report, an aggregate number of 50,000 stock options were issued to a new Board of Director member with an exercise price of \$0.365.

Warrants issued to shareholders and Compensation options to brokers:

Outstanding warrants issued to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average strike price \$
As at the date of this report	20,367,650	20,367,650	0.22
September 30, 2015	26,723,521	26,723,521	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

On July 24, 2015, the Toronto Stock Exchange approved the extension of the expiry dates and the re-pricing of a certain amount of these warrants (see Note 8 C) (i) of the condensed interim financial statements for the three-month ended September 30, 2015). The new expiry date of these warrants is now April 28, 2017. If not exercised before their original expiry dates, the exercise price of each warrant exercise price will be modified from \$0.18 to \$0.20, from \$0.20 to \$0.22 and from \$0.25 to \$0.27. As at the date of this report, these changes are all in effect.

During the three-month period ended September 30, 2015, 3,582,516 warrants at an exercise price of \$0.18 per share, 2,705,000 warrants at an exercise price of \$0.20 per share and 857,394 warrants at an exercise price of \$0.25 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,400,201 and issued a total of 7,144,910 common shares.

As at September 30, 2015, the Company had a total of 26,723,521 exercisable warrants outstanding. Each warrant allows its holder to subscribe to one (1) common share at a price varying between \$0.20 per share to \$0.28 per share for a period varying from 18 months to 24 months following their issue date.

Between October 1, 2015 and up to November 26, 2015, 329,000 warrants at an exercise price of \$0.18 per share, 1,040,000 warrants at an exercise price of \$0.20 per share, 3,486,871 warrants at an exercise price of \$0.25 per share and 1,500,000 warrants at an exercise price of \$0.28 per share were exercised. Following these exercises, the Company received an aggregate amount of \$1,558,938 and issued a total of 6,355,871 common shares.

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
September 30, 2015	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

As at September 30, 2015, the Company had a total of 136,000 exercisable compensation options to brokers outstanding. 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.

Related Party Transactions and Commercial Objectives

During the three-month period ended September 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 September 30		
	2015 (\$)	2014 (\$)
Compensation paid to key management personnel	103,039	113,508
Fees and expenses towards the external directors	19,250	17,750

Inter-company transactions carried out during the three-month period ended September 30, 2015 between the Company and its equity accounted investee, Monarques Gold Inc (MQR), totalled an amount of \$22,500 (\$28,500 in 2014), which was for compensation.

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 September 30, 2015 (nil as at June 30, 2015).

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 three 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 two years of the renewal is \$4,517 and will be \$4,740 for the third year. As at September 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 \$129,157.

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 unaudited condensed interim financial statements for the period ended September 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 period ended September 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 September 30		
	2015 (\$)	2014 (\$)
Office supplies and mailing	1,309	4,822
Insurances, taxes and permits	8,687	7,166
Office lease and maintenance	11,342	14,691
Telecommunications	3,278	3,737
Training, HR activities and other expenses	9,628	5,373
Total	34,244	35,789

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.

Financing sources table				
Date	Type	Financings	Amount (\$)	Use of proceeds
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.
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.

Financing sources table				
Date	Type	Financings	Amount (\$)	Use of proceeds
March 11, 2015	Non-brokered offering	Common shares	400,000	The net proceed of the financing was 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 September 30, 2015	Warrants exercises	Common shares	1,400,201	The net proceed of the financing will be used to: i) Fund the general administrative expenses, investing activities and other working capital needs.
Between October 1, 2015 and November 26, 2015	Warrants exercises	Common shares	1,558,938	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 unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with those accounting policies followed by the Company in the most recent audited annual financial statements except where noted below. These unaudited condensed interim financial statements have been prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended June 30, 2015. On November 27, 2015, the Board of Directors approved, for issuance, these condensed interim financial statements.

(B) BASIS OF MEASUREMENT:

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

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

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of the condensed interim 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 period in which the estimates are revised and in any future years affected.

In preparing these condensed interim financial statements, the significant judgments made by management applying the Company accounting policies and the key sources of estimation uncertainty were the same as those described in the Company's audited annual financial statements for the year ended June 30, 2015.

Significant accounting policies

These condensed interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the years ended June 30, 2015.

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 and Euros. The balances in the accounts payable and accrued liabilities in these foreign currencies were CAD \$47,924 (US \$23,750 and €11,206) as at September 30, 2015 and CAD \$35,215 (US \$19,014 and €8,250) as at June 30, 2015. 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 unaudited condensed interim financial statements for the period ended September 30, 2015. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at September 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 \$2,157,202 in cash and cash equivalents not reserved for exploration (\$1,625,666 as at June 30, 2015), \$152,639 in sales tax receivables (\$113,695 as at June 30, 2015) and \$219,818 in mining rights and tax credits receivable (\$207,593 as at June 30, 2015) 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 period compared with the prior year.

As at September 30, 2015, the Company's capital consists of shareholders' equity amounting to \$27,505,723 (\$26,499,074 as at June 30, 2015).

The Company's capital management objective is to have sufficient capital to be able to pursue its development activities in order to ensure the growth of its assets. It has also the objective to have sufficient liquidity to finance the operating activities, its investing activities and 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 has 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. As at the date of this report, the Company has over \$6.5M in credits from the *Ministère de l'Énergie et des Ressources naturelles* that can be used to renew its claims on the Whabouchi and Sirmac properties.

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 Company'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 Company will not be challenged, invalidated, infringed or circumvented, nor that the rights granted thereunder will provide competitive advantages to the Company. Patent applications have been filed by the Company 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 Company's ability to use those patents and know-how to produce lithium compounds. There is no assurance that the Company 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 Company could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting patent infringement suits against others. The Company's commercial success also depends on the Company 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 territory 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 Company signed the Chinuchi Agreement concerning the development and operation of the Whabouchi Lithium Project. 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 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 compounds, resulting in an impact on the capacity of the Company to finance its activities. The prices of lithium compounds may fluctuate in an important way and are tributary to various factors which are independent of the will of the Company, such as the sale or the purchase of lithium compounds 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 compounds producers. The prices of lithium compounds fluctuates sometimes positively or negatively and any serious fall could prevent the continuation of the development activities of the properties of the Company.

TAX RISKS

The Company was partly financed by the issuance of flow-through shares during the previous years. 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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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
François Biron, Director
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