NEMASKA LITHIUM

MANAGEMENT DISCUSSION AND ANALYSIS

PERIOD ENDED

DECEMBER 31, 2014 – SECOND 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 three-month and six-month periods ended December 31, 2014 and the comparison of the Company's statement of financial position as at December 31, 2014 and June 30, 2014.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited financial statements of the Company for the fiscal year ended June 30, 2014 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 February 25, 2015. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

Forward looking statements

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

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

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

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

The Company has decided to focus its business plan on producing mainly high purity lithium hydroxide. This decision was based on the thorough review of market studies for lithium compounds and discussions with numerous end-users of both lithium hydroxide and lithium carbonate. It is clear that lithium hydroxide is emerging as the chemical compound of choice for the growing lithium-ion battery market due to several factors including: a longer life cycle; better power density (last longer between charges) and enhanced safety features (more tolerant to temperature changes, especially high heat). A formal construction decision of the mine and concentrator at the mine site and hydromet plant in Salaberry-de-Valleyfield will be made following, among other things, the receipt of Certificates of Authorization from the relevant Québec and Federal Government regulatory authorities.

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 offering in February 2015 (see Note 16 “Subsequent events” of the condensed interim financial statements for the period ended December 31, 2014), 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 additional funds in the future.

The condensed interim financial statements for the three-month and six-month periods ended December 31, 2014 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 six-month period ended December 31, 2014 and up to the date of this report and next steps

The principal business objectives that the Company expects to accomplish in the near term is to pursue the work to complete the process required to obtain the certificates of authorization from the Minister of Sustainable Development, Environment, and The Fight against Climate Change (the “MDEFP”) and from the Canadian Environmental Assessment Agency (the “CEAA”) for the construction of a mine and a concentrator on the Whabouchi property.

The permitting process includes notably the conduct of consultation and public hearings. The Quebec Review Committee (the “COMEX”) public hearings will be held on March 30, 2015 in the Cree community of Nemaska and April1st, 2015 in Chibougamau as announced on February 16, 2015 by the COMEX. The COMEX public hearings constitute the final step before the MDEFP makes the decision to issue the certificate of authorization required to build and operate the Whabouchi mine. The Company has filed the final reports with the CEAA. The CEAA held its public consultations in the Cree community of Nemaska on the project in November 2013. The filing of these documents constitutes the final step before the CEAA issues its Environmental Assessment Report for public consultation.

While proceeding to complete the permitting process and given that an industrial mineral project needs to secure purchase agreements with end users in order to facilitate its financing, the Company has decided to construct a

Phase 1 demonstration plant while completing the permitting process and building the larger production facility. The plant will use the Company's proprietary lithium hydroxide and lithium carbonate production processes, and will have an average combined capacity of about 500 tonnes per year.

The 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:

- The opportunity for initial staff training and development of skills for quick start of the commercial plant;
- The opportunity for process optimization;
- Shorten the ramp-up timeline of the commercial plant;
- Shorten the delay required to qualify its products with potential clients.

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.

On February 16, 2015, the Company was awarded a $12.87M technology commercialisation grant for its Phase 1 plant from the federally-funded Sustainable Development Technology Canada (SDTC). This grant represents approximately 32% of the overall project budget of about $38M. The Company is in active discussion with other investors and potential strategic partners to complete the project financing. The announcement of the SDTC grant should allow the Company to complete the financing in a timely manner.

On February 4 and 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 allows its holder to purchase one common share of the Company at a price of $0.28 until February 4, 2017.

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

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

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

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

On July 15, 2014, 500,000 common shares were issued in relation to the commitments of the Whabouchi property for a total value of $80,000.

