

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)



SIX-MONTH PERIOD ENDED
DECEMBER 31, 2014

NEMASKA LITHIUM INC.

450, RUE DE LA GARE-DU-PALAIS
1ST FLOOR
QUÉBEC (QUÉBEC) G1K 3X2
TEL.: 418 704-6038
FAX.: 418 614-0627

TSX-V : NMX
OTCQX : NMKEF
WWW.NEMASKALITHIUM.COM



Six-month periods ended December 31, 2014

CONDENSED INTERIM FINANCIAL STATEMENTS

Management's Report	1
Condensed Interim Statements of Financial Position.....	2
Condensed Interim Statements of Loss	3
Condensed Interim Statements of Changes in Shareholders' Equity	4
Condensed Interim Statements of Cash Flows	5
Notes to Condensed Interim Financial Statements	6

NEMASKA LITHIUM INC.

MANAGEMENT'S REPORT

Management's responsibility for financial reporting

The accompanying unaudited condensed interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The management is responsible for the preparation, integrity and objectivity of the unaudited condensed interim financial statements and other financial information presented in this Report. Other information included in these unaudited condensed interim financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited condensed interim financial statements are presented fairly in all material respects.

A system of administrative, internal accounting and disclosure controls have been developed and are maintained by management to provide reasonable assurance that assets are safeguarded and that financial information is accurate and reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is mainly composed of independent outside directors. The Audit Committee meets periodically with management and the independent auditors to review accounting, auditing and internal control matters. These unaudited condensed interim financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The unaudited condensed interim financial statements for the three-month and six-month periods ended December 31, 2014 and 2013 have been reviewed by KPMG LLP, the independent auditors. The independent auditors have full and free access to the Audit Committee.

Internal control over financial reporting

The Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that all transactions are being made only in accordance with the authorizations of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

/s/ Guy Bourassa
Guy Bourassa, President and CEO

/s/ Steve Nadeau
Steve Nadeau, Chief Financial Officer

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

DECEMBER 31, 2014 AND JUNE 30, 2014

	Note	December 31, 2014	June 30, 2014
ASSETS		\$	\$
CURRENT ASSETS:			
Cash and cash equivalents		1,320,438	1,099,505
Sales tax receivable		103,716	298,723
Other receivables		780	22,340
Mining rights and tax credits receivable related to resources		188,923	525,234
Prepaid expenses		59,151	29,151
		1,673,008	1,974,953
NON-CURRENT ASSETS:			
Deposits to suppliers for exploration and evaluation expenses		-	3,032
Land and equipment	5	100,864	108,141
Mining properties	6	2,631,156	2,451,156
Exploration and evaluation assets	7	23,688,283	22,399,883
		26,420,303	24,962,212
TOTAL ASSETS		28,093,311	26,937,165
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		960,307	812,688
NON-CURRENT LIABILITIES:			
Deferred income and mining taxes	11	2,057,828	2,026,666
TOTAL LIABILITIES		3,018,135	2,839,354
EQUITY:			
Share capital and warrants	8	47,562,586	45,230,590
Contributed surplus		3,056,888	3,161,075
Deficit		(25,544,298)	(24,293,854)
TOTAL EQUITY		25,075,176	24,097,811
TOTAL LIABILITIES AND EQUITY		28,093,311	26,937,165

Reporting entity, nature of operations and going concern (Note 1);

Contingencies (Note 9); Commitments (Note 10); Subsequent events (Note 16)

The notes on pages 6 to 26 are an integral part of these condensed interim financial statements.

