CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

JUNE 30, 2016 AND 2015

NEMASKA LITHIUM INC.

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Years ended June 30, 2016 and 2015

CONSOLIDATED FINANCIAL STATEMENTS

NEMASKA LITHIUM INC.

MANAGEMENT'S REPORT

Management's responsibility for financial reporting

The accompanying audited consolidated 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 audited consolidated financial statements and other financial information presented in this Report. Other information included in these audited consolidated financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the audited consolidated 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 of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is mainly composed of independent directors. The Audit Committee meets periodically with management and the independent auditors to review accounting, auditing and internal control matters. These audited consolidated financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The consolidated financial statements for the years ended June 30, 2016 and 2015 have been audited 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*	/s/ *Steve Nadeau*
Guy Bourassa, President and CEO	Steve Nadeau, Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Nemaska Lithium Inc.

We have audited the accompanying consolidated financial statements of Nemaska Lithium Inc., which comprise the consolidated statements of financial position as at June 30, 2016 and June 30, 2015, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nemaska Lithium Inc. as at June 30, 2016 and June 30, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards**.**

KPMG LLP*

October 25, 2016

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A115894

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	Note	June 30 2016	June 30 2015
ASSETS		**$**	$
CURRENT ASSETS:			
Cash and cash equivalents		**19,563,445**	1,625,666
Sales tax receivable		**836,472**	113,695
Other receivables		**112,602**	-
Mining rights and tax credits receivable related to resources		**287,944**	207,593
Prepaid expenses		**434,745**	79,168
		21,235,208	2,026,122
NON-CURRENT ASSETS:			
Deposits to suppliers for exploration and evaluation expenses		**142,589**	2,685
Investments	4	**5,468,062**	-
Property, land and equipment	5	**6,749,431**	94,296
Mining properties	6	**2,833,826**	2,631,156
Exploration and evaluation assets	7	**27,086,266**	24,453,953
		42,280,174	27,182,090
TOTAL ASSETS		**63,515,382**	29,208,212
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		**2,116,068**	632,640
Loan payable	16	**2,000,000**	-
		4,116,068	632,640
NON-CURRENT LIABILITIES:			
Deferred income and mining taxes	11	**2,156,849**	2,076,498
Deferred grants	15	**3,535,771**	-
Advanced Payment	17	**6,000,000**	-
		11,692,620	-
TOTAL LIABILITIES		**15,808,688**	2,709,138
EQUITY:			
Share capital and warrants	8	**68,944,971**	49,962,586
Contributed surplus		**6,794,690**	3,373,232
Deficit		**(28,032,967)**	(26,836,744)
TOTAL EQUITY		**47,706,694**	26,499,074
TOTAL LIABILITIES AND EQUITY		**63,515,382**	29,208,212

Reporting entity, nature of operations and going concern (Note 1); Contingencies (Note 9); Commitments (Note 10); Subsequent events (Note 20)

The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

On behalf of the Board:

'Guy Bourassa', Director

'Michel Baril', Director

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

YEARS ENDED JUNE 30, 2016 AND 2015

	Note	2016	2015
		$	$
EXPENSES:			
Compensation	14	**1,392,597**	746,736
Share-based payments		**3,533,765**	348,977
Rent, office expense and other expenses		**140,506**	143,875
Depreciation, amortization expense and loss on disposals		**10,466**	13,845
Registration, listing fees and shareholders' information		**175,324**	107,598
Promotion and advertising		**67,873**	51,346
Representation, missions and trade shows		**397,870**	209,324
Consultants fees		**228,437**	145,938
Professional fees		**121,157**	97,811
		6,067,995	1,865,450
NET FINANCE EXPENSE (INCOME):			
Finance income		**(31,098)**	(20,280)
Finance expense		**8,348**	30,911
		(22,750)	10,631
Operating loss		**6,045,245**	1,876,081
OTHER ITEMS:			
Other loss related to flow-through shares		**-**	165,614
Gain resulting from the reclassification of an equity accounted investee to an asset available-for-sale	4	**(5,468,062)**	-
		(5,468,062)	165,614
Loss before income taxes		**577,183**	2,041,695
Current income taxes and mining taxes recovery	11	**(80,351)**	(49,832)
Deferred income taxes and mining taxes expense	11	**80,351**	49,832
		-	-
Net loss for the year		**577,183**	2,041,695
Basic and diluted loss per share	12	**0.003**	0.011
Basic and diluted weighted average number of shares outstanding		**208,070,632**	179,957,373