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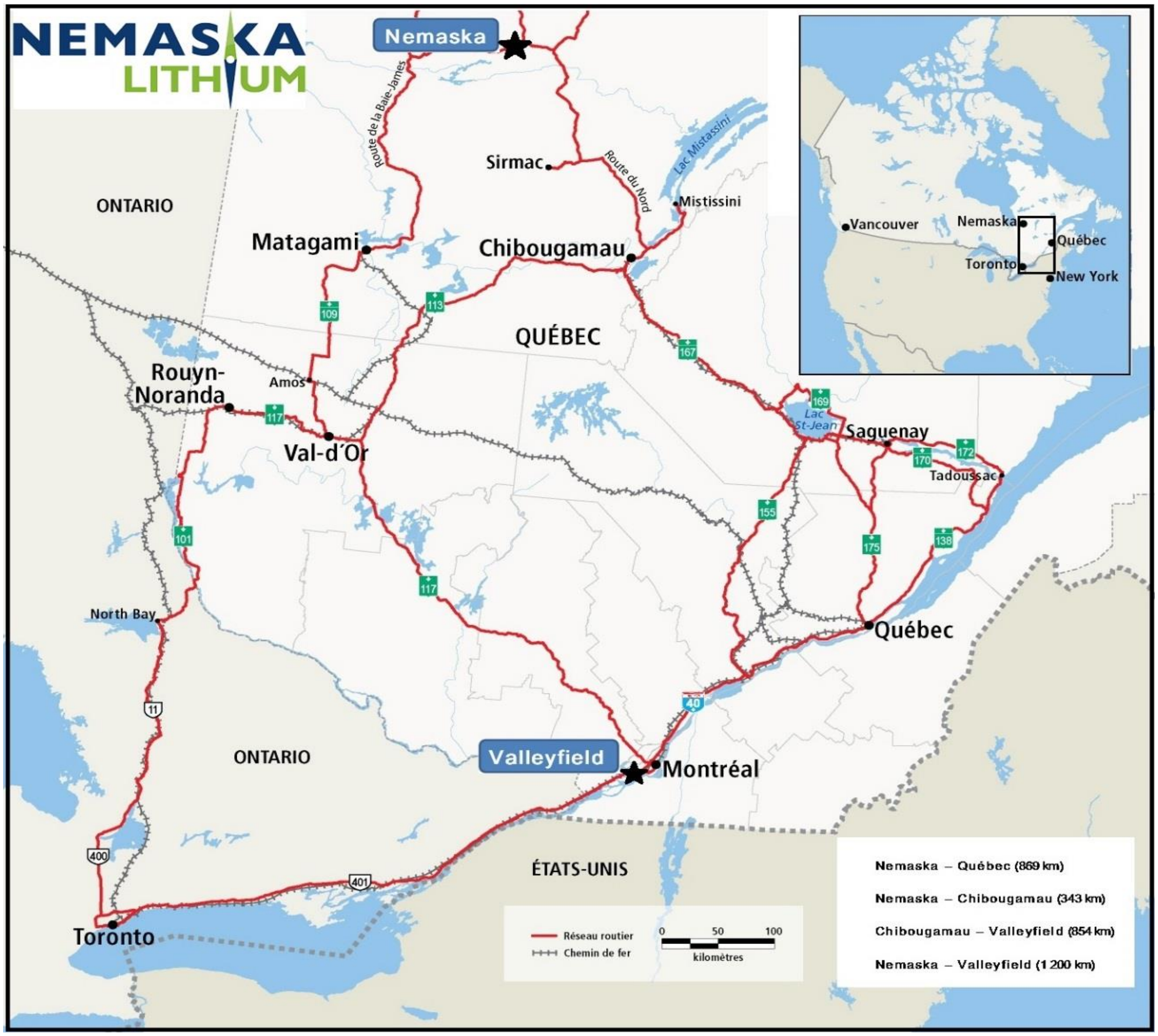
Feasibility Study Highlights, Mineral Resources and Mineral Reserves

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 intends to build its lithium hydroxide and lithium carbonate production facility.



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

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

Mineral Resources and Mineral Reserves

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

- Mineral resources were evaluated from the diamond drill holes and channels analytical results completed by Nemaska since 2009. Historical drill holes and channels were not used for the current mineral resources estimate. A total of 479 drill holes/channels and 9,358 assays were used for the mineral resources model.
- The mineral resources 3-D modeling of mineralized pegmatite dyke was conducted using a minimal modeling grade of 0.50% Li_2O over a 2m horizontal thickness.
- The interpolation was conducted using composited assays of 2m in length. The Mineral Resources were modeled and estimated using Genesis© software.
- Block Model Interpolation was done using Ordinary Kriging. The block model was defined by a block size of 5m long by 3m wide by 5m thick and covers a strike length of 1,315 m to a maximal depth of 520 m below surface.
- The In-pit Mineral Resources were limited inside an optimized pit shell. The interpolated blocks of the model located below the optimised pit shell are not included in the updated Mineral Resources. The In-pit Mineral Resources reach 320 m below surface (maximum depth of optimised pit).
- The cut-off grade of the reported Mineral Resources is 0.43% Li_2O.