On behalf of the Board:

'Guy Bourassa', Director

'Michel Baril', Director

CONDENSED INTERIM STATEMENTS OF LOSS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

	Note	Three-month periods ended December 31,		Six-month periods ended December 31,	
		2014	2013	2014	2013
		\$	\$	\$	\$
EXPENSES:					
Compensation	14	165,934	148,872	354,232	318,289
Share-based payments		11,224	80,402	32,633	98,642
Rent, office expense and other expenses		34,837	35,086	70,626	65,968
Depreciation and amortization expense		3,638	3,221	7,277	8,344
Registration, listing fees and shareholders' information		75,992	51,613	85,185	56,674
Promotion and advertising		7,803	19,710	12,509	20,670
Representation, missions and trade shows		36,780	21,580	87,163	35,225
Consultant fees		18,041	57,349	43,279	80,027
Professional fees		31,091	23,777	56,744	42,709
		385,340	441,610	749,648	726,548
NET FINANCE (INCOME) EXPENSE:					
Finance income		(2,897)	(3,588)	(11,470)	(9,943)
Finance expense		1,339	1,540	28,129	5,862
		(1,558)	(2,048)	16,659	(4,081)
OPERATING LOSS		383,782	439,562	766,307	722,467
Other items:					
Other expense (income) related to flow-through shares		-	(32,577)	165,614	(88,942)
Share of loss in an equity accounted investee		-	1,337,309	-	1,427,801
		-	1,304,732	165,614	1,338,859
LOSS BEFORE INCOME TAXES		383,782	1,744,294	931,921	2,061,326
Current income taxes recovery		(17,805)	(14,177)	(31,162)	(30,779)
Deferred income taxes and mining taxes expense		17,805	44,948	31,162	111,851
		-	30,771	-	81,072
Net loss and comprehensive loss for the period		383,782	1,775,065	931,921	2,142,398
Basic and diluted loss per share		0.002	0.014	0.005	0.017
Basic and diluted weighted average number of shares outstanding		175,101,858	129,832,447	171,606,227	122,916,345

The notes on pages 6 to 26 are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

	Share capital and warrants	Contributed surplus	Deficit	Total
	\$	\$	\$	\$
BALANCE, JUNE 30, 2014	45,230,590	3,161,075	(24,293,854)	24,097,811
EQUITY FINANCING:				
Issuance of shares	1,542,500	-	-	1,542,500
Exercise of options	317,396	(136,820)	-	180,576
Exercise of warrants	392,100	-	-	392,100
Mining properties	80,000	-	-	80,000
Share issuance costs	-	-	(318,523)	(318,523)
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives	-	32,633	-	32,633
	47,562,586	3,056,888	(24,612,377)	26,007,097
LOSS FOR THE PERIOD	-	-	(931,921)	(931,921)
Balance, December 31, 2014	47,562,586	3,056,888	(25,544,298)	25,075,176

	Share capital and warrants	Contributed surplus	Deficit	Total
	\$	\$	\$	\$
BALANCE, JUNE 30, 2013	38,993,090	2,977,337	(20,505,155)	21,465,272
Equity financing:				
Issuance of shares	2,500,000	-	-	2,500,000
Share issuance costs	-	-	(453,447)	(453,447)
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives	-	98,642	-	98,642
	41,493,090	3,075,979	(20,958,602)	23,610,467
LOSS FOR THE PERIOD	-	-	(2,142,398)	(2,142,398)
BALANCE, DECEMBER 31, 2013	41,493,090	3,075,979	(23,101,000)	21,468,069

The notes on pages 6 to 26 are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss for the period	(383,782)	(1,775,065)	(931,921)	(2,142,398)
Adjustments for:				
Share-based payments	11,224	80,402	32,633	98,642
Depreciation and amortization	3,638	3,221	7,277	8,344
Other expense (income) related to flow-through shares	-	(32,577)	-	(88,942)
Share of loss of an equity accounted investee	-	1,337,309	-	1,427,801
Deferred income taxes and mining taxes	17,805	44,948	31,162	111,851
Current income taxes recovery	(17,805)	(14,177)	(31,162)	(30,779)
Net change in non-cash operating working capital	(96,924)	(41,616)	297,333	(24,978)
	(465,844)	(397,555)	(594,678)	(640,459)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of shares	1,542,500	2,500,000	2,115,176	2,500,000
Share issuance costs	(234,263)	(512,187)	(234,263)	(667,493)
	1,308,237	1,987,813	1,880,913	1,832,507
CASH FLOWS FROM INVESTING ACTIVITIES:				
Disposition of (addition to) equipment and land	-	4,128	-	(52,872)
Addition to mining properties	(100,000)	-	(100,000)	(3,013)
Cashed tax credits	72,219	-	367,473	-
Increase in exploration and evaluation assets	(744,848)	(1,157,516)	(1,332,775)	(2,131,183)
	(772,629)	(1,153,388)	(1,065,302)	(2,187,068)
Net increase (decrease) in cash and cash equivalents	69,764	436,870	220,933	(995,020)
Cash and cash equivalents, beginning of the period	1,250,674	1,013,878	1,099,505	2,445,768
Cash and cash equivalents, end of the period	1,320,438	1,450,748	1,320,438	1,450,748