The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHARESHOLDERS' EQUITY

YEARS ENDED JUNE 30, 2016 AND 2015

	Share capital and warrants	Contributed surplus	Deficit	**Total**
$	$	$		$
BALANCE, JUNE 30, 2015	**49,962,586**	**3,373,232**	**(26,836,744)**	**26,499,074**
EQUITY FINANCING:				
Issuance of shares	13,000,000	-	-	**13,000,000**
Acquisition of assets	1,500,000	-	-	**1,500,000**
Exercise of options	344,526	(112,307)	-	**232,219**
Exercise of broker compensation options	16,320	-	-	**16,320**
Exercise of warrants	4,121,539	-	-	**4,121,539**
Share issuance costs	-	-	(619,040)	**(619,040)**
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives	-	3,533,765	-	**3,533,765**
	68,944,971	**6,794,690**	**(27,455,784)**	**48,283,877**
LOSS FOR THE YEAR	**-**	**-**	**(577,183)**	**(577,183)**
Balance, June 30, 2016	**68,944,971**	**6,794,690**	**(28,032,967)**	**47,706,694**

	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	3,942,500	-	-	**3,942,500**
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	-	-	(501,195)	**(501,195)**
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives	-	348,977	-	**348,977**
	49,962,586	**3,373,232**	**(24,795,049)**	**28,540,769**
LOSS FOR THE YEAR	**-**	**-**	**(2,041,695)**	**(2,041,695)**
Balance, June 30, 2015	**49,962,586**	**3,373,232**	**(26,836,744)**	**26,499,074**

The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Loss for the year	**(577,183)**	(2,041,695)
Adjustments for:		
Share-based payments	**3,533,765**	348,977
Depreciation, amortization expense and loss on disposal	**10,466**	13,845
Recognized gain on fair value of investments	**(5,468,062)**	-
Deferred income and mining taxes	**80,351**	49,832
Current income tax (recovery) expense	**(80,351)**	(49,832)
Net change in non-cash operating working capital	**(691,832)**	197,010
	(3,192,846)	(1,481,863)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	**17,370,078**	4,515,176
Proceeds from advance payment	**6,000,000**	-
Proceeds from grants received	**4,685,939**	300,000
Share issuance expenses	**(612,919)**	(494,029)
	27,443,098	4,321,147
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Addition to property, land and equipment	**(4,372,769)**	-
Disposition of land	**57,000**	-
Addition to mining properties	**(2,670)**	(100,000)
Cashed tax credits	**-**	420,304
Increase in exploration and evaluation assets	**(1,994,034)**	(2,633,427)
	(6,312,473)	(2,313,123)
Net increase (decrease) in cash and cash equivalents	**17,937,779**	526,161
Cash and cash equivalents, beginning of the year	**1,625,666**	1,099,505
Cash and cash equivalents, end of the year	**19,563,445**	**1,625,666**

Items not affecting cash flows (see Note 13).

The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

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

Nemaska Lithium Inc. (the "Company") is a company domiciled in Canada and incorporated under the *Canada Business Corporations Act*. Its shares were listed on the TSX Venture Stock Exchange up until July 7, 2016 and are now listed on the Toronto Stock Exchange under the symbol NMX since July 8, 2016 and on the American stock exchange Over-the-Counter QX ("OTCQX") under the symbol NMKEF. The Company has incorporated 2 wholly-owned subsidiaries on March 16, 2016, which are Nemaska Lithium Shawinigan Transformation Inc. and Nemaska Lithium P1P Inc. The Company also incorporated Nemaska Lithium Whabouchi Mine Inc. in July 2016. All subsidiaries are domiciled in Canada and are incorporated under the *Canada Business Corporations Act*.