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

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

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

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

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

Main works planned and details of the exploration and development works

As the Whabouchi project is currently on the permitting process and that it is not possible to start any work of significance on the property until the required general certificates of authorization have been granted, there is no field work planned on this property during the next twelve months. However on-going metallurgical optimization tests are being carried out.

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

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

MAIN WORKS PLANNED	
Properties	**Work**
Whabouchi	Continue the permitting process to be authorized to build and operate a spodumene mine and concentrator on the Whabouchi project.

Whabouchi property

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

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

Whabouchi property works	Objectives	Results
September 2013, definition diamond drilling, 14 holes totalling 1,815 meters	Additional diamond drilling in the actual pit design to increase the number of tonnes in the measured and indicated categories.	Updated resource estimate received on January 23, 2014. This estimate was used for the feasibility study of May 13, 2014.
September 2013, Condemnation diamond drilling, 10 holes totalling 1,308 meters	Delineate and condemn sector for foreseen waste rocks and tailings pile.	Report confirming the absence of mineralization of commercial value under the projected location of mining infrastructures was received.

Sirmac property

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

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

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the condensed interim statements of loss for the periods ended December 31, 2014 and 2013 as well as the condensed interim statement of financial position as at December 31, 2014, June 30, 2014 and June 30, 2013.

Statements of loss and comprehensive loss selected financial information				
	Three-month periods ended December 31		Six-month periods ended December 31	
Earnings and comprehensive loss	**2014 ($)**	**2013 ($)**	**2014 ($)**	**2013 ($)**
Interest income	2,897	3,588	11,470	9,943
Loss before income taxes	383,782	1,744,294	931,921	2,061,326
Net loss and comprehensive loss	383,782	1,775,065	931,921	2,142,398
Loss per share, basic and diluted	0.002	0.014	0.005	0.017

Statements of Financial Position selected financial information			
	As at		
	December 31, 2014 ($)	**June 30, 2014 ($)**	**June 30, 2013 ($)**
Cash and cash equivalents	1,320,438	1,099,505	2,445,768 (1)
Working capital	712,701	1,162,265	876,120 (2)
Total assets	28,093,311	26,937,165	25,824,310
Total liabilities	3,018,135	2,839,354	4,359,038
Shareholder's Equity	25,075,176	24,097,811	21,465,272

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

(2) This is a non GAAP financial measure which does not have any standardized meaning prescribed by the Company's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. This financial measure is defined as the current assets excluding the cash reserved for exploration, less the current liabilities excluding the liability related to flow-through shares, which presents the actual working capital available to the Company for general administrative purposes.

Statement of financial position as at December 31, 2014

As at December 31, 2014, the total assets of the Company were at $28,093,311, an increase of $898,036 and $1,156,146 when compared to September 30, 2014 and June 30, 2014, respectively. The increase in the total assets during the six-month periods ended December 31, 2014 is mostly related to the following elements which contribute to increase the total assets: i) the issuance of shares for a net cash flow increase of $1,308,237; ii) the exercise of options by members of the management and members of the Board of directors for a gross proceed of $180,576; iii) the exercise of warrants for a gross proceed of $392,100; and iv) the payment of mining properties by issuance of shares in the amount of $80,000. On the other hand, the cash flow used for the operating activities contributed in the decrease of the total assets for a total of $804,767.

Management estimates that the working capital available to the Company at the end of the period, combined with the closing of two non-brokered offering during the third quarter of the fiscal year 2014-2015 (see Note 16 "Subsequent events" of the condensed interim financial statements for the period ended December 31, 2014), 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.

Operating results for the three-month period ended December 31, 2014

Condensed Interim Statement of Loss and Comprehensive Loss
Three-month period ended December 31, 2014 and 2013

	December 31, 2014	December 31, 2013
	$	$
EXPENSES:		
Compensation	**165,934**	148,872
Share-based payments	**11,224**	80,402
Rent, office expense and other expenses	**34,837**	35,086
Depreciation and amortization expense	**3,638**	3,221
Registration, listing fees and shareholders' information	**75,992**	51,613
Promotion and advertising	**7,803**	19,710
Representation, missions and trade shows	**36,780**	21,580
Consultant fees	**18,041**	57,349
Professional fees	**31,091**	23,777
	385,340	441,610
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(2,897)**	(3,588)
Finance expense	**1,339**	1,540
	(1,558)	(2,048)
OPERATING LOSS	**383,782**	**439,562**