Items not affecting cash flows: See Note 13.

The notes on pages 6 to 26 are an integral part of these condensed interim financial statements.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013

1. REPORTING ENTITY, NATURE OF OPERATIONS AND GOING CONCERN:

Nemaska Lithium Inc. (the “Company”), is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. Its shares are listed 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 address of the head office of the Company is 450, rue de la Gare-du-Palais, 1st floor, Québec (Québec), Canada G1K 3X2 and its web site is www.nemaskalithium.com.

The Company is engaged in the exploration and development of hard rock lithium mining properties and related processing of spodumene into lithium compounds. Its activities are in the Province of Québec, 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. The Company has not yet determined whether the Sirmac property has economically recoverable ore reserves.

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 closing of two non-brokered offerings during the third quarter of the fiscal year 2014-2015 (see Note 16 “Subsequent events”), will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts in the permitting process relating to the construction and operation of the Whabouchi project.

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 financing in the future.

These condensed interim financial statements 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.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These unaudited condensed interim financial statements have been prepared in accordance with 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, 2014. On February 25, 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, 2014.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

3. 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, 2014 except as noted below:

(A) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED:

Amendments to IAS 32, *Offsetting Financial Assets and 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.

IAS 32 did not have an impact on the condensed interim 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.

IFRIC 21 did not have an impact on the condensed interim financial statements.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(B) 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 condensed interim financial statements:

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 January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

4. INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE:

As at December 31, 2014, the Company owns 15,849,455 shares in its equity accounted investee, Monarques Resources Inc. ("MQR"), representing 19.84% (24.54% as at June 30, 2014) of the share capital of MQR.

The Company's recognized share of losses in MQR for the three-month and six-month periods ended December 31, 2014 was nil (\$1,337,309 in 2013) and nil (\$1,427,801 in 2013), respectively. The investment was brought to a value of nil during the year ended June 30, 2014. Consequently, the unrecognized share of losses in MQR for three-month and six-month periods ended December 31, 2014 is \$50,637 (\$1,761,119 in 2013) and \$100,460 (\$1,761,119 in 2013), respectively, and the cumulative unrecognized share of losses in MQR as at December 31, 2014 is \$1,867,593 (\$1,761,119 in 2013). The Company did not receive dividends from the investee. The closing price of MQR's shares on the TSX Venture Stock Exchange as at December 31, 2014 was \$0.11. As at December 31, 2014, the Company's total fair value of the investment in MQR is \$1,743,440.

Summary financial information for the equity accounted investee, not adjusted for the percentage of ownership held by the Company is as follows:

	Six-month period ended December 31, 2014	Year ended June 30, 2014
Ownership	19.84%	24.54%
Current assets	2,709,025	\$1,356,803
Non-current assets	4,411,892	3,875,783
Current liabilities	669,367	265,185
Non-current liabilities	442,186	105,178
Comprehensive loss	(415,459)	(10,452,087)
Cash flows used for operating activities	(567,229)	(649,747)
Cash flows from financing activities	2,012,483	1,273,861
Cash flows used for investing activities	(229,162)	(1,471,684)

Reconciliation of the investment is as follows:

	Six-month period ended December 31, 2014	Year ended June 30, 2014
	\$	\$
Balance, beginning of the period	-	1,427,801
Share of loss of the investee	-	(1,427,801)
Balance, end of the period	-	-

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

5. EQUIPMENT:

	Land	Vehicle	Office and computer equipment	Total
	\$	\$	\$	\$
COST				
Balance at June 30, 2013	-	38,810	90,798	129,608
Additions (disposal)	57,000	-	(4,128)	52,872
Balance at June 30, 2014	57,000	38,810	86,670	182,480
Additions (disposal)	-	-	-	-
Balance at December 31, 2014	57,000	38,810	86,670	182,480
DEPRECIATION				
Balance at June 30, 2013	-	12,126	44,728	56,854
Depreciation for the year	-	6,671	10,814	17,485
Balance at June 30, 2014	-	18,797	55,542	74,339
Depreciation for the period	-	2,502	4,775	7,277
Balance at December 31, 2014	-	21,299	60,317	81,616
CARRYING AMOUNTS				
At June 30, 2014	57,000	20,013	31,128	108,141
At December 31, 2014	57,000	17,511	26,353	100,864

6. MINING PROPERTIES:

Mining properties can be detailed as follows:

Québec	Localisation	Royalties	Balance as at June 30, 2014	Acquisition	Balance as at December 31, 2014
			\$	\$	\$
Whabouchi (100%)	SNRC 32012	2% or 3%	2,012,258	180,000	2,192,258
Sirmac (100%)	SNRC 32J11	1%	438,898	-	438,898
			2,451,156	180,000	2,631,156

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

6. MINING PROPERTIES (CONTINUED):

Mining properties can be detailed as follows (continued):

Québec	Localisation	Royalties	Balance as at June 30, 2013	Acquisition	Balance as at June 30, 2014
			\$	\$	\$
Whabouchi (100%)	SNRC 32O12	2% or 3%	1,510,468	501,790	2,012,258
Sirmac (100%)	SNRC 32J11	1%	437,675	1,223	438,898
			1,948,143	503,013	2,451,156

Some properties are subject to royalties in the event they are brought into commercial production.

Whabouchi: See Note 10 A) and B); *Sirmac*: See Note 10 C).

7. EXPLORATION AND EVALUATION ASSETS:

Exploration and evaluation assets by properties can be detailed as follows:

	Balance as at June 30, 2014	Exploration and evaluation costs	Tax credits for resources	Balance as at December 31, 2014
	\$	\$	\$	\$
Whabouchi	16,154,117	555,640	-	16,709,757
Sirmac	1,447,689	-	-	1,447,689
Lithium Chemicals Complex ⁽¹⁾	4,798,077	732,760	-	5,530,837
	22,399,883	1,288,400	-	23,688,283

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

	Balance as at June 30, 2013	Exploration and evaluation costs	Tax credits for resources	Balance as at June 30, 2014
	\$	\$	\$	\$
Whabouchi	14,041,770	2,112,347	—	16,154,117
Sirmac	1,332,692	114,997	—	1,447,689
Lithium Chemicals Complex ⁽¹⁾	3,371,057	1,427,020	—	4,798,077
	18,745,519	3,654,364	—	22,399,883

⁽¹⁾ 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.

Exploration and evaluation assets by nature can be detailed as follows:

	Six-month period ended December 31, 2014	Year ended June 30, 2014
	\$	\$
Salaries and fringe benefits	149,502	326,356
Consultants and supervisions	716,007	2,375,026
Geology and geophysics	-	23,397
Test, sampling and prospecting	409,519	610,593
Drilling, equipment rental and other material	652	258,816
Lodging and meals	12,720	60,176
	1,288,400	3,654,364
Balance, beginning of year	22,399,883	18,745,519
Balance, end of period	23,688,283	22,399,883

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS:

A) COMMON SHARES AND WARRANTS:

Authorized:

Unlimited number of common shares without par value.