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 evaluation 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 update with an effective date of April 4, 2016 and deposited on SEDAR on May 19, 2016 and as amended on June 8, 2016 (the "Updated Feasibility Study") prepared by Met-Chem Canada Inc. (a member of the DRA group). As at June 30, 2016, the Company determines that it is still in exploration stage in respect of its Whabouchi property because it has not yet obtain all the required financing to start the construction and development phase of the Whabouchi Project and the Hydromet Plant in Shawinigan. 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 consolidated 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.

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

A substantial amount of additional financing is required for construction of a lithium mine at the Whabouchi Project near the Cree community of Nemaska and the Hydromet Plant in Shawinigan. The estimated capital cost for the project is in excess of $500 million, including contingencies. In addition, financing costs and general working capital needs will increase the Company's cash requirements during the construction period, until positive cash-flow from operations commences. Although the Company has general working capital of $17.1 million as at June 30, 2016, the Company may be required to delay discretionary expenditures if additional financing cannot be obtained to develop the Whabouchi project and Hydromet Plant in Shawinigan.

On July 8, 2016, the Company completed a brokered short form prospectus offering for gross proceeds of $69,000,115 (see Note 20 (A) "Subsequent events").

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These consolidated financial statements have been prepared in accordance with IFRS.

The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year-end. On October 25, 2016, the Board of Directors approved for issuance these consolidated financial statements.

(B) BASIS OF MEASUREMENT:

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

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

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

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

(D) USE OF ESTIMATES AND JUDGMENTS:

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 3 (D) - determination of capitalizable costs as exploration and evaluation assets, in Note 3 (M), which relates to the accounting for refundable credit for mining duties, in Note 4 - the determination whether the Company has significant influence or not in the MQR investment and in Note 7 - the determination that the Whabouchi property and the related Lithium Chemical Complex are still in the exploration stage.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

(A) BASIS OF CONSOLIDATION:

Subsidiary

Subsidiaries are entities controlled by the Company. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company reassesses control on an ongoing basis. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries, Nemaska Lithium Shawinigan Transformation Inc. and Nemaska Lithium P1P Inc.

Transactions eliminated between the Company and the subsidiary

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, have been eliminated in preparing the consolidated financial statements.

Investment in an equity accounted investee

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

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

The Company recorded its investment in Monarques Gold Corporation ("MQR") using the equity method since the Company considered that it had a significant influence until June 28, 2016. On June 28, 2016, the Company has determined that it loss significant influence on this investment and has reclassified it as a financial assets available-for-sale.

Transactions eliminated between associates

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(B) FOREIGN CURRENCY:

Foreign currency transactions

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

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

(C) FINANCIAL INSTRUMENTS:

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

Loans and receivables

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

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

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

Available-for-sale equity investments

The investment is classified as available-for-sale financial assets. It is initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, the investment is measured at fair value and changes, herein, other than impairment losses are recognized in other comprehensive income or loss and presented within equity in accumulated other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in other comprehensive income or loss is transferred to profit or loss. Impairment loss is recognized in the statement of loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) FINANCIAL INSTRUMENTS (CONTINUED):

(iii) Fair value of financial instruments:

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

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

(D) MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS:

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

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

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

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

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

(E) EQUIPMENT:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) EQUIPMENT (CONTINUED):

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

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

The Phase 1 Plant in progress, which includes equipment and site preparation, will be reclassified as Phase 1 Plant when it will be completed and put in use; and the depreciation period will be based on its estimated useful life.

The buildings in progress and the equipment for the mine site are not yet in use as at June 30, 2016. The depreciation period will start upon the completion of the plant commissioning and the start of commercial production.