Other items:

Other expense (income) related to flow-through shares	-	(32,577)
Share of loss in an equity accounted investee	-	1,337,309
	-	1,304,732
LOSS BEFORE INCOME TAXES	**383,782**	**1,744,294**
Current income taxes recovery	**(17,805)**	(14,177)
Deferred income taxes and mining taxes expense	**17,805**	44,948
	-	30,771
Net loss and comprehensive loss for the period	**383,782**	**1,775,065**
Basic and diluted loss per share	**0.002**	0.014
Basic and diluted weighted average number of shares outstanding	**175,101,858**	129,832,447

The results for the three-month period ended December 31, 2014 show an operating loss of $383,782 ($439,562 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $2,897 ($3,588 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 period and the previous year comparative figures are: i) Registration, listing fees and shareholders' information increased by $24,379 mainly due to the increase in the expenses related to the annual general assembly and increase in the investors relation services in the USA; ii) share-based payments decreased by $69,178 due to the fact that less options were issued in the current year than the previous year; iii) Consultant fees have decreased by $39,308, mainly due to reductions in corporate affairs from external sources.

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

Investing activities for the three-month period ended December 31, 2014

During the three-month period ended December 31, 2014, a net amount of $772,629 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of $744,848, net of the variation, during the period, in the accounts payables, accrued liabilities and deposits to suppliers amounting to $2,976, capitalized on the Whabouchi property ($244,393) and for the Lithium Chemicals Complex ($497,479). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to the continued efforts for the work done in relation to the permitting and processes optimization. The Company also cashed tax credits in the amount of $72,219, which contributed to finance the investing activities.

The details for exploration and evaluation assets are detailed in the following table for the three-month period ended December 31, 2014 on each property or project:

Properties or Projects	Balance as at September 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 ($)	Balance as at December 31, 2014 ($)
Whabouchi	**16,465,364**	56,008	198,404	(13,699)	-	3,680	**244,393**	**16,709,757**
Sirmac	**1,447,689**	-	-	-	-	-	**-**	**1,447,689**
Lithium Chemical Complex	**5,033,358**	41,139	165,949	284,373	-	6,018	**497,479**	**5,530,837**
Total	**22,946,411**	**97,147**	**364,353**	**270,674**	**-**	**9,698**	**741,872**	**23,688,283**

The details for exploration and evaluation assets are detailed in the following table for the three-month period ended on December 31, 2013 on each property or project:

Properties or Projects	Balance as at Sept. 30, 2013 ($)	Salaries and fringe benefits ($)	Consultants ($)	Geology and geophysics ($)	Test, sampling and prospecting ($)	Drilling, equipment rental and other material ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Balance as at December 31, 2013 ($)
Whabouchi	**14,453,828**	56,798	111,126	11,698	46,763	55,991	19,532	**301,908**	**14,755,736**
Sirmac	**1,395,723**	24,972	9,450	11,699	2,586	1,162	1,747	**51,616**	**1,447,339**
Lithium Chemical Complex	**3,621,500**	55,223	73,349	-	63,407	-	1,246	**193,225**	**3,814,725**
Total	**19,471,051**	**136,993**	**193,925**	**23,397**	**112,756**	**57,153**	**22,525**	**546,749**	**20,017,800**

Operating results for the six-month period ended December 31, 2014

Condensed Interim Statement of Loss and Comprehensive Loss
Six-month period ended December 31, 2014 and 2013

	December 31, 2014	December 31, 2013
	$	$
EXPENSES:		
Compensation	**354,232**	318,289
Share-based payments	**32,633**	98,642
Rent, office expense and other expenses	**70,626**	65,968
Depreciation and amortization expense	**7,277**	8,344
Registration, listing fees and shareholders' information	**85,185**	56,674
Promotion and advertising	**12,509**	20,670
Representation, missions and trade shows	**87,163**	35,225
Consultant fees	**43,279**	80,027
Professional fees	**56,744**	42,709
	749,648	726,548
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(11,470)**	(9,943)
Finance expense	**28,129**	5,862
	16,659	(4,081)
OPERATING LOSS	**766,307**	**722,467**
Other items:		
Other expense (income) related to flow-through shares	**165,614**	(88,942)
Share of loss in an equity accounted investee	**-**	1,427,801
	165,614	1,338,859
LOSS BEFORE INCOME TAXES	**931,921**	**2,061,326**
Current income taxes recovery	**(31,162)**	(30,779)
Deferred income taxes and mining taxes expense	**31,162**	111,851
	-	81,072
Net loss and comprehensive loss for the period	**931,921**	**2,142,398**
Basic and diluted loss per share	**0.005**	0.017
Basic and diluted weighted average number of shares outstanding	**171,606,227**	122,916,345