Changes in the Company's share capital and warrants were as follows:

	Number of warrants	Number of shares	Amount
			\$
Balance at June 30, 2013 ⁽ⁱ⁾	8,676,584	116,000,242	38,993,090
Paid in cash from prospectus	23,366,666	46,733,332	5,737,500
Mining properties	2,000,000	4,000,000	500,000
Expired warrants	(1,615,000)	-	-
Balance at June 30, 2014	32,428,250	166,733,574	45,230,590
Paid in cash from prospectus	4,536,765	9,073,530	1,542,500
Exercise of options	-	1,254,000	317,396
Exercise of warrants	(2,035,000)	2,035,000	392,100
Mining properties		500,000	80,000
Balance at December 31, 2014	34,930,015	179,596,104	47,562,586

- (i) The carrying amount of the flow-through shares is presented net of the liability related to flow-through shares of \$289,550 for the flow-through shares issued during the month of June 2012. As at December 31, 2014, the balance of the liability related to flow-through shares was nil (nil as at June 30, 2014). For the three-month and six-month periods ended December 31, 2014, an amount of nil (\$32,577 in 2013) and nil (\$88,942 in 2013), respectively, has been recognized as other income related to flow-through shares in the condensed interim statements of loss for the three-month and six-month periods ended December 31, 2014, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

Period ended December 31, 2014:

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 a supplemental prospectus offering in connection with the Base Shelf Prospectus dated March 4, 2013. The Company also completed on November 17, 2015 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.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

A) COMMON SHARES AND WARRANTS (CONTINUED):

Changes in the Company's share capital and warrants were as follows (continued):

Period ended December 31, 2014 (continued):

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 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, 500,000 common shares were issued in relation to the commitments of the Whabouchi property for a total value of \$80,000.

Year ended June 30, 2014:

On April 15, 2014, in connection with a brokered supplemental prospectus offering which closed initially on April 2, 2014, the Company issued an aggregate of 3,900,000 units of the Company, at a price of \$0.125 per unit, for an aggregate gross proceed of \$487,500. Each unit is comprised of one common share of the share capital of the Company and one-half of one common share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of \$0.20 per common share on the date that is 18 months following the closing date of the offering, being up to October 2, 2015. The Company paid to the agent an aggregate cash commission of \$39,000.

On April 2, 2014, the Company completed a brokered supplemental prospectus offering for a total of \$3,250,000 by the issuance of 26,000,000 units at a price of \$0.125 per unit. Each unit is comprised of one common share of the share capital of the Company and one-half of one common share purchase warrant. Each warrant entitles its holder to purchase one common share at a price of \$0.20 per common share, on the date that is 18 months following the closing date of the offering. An amount of \$500,000 was used to make the last payment due to the vendor of the Whabouchi property upon the release of an independent feasibility study and the Company paid to the agent an aggregate cash commission of \$220,000.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

A) COMMON SHARES AND WARRANTS (CONTINUED):

Changes in the Company's share capital and warrants were as follows (continued):

Year ended June 30, 2014 (continued):

From October 28 to November 14, 2013, the Company closed a supplemental prospectus offering of an aggregate of 20,833,332 units, at a price of \$0.12 per unit, for gross proceeds of \$2,500,000 in connection with the short form base shelf prospectus of the Company dated March 4, 2013, as supplemented by the prospectus supplement No. 2 dated October 16, 2013. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Subject to acceleration provisions as described in the Warrant Indenture entered into between the Company and Computershare Trust Company of Canada dated October 28, 2013, each whole common share purchase warrant is exercisable for a period of 24 months from the closing date of the first tranche of the supplemental prospectus, which is October 28, 2013, to purchase one common share at a price of \$0.18. A total cash commission of \$194,560 was paid to the agent and 136,000 compensation options were issued to a member of the syndicate on offshore subscriptions allowing them to purchase that number of common shares for a period of five years following the closing date at a price of \$0.12 per common share.

B) COMMON SHARES PURCHASE OPTIONS:

The shareholders of the Company approved a share option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors and suppliers of the Company share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant. The acquisition conditions of share purchase options are without restriction, except for grant of share purchase options to some suppliers, namely investors' relation representatives, which are acquired at 25% each quarter.

The Plan provides that the maximum number of common shares of the Company that may be reserved for issuance under the Plan shall not be greater than 10% of the issued shares of the Company being outstanding from time to time. The aggregate number of share options granted to any one individual cannot exceed 5% of the outstanding common shares at the time of vest and may not exceed 2% of the outstanding common shares for suppliers, namely consultants and investors relation representatives. These options will expire no later than five years after being granted. The vesting period of the share purchase options varies from immediate up to 24 months, and the life of such options varies from 2 years to 5 years.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to employees, officers, directors, consultants and investors relation (I.R.) representatives:

The status of the Company's share purchase option plan for employees, officers, directors, consultants and I.R. representatives as at December 31, 2014 and June 30, 2014, and changes during the periods then ended were as follows:

	Six-month period ended December 31, 2014		Year ended June 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	7,352,075	0.30	6,119,075	0.40
Granted	-	-	2,425,000	0.12
Exercised ⁽ⁱ⁾	(1,254,000)	0.14	-	-
Expired	(267,000)	0.44	(1,192,000)	0.45
Outstanding, end of period	5,831,075	0.31	7,352,075	0.30
Options exercisable at the end of period	5,612,325	0.31	6,279,158	0.30

(i) The closing market price of the shares on September 18, 2014 when the options were exercised was \$0.21 per share.

	Six-month period ended December 31, 2014	Year ended June 30, 2014
	\$	\$
The weighted average fair value of options granted during the period	-	0.06

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to employees, officers, directors, consultants and investors relation (I.R.) representatives (continued):

The following table summarizes information about the share purchase options granted and outstanding as at December 31, 2014:

Number of outstanding options	Number of vested options	Weighted average exercise price (\$)	Expiry date
209,000	209,000	0.450	March 2015
1,776,500	1,776,500	0.507	December 2015
245,575	245,575	0.459	May 2016
300,000	300,000	0.400	May 2017
500,000	500,000	0.425	September 2017
375,000	281,250	0.500	January 2018
500,000	500,000	0.125	October 2018
400,000	400,000	0.120	October 2018
125,000	125,000	0.120	November 2018
500,000	500,000	0.125	November 2018
400,000	400,000	0.100	May 2019
500,000	375,000	0.125	May 2019
5,831,075	5,612,325		

The fair value of options granted in accordance with the plan to employees, officers and directors, consultants and I.R. representatives was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Six-month period ended December 31, 2014	Year ended June 30, 2014
Expected life of options	-	5 years
Expected volatility rate	-	72%
Risk-free interest rate	-	1.57%
Expected annual dividend rate	-	0%

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to brokers and intermediaries:

The status of the Company's share purchase option plan for brokers and intermediaries as at December 31, 2014 and June 30, 2014, and changes during the periods then ended were respectively as follows:

	Six-month period ended December 31, 2014		Year ended June 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding beginning of period	981,140	0.28	1,048,425	0.33
Granted	-	-	136,000	0.12
Expired	-	-	(203,285)	0.46
Outstanding, end of period	981,140	0.28	981,140	0.28
Options exercisable at the end of period	981,140	0.28	981,140	0.28

The following table summarizes information about the share purchase options granted and outstanding as at December 31, 2014:

Number of Outstanding options	Number of vested options	Weighted average exercise price	Expiry date
		\$	
845,140	845,140	0.30	April 2015
136,000	136,000	0.12	October 2018
981,140	981,140		

	Six-month period ended December 31, 2014	Year ended June 30, 2014
	\$	\$
The weighted average fair value of options granted during the period	-	0.06

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to brokers and intermediaries (continued):

The fair value of options granted in accordance with the plan was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Six-month period ended December 31, 2014	Year ended June 30, 2014
Expected life of options	-	5 years
Expected volatility rate	-	72%
Risk-free interest rate	-	1.72%
Expected annual dividend rate	-	0%