The results for the six-month period ended December 31, 2014 show an operating loss of $766,307 ($722,467 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $11,470 ($9,943 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 period and the previous year comparative figures are: i) compensation have increased by $35,943, mainly due to human resources reorganization and to the fact that an amount of 29,248$ of compensation paid to key management personnel was capitalized last year in relation to exploration and evaluation assets; ii) Registration, listing fees and shareholders' information increased by $28,511 mainly due to the increase in the expenses related to the annual general assembly and increase in the investors relation services in the USA; and iii) Promotion, advertising, representation, missions and trade shows have increased by $43,777, mainly due to development missions in Asia, Europe and the USA in order to promote the Company and to increase the exposure of the Company to potential partners and end users for the development of the Whabouchi project; iv) share-based payments decreased by $66,009 due to the fact that less options were issued in the current year than the previous year; v) Consultant fees have decreased by $36,748, mainly due to reductions in corporate affairs from external sources.

Financing activities for the six-month period ended December 31, 2014

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

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

Investing activities for the six-month period ended December 31, 2014

During the six-month period ended December 31, 2014, a net amount of $1,065,302 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of $1,332,775, net of the variation, during the period, in the accounts payables, accrued liabilities and deposits to suppliers amounting to $44,375, capitalized on the Whabouchi property ($555,640) and for the Lithium Chemicals Complex ($732,760). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to the continued efforts for the work done in relation to the permitting and processes optimization. The Company also cashed tax credits in the amount of $367,473, which contributed to finance the investing activities.

The details for exploration and evaluation assets are detailed in the following table for the six-month period ended December 31, 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 ($)	Balance as at December 31, 2014 ($)
Whabouchi	**16,154,117**	69,615	463,697	15,915	652	5,761	**555,640**	**16,709,757**
Sirmac	**1,447,689**	-	-	-	-	-	**-**	**1,447,689**
Lithium Chemical Complex	**4,798,077**	79,887	252,310	393,604	-	6,959	**732,760**	**5,530,837**
Total	**22,399,883**	**149,502**	**716,007**	**409,519**	**652**	**12,720**	**1,288,400**	**23,688,283**

The details for exploration and evaluation assets are detailed in the following table for the six-month period ended on December 31, 2013 on each property or project:

Properties or Projects	Balance as at June 30, 2013 ($)	Salaries and fringe benefits ($)	Consultants ($)	Geology and geophysics ($)	Test, sampling and prospecting ($)	Drilling, equipment rental and other material ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Balance as at December 31, 2013 ($)
Whabouchi	**14,041,770**	108,326	232,978	11,698	61,994	255,040	43,930	**713,966**	**14,755,736**
Sirmac	**1,332,692**	35,987	16,250	11,699	47,546	1,418	1,747	**114,647**	**1,447,339**
Lithium Chemical Complex	**3,371,057**	99,708	208,555	-	134,159	-	1,246	**443,668**	**3,814,725**
Total	**18,745,519**	**244,021**	**457,783**	**23,397**	**243,699**	**256,458**	**46,923**	**1,272,281**	**20,017,800**

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, 2014.

Operating results:

Operating results as at:	Finance income $	Loss before income taxes $	Net Loss $	Loss per share – basic and diluted $
December 31, 2014	2,897	383,782	383,782	0.002
September 30, 2014	8,573	548,139	548,139	0.003
June 30, 2014	4,055	404,979	404,979	0.002
March 31, 2014	3,732	309,698	309,698	0.002
December 31, 2013	3,588	1,744,294	1,775,065	0.014
September 30, 2013	6,355	317,032	367,333	0.003
June 30, 2013	6,465	862,052	862,692	0.008
March 31, 2013	1,590	692,071	703,382	0.007

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	189,596,104	176,574,385
December 31, 2014	179,596,104	175,101,858
September 30, 2014	170,522,574	168,110,593
June 30, 2014	166,733,574	136,969,547
March 31, 2014	136,833,574	136,833,574
December 31, 2013	136,833,574	129,832,447
September 30, 2013	116,000,242	116,000,242
June 30, 2013	116,000,242	104,681,186
March 31, 2013	101,877,074	101,877,074

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

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

Share purchase option plan:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price $
As at the date of this report	5,831,075	5,612,325	0.31
December 31, 2014	5,831,075	5,612,325	0.31
September 30, 2014	6,035,575	5,473,075	0.31
June 30, 2014	7,352,075	6,279,158	0.30
March 31, 2014	6,452,075	5,483,324	0.33
December 31, 2013	6,452,075	5,139,576	0.36
September 30, 2013	5,031,575	4,694,075	0.38
June 30, 2013	6,119,075	5,287,825	0.40
March 31, 2013	6,419,075	5,500,325	0.40

During the month of September 2014, 1,254,000 common shares purchase options were exercised by members of the management and members of the Board of Directors at an average exercise price of $0.144. Following these exercises, the Company received an aggregate amount of $180,576 and issued a total of 1,254,000 common shares of the Company. Also, 267,000 options with an average exercise price of 0.44$ expired during the six-month period ended December 31, 2014.

As at December 31, 2014, the Company had 5,831,075 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 May 2019, subject to the conditions established under the Common Share Purchase Option Plan.

Warrants to shareholders and Compensation options to brokers:

Outstanding warrants to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average strike price $
As at the date of this report	39,930,015	39,930,015	0.24
December 31, 2014	34,930,015	34,930,015	0.24
September 30, 2014	30,393,250	30,393,250	0.24
June 30, 2014	32,428,250	32,428,250	0.24
March 31, 2014	17,478,250	17,478,250	0.27
December 31, 2013	17,478,250	17,478,250	0.27
September 30, 2013	8,676,584	8,676,584	0.45
June 30, 2013	8,676,584	8,676,584	0.45
March 31, 2013	1,865,000	1,865,000	0.64

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

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

As at December 31, 2014, the Company had issued a total of 34,930,015 exercisable warrants to shareholders. Each warrant allows its holder to subscribe to one (1) common share at a price varying between $0.18 per share to $0.40 per share for a period varying from 18 months to 24 months following their issue date.

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

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	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

Outstanding compensation options to brokers as at:	Compensation options issued to brokers	Compensation options exercisable	Average exercise strike price $
December 31, 2013	981,140	981,140	0.28
September 30, 2013	958,190	958,190	0.32
June 30, 2013	1,048,425	1,048,425	0.33
March 31, 2013	891,504	891,504	0.41

As at December 31, 2014, the Company had issued a total of 981,140 exercisable compensation options to brokers. Each compensation options allows its holder to subscribe to one (1) common share at a price varying between $0.12 per share to $0.30 per share for a period varying from 18 months to 60 months following their issue date.

Related Party Transactions and Commercial Objectives

During the three-month and six-month periods ended December 31, 2014, 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 ended December 31		
	2014 ($)	**2013 ($)**
Compensation paid to key management personnel	113,711	91,529
Share-based payments towards key management personnel	-	7,854
Fees and expenses towards the external directors	18,079	19,249
Share-based payments towards the external directors	-	23,560

Six-month ended December 31		
	2014 ($)	**2013 ($)**
Compensation paid to key management personnel	227,219	187,691
Share-based payments towards key management personnel	-	7,854
Fees and expenses towards the external directors	35,829	37,170
Share-based payments towards the external directors	-	23,560

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).

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 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 with a 90 days written notice. 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.

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 December 31, 2014.

The Company has no research and development expenses.

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

The office and general administrative expenses for the three-month and six-month periods ended December 31, 2014 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 period ended December 31		
	2014 ($)	**2013 ($)**
Office supplies and mailing	1,785	1,148
Insurances, taxes and permits	7,533	8,932
Office lease and maintenance	14,988	10,497
Telecommunications	3,799	3,338
Training, HR activities and other expenses	5,494	8,749
(Gain) / Loss on exchange and other adjustments	1,238	2,422
Total	**34,837**	**35,086**

Rent, office expenses and other expenses for the six-month period ended December 31		
	2014 ($)	**2013 ($)**
Office supplies and mailing	6,607	1,573
Insurances, taxes and permits	14,699	17,142
Office lease and maintenance	29,679	21,073
Telecommunications	7,535	5,494
Training, HR activities and other expenses	10,868	18,264
(Gain) / Loss on exchange and other adjustments	1,238	2,422
Total	**70,626**	**65,968**