C) WARRANTS:

The status of the warrants as at December 31, 2014 and June 30, 2014, and changes during the periods then ended were as follows:

	Six-month period ended December 31, 2014		Year ended June 30, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	32,428,250	0.24	8,676,584	0.45
Granted	4,536,765	0.25	25,366,666	0.19
Expired	-	-	(1,615,000)	0.65
Exercised ⁽ⁱ⁾	(2,035,000)	0.19	-	-
Outstanding, end of period	34,930,015	0.24	32,428,250	0.24

- (i) The closing market price of the shares on August 20, 21 and 27, 2014 when 790,000, 140,500 and 804,500 warrants were exercised, respectively, was \$0.23. The closing market price of the shares on August 25 and 26, 2014 when 100,000 and 200,000 warrants were exercised, respectively, was \$0.24 and \$0.21.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

8. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

c) WARRANTS (CONTINUED):

The following table summarizes the information relating to the outstanding warrants as at December 31, 2014:

Number of outstanding warrants	Weighted average exercise price	Expiry date
	\$	
7,061,584	0.40	April 2015
9,671,666	0.18	October 2015
13,660,000	0.20	October 2015
4,536,765	0.25	November 2015
34,930,015		

9. CONTINGENCIES:

- A) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, their impact and their duration are difficult to determine. At the present time and to the best knowledge of management, the Company is in conformity with the laws and regulations. Restoration costs will be accrued in the financial statements only when it can be determined that a present obligation exists, resulting from the environmental consequences of the exploration activities performed on the lands, and when it can be reliably estimated. Such obligation will be capitalized to the cost of the related assets at that time.
- B) 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.

10. COMMITMENTS:

- A) In September 2009, the Company acquired a 100% interest in 16 mining claims included in the Whabouchi property. The vendors kept a 3% Net Smelter Return ("NSR") royalty on the 16 claims and on 4 of the 7 claims acquired by map designation by the Company, 1% of this royalty may be purchased for an amount of \$1,000,000.
- B) In case of commercial production on any of the 10 claims acquired from Golden Goose Resources Inc. in January 2010 related to the Whabouchi property, the 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.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

10. COMMITMENTS (CONTINUED):

- C) 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.
- D) The Company leases office space for a monthly amount of \$4,346 until January 2015. This 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 December 31, 2014, the total contractual payments remaining until then, assuming the lease will not be terminated before the end of the term, will amount to \$169,639.

11. INCOME AND MINING TAXES:

The income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.90% (2014: 26.90%) to the loss before taxes for the following reasons:

	Six-month periods ended December 31,		Six-month periods ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Loss before income taxes	(383,782)	(1,744,294)	(931,921)	(2,061,326)
Computed expected tax recovery	(103,237)	(469,215)	(250,686)	(554,497)
Increase (decrease) in income taxes resulting from:				
Non-deductible share-based payment	3,019	21,628	8,778	26,535
Change in unrecognized deferred income tax assets	105,008	227,675	250,291	231,826
Non-deductible expenses arising from the share of the loss and loss on dilution in an equity accounted investee	-	180,755	-	192,039
Deferred income tax arising from exploration and evaluation assets financed through flow-through shares	-	51,734	-	136,302
Permanent differences arising from the non-taxable income related to flow-through shares	-	(8,763)	-	(23,925)
Mining tax (recovery) expense related to current period exploration expenses	(4,790)	26,957	(8,383)	72,792
Deferred income tax expense	-	30,771	-	81,072

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

11. INCOME AND MINING TAXES (CONTINUED):

Movement in temporary differences during the six-month period ended December 31, 2014 and year ended June 30, 2014 are detailed as follows:

	Balance June 30, 2014	Recognized in profit or loss	Balance December 31, 2014
	\$	\$	\$
Deferred tax assets:			
Non-capital losses	709,380	55,308	764,688
Share issuance costs	71,119	(63,691)	7,428
Equipment	14,132	-	14,132
Mining properties	1,010,307	-	1,010,307
Deferred tax liabilities:			
Deferred mining duties	(2,026,666)	(31,162)	(2,057,828)
Exploration and evaluation assets	(1,804,938)	8,383	(1,796,555)
	(2,026,666)	(31,162)	(2,057,828)

	Balance June 30, 2013	Recognized in profit or loss	Balance June 30, 2014
	\$	\$	\$
Deferred tax assets:			
Non-capital losses	606,058	103,322	709,380
Share issuance costs	185,843	(114,724)	71,119
Equipment	14,132	-	14,132
Mining properties	1,010,307	-	1,010,307
Deferred tax liabilities:			
Other unrealized gain	(176,621)	176,621	-
Deferred mining duties	(2,019,984)	(6,682)	(2,026,666)
Exploration and evaluation assets	(1,639,719)	(165,219)	(1,804,938)
	(2,019,984)	(6,682)	(2,026,666)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

11. INCOME AND MINING TAXES (CONTINUED):

Deferred tax assets have not been recognized in respect of the following items:

	Six-month period ended December 31, 2014	Year ended June 30, 2014
	\$	\$
Non-capital losses carry forwards	2,270,587	1,938,652
Share issuance costs	409,608	405,569
Other unrealized capital loss	15,419	15,419
	2,695,614	2,359,640

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

As at December 31, 2014, the Company has the following non-capital tax losses, available to reduce future years income for tax purposes:

Year incurred	Federal	Provincial	Year of expiry
	\$	\$	
2009	179,411	-	2029
2010	923,620	894,556	2030
2011	1,759,862	1,756,479	2031
2012	2,280,742	2,274,511	2032
2013	2,613,069	2,613,069	2033
2014	1,722,390	1,722,390	2034
2015 (6 months)	1,153,501	1,153,501	2035
	10,632,595	10,414,506	

12. EARNINGS PER SHARE:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and that their effect would have been antidilutive.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

13. ITEMS NOT AFFECTING CASH FLOWS:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Non-cash items:				
Acquisition of mining properties by issuance of common shares and warrants	-	-	80,000	-
Changes in accounts payable and accrued liabilities related to share issuance costs	84,260	(58,740)	84,260	(214,046)
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	(32,957)	(626,077)	(47,407)	(858,408)
Changes in deposits to suppliers for exploration and evaluation expenses	29,981	15,310	3,032	(494)

14. COMPENSATION:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Wages and fringe benefits paid to key management personnel	113,711	91,529	227,219	187,691
Wages and fringe benefits paid to other staff employees	34,144	38,094	91,184	93,428
Fees paid to the members of the board of directors	18,079	19,249	35,829	37,170
	165,934	148,872	354,232	318,289

During the three-month and six-month periods ended December 31, 2014, the Company incurred \$11,224 (\$80,402 in 2013) and \$32,633 (\$98,642 in 2013), respectively, of share-based payments expenses, of which nil (\$7,854 in 2013) and nil (\$7,854 in 2013), respectively, were attributed to key management personnel and nil (\$23,560 in 2013) and nil (\$23,560 in 2013), respectively, were attributed to the members of the Board of Directors in relation with the share purchase options granted.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIOD ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

15. RELATED PARTY TRANSACTIONS:

The Company has no ultimate parent.

Inter-company transactions carried out during the three-month period ended December 31, 2014 between the Company and its equity accounted investee, MQR, totalled an amount of \$28,500 (\$28,500 in 2013) as follows: the Company charged MQR for the following: \$28,500 (\$25,200 in 2013) of compensation and nil (\$3,300 in 2013) as general administrative and office expenses.

During the six-month period ended December 31, 2014, the Company charged MQR for the following: \$57,000 (\$57,368 in 2013) of compensation and nil (\$6,600 in 2013) 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 December 31, 2014 (nil as at June 30, 2014).

16. SUBSEQUENT EVENT:

- (A) 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.
- (B) The Company is expecting to complete, before March 15, 2015, 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.