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**
April 11, 2013	Base-shelf prospectus first supplemental prospectus	Common shares	4,236,950	General administrative expenses and detailed engineering for the phase 1 plant in Salaberry-de-Valleyfield.
October 28, 2013; November 11, 2013; and November 14, 2013	Base-shelf prospectus second supplemental prospectus	Common shares	2,500,000	The net proceed of the financing that was closed in three tranches was used to: **i)** Advance the permitting process for the mine and concentrator on the Whabouchi property; **ii)** Advance the feasibility study for the Whabouchi project and the hydrometallurgical plant in Salaberry-de-Valleyfield; and **iii)** General administrative expenses.
April 2, 2014	Base-shelf prospectus third supplemental prospectus	Common shares	3,250,000	The net proceed of the financing was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property; **ii)** Complete the feasibility study for the Whabouchi project and the hydrometallurgical plant in Salaberry-de-Valleyfield; **iii)** Fund the general administrative expenses and other working capital needs; and **iv)** Make the last payment due to the vendor of the Whabouchi property for an amount of $500,000.
April 15, 2014	Base-shelf prospectus third supplemental prospectus over-allotment option	Common shares	487,500	The net proceed of the over-allotment option financing was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property; **ii)** Complete the feasibility study for the Whabouchi project and the hydrometallurgical plant in Salaberry-de-Valleyfield; and **iii)** Fund the general administrative expenses and other working capital needs.

Financing sources table				
Date	**Type**	**Financings**	**Amount ($)**	**Use of proceeds**
November 14 and 17, 2014	Base-shelf prospectus fourth supplemental prospectus	Common shares	1,500,000	The net proceed of the financing will be 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 and other working capital needs.
November 17, 2014	Brokered Private Placement	Common shares	42,500	The net proceed of the brokered private placement will be 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 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 will be used to: **i)** Start of the detailed engineering in relation to the Phase 1 Plant; **ii)** Fund the general administrative expenses and other working capital needs.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

(A) STATEMENT OF COMPLIANCE:

The unaudited condensed interim financial statements referenced in this document 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, the condensed interim financial statements for the six-month period ended December 31, 2014.

(B) BASIS OF MEASUREMENT:

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

These 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.

Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements for the year ended June 30, 2014, unless otherwise indicated.

(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.

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

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

RISKS AND UNCERTAINTIES

The acquisition of securities of the Company should be considered highly speculative with important risks of which, but not limited to:

The Company's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

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 US dollars or other currencies. The balances in the accounts payable and accrued liabilities were CAD $51,319 (US $46,401) as at December 31, 2014 and CAD $179,609 (US $162,395 and 4,200 GBP) as at June 30, 2014. Consequently, the Company is exposed to foreign exchange fluctuation but the risk is minimal due to the low balances.

(ii) **CREDIT RISK:**

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

***(iii)* LIQUIDITY RISK:**

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

The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at December 31, 2014, all of the Company's financial liabilities had contractual maturities of less than one year and the Company had enough funds available to meet its current financial liabilities. At the same date, the Company had $1,320,438 in cash and cash equivalents not reserved for exploration ($1,099,505 as at June 30, 2014) plus $103,716 in sales tax receivables ($298,723 as at June 30, 2014) and $188,923 in mining rights and tax credits receivable ($525,234 as at June 30, 2014) to meet its financial liabilities and future financial liabilities from its commitments.

PROPERTIES TITLES

According to the mining law 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, 2015 no amounts have to be paid to the "Ministère des Ressources Naturelles et de la Faune" for claims renewal.

ADDITIONAL FINANCING

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

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. 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 its activities; it currently carries on, in accordance with the relevant laws and by-laws. Changes brought to the by-laws could affect these permits and licences. Nothing guarantees that the Company can obtain all the permits and all the necessary licences in order to continue its mining activities, to build mines or mining plants and to begin the exploitation of its exploration properties. Moreover, if the Company begins the exploitation of an exploration property, it will have to obtain the necessary permits and licences and to conform to all the required obligations concerning the use of water, removal of waste etc. It cannot be guaranteed that the Company will be able to obtain these permits and licences, nor that it will be able to conform to their requirements.

DEPENDENCE ON THE MANAGEMENT

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

TERRITORIAL CLAIMS

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

PRICE OF METALS

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

TAX RISKS

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

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

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

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NEMASKA LITHIUM INC.

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Chief Financial Officer

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Guy Bourassa, Director
René Lessard*, Director
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