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

(F) IMPAIRMENT:

(i) **Financial assets:**

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(F) IMPAIRMENT (CONTINUED):

(ii) Non-financial assets (continued):

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

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(G) PROVISION:

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

(H) FINANCE INCOME AND FINANCE COSTS:

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

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

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

(I) SHARE CAPITAL AND WARRANTS:

Common shares

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

Flow-through shares

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(I) SHARE CAPITAL AND WARRANTS (CONTINUED):

Warrants

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

(J) SHARE-BASED PAYMENTS:

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

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

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

(K) LEASES:

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

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

(L) INCOME TAX:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(L) INCOME TAX (CONTINUED):

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

(N) EARNINGS PER SHARE:

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

(O) GOVERNMENT GRANT:

Cash payments received pursuant to contractual arrangements are recorded as deferred grant until all of the foregoing conditions of grant recognition have been met.

Grant is measured at the fair value of the consideration received or receivable. Grant is recognized when the amount can be reliably measured, when it is probable that future economic benefits will flow to the Company and when specific criteria have been met. Governmental grant is recorded as grant against the underlying expenses according to the work progress.

(P) ADVANCED PAYMENT:

The Company has received an up-front payment from a customer which is an advanced payment to purchase lithium salts and in exchange for services. The deposits will be applied against the purchase price of the lithium salts and exchanged services and the revenue will be recognized accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The following new Standards and Interpretations are not yet effective and have not been applied in preparing these financial statements:

Classification and Measurement of Share-based Payment Transactions **(Amendments to IFRS 2)**

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company intends to adopt the amendments to IFRS 2 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

IFRS 9 *Financial Instruments* (continued)

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.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 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.

IFRS 16 *Leases*

On January 13, 2016 the IASB issued IFRS 16 *Leases*.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on July 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. INVESTMENTS:

As at June 30, 2016, the Company owns 15,849,455 shares in Monarques Gold Corporation ("MQR"), representing 13.87% (18.90% as at June 30, 2015) of the share capital of MQR. The closing price of MQR's shares on the TSX Venture Stock Exchange as at June 30, 2016 was $0.345 ($0.075 as at June 30, 2015), representing a total fair value of $5,468,062 ($1,188,709 as at June 30, 2015).

The investment was brought to a value of nil during the year ended June 30, 2014, when it was recorded based on the equity method. Consequently, the cumulative unrecognized share of losses in MQR, until the Company elected that it loses its significant influence, was $2,059,595 ($1,939,560 in 2015). The Company did not receive dividends from the investee.

During the fourth quarter of 2016, the Company has made the assessment that it loses its significant influence on its investment in MQR, as such it has reclassified the investment as a financial assets and measured the interest at fair value. Therefore, the Company recorded a gain of $5,468,062 in the consolidated statements of loss and comprehensive loss.

5. PROPERTY, LAND AND EQUIPMENT:

	Land	Vehicle	Office and Computer equipment	Phase 1 Plant in progress	Equipment in progress	Buildings in progress	**Total**
	$	$	$	$	$	$	**$**
COST							
Balance at June 30, 2014	57,000	38,810	86,670	-	-	-	**182,480**
Additions	-	-	-	-	-	-	
Balance at June 30, 2015	57,000	38,810	86,670	-	-	-	**182,480**
Additions	100,000	-	1,095	3,241,276	2,251,200	2,279,198	**7,872,769**
Grants applied to work in progress	-	-	-	(1,150,168)	-	-	**(1,150,168)**
(Disposition)	(57,000)	-	-	-	-		**(57,000)**
Additions during the year	43,000	-	1,095	2,091,108	2,251,200	2,279,198	**6,665,601**
Balance at June 30, 2016	100,000	38,810	87,765	2,091,108	2,251,200	2,279,198	**6,848,081**
DEPRECIATION							
Balance at June 30, 2014	-	18,797	55,542	-	-	-	**74,339**
Depreciation for the year	-	5,003	8,842	-	-	-	**13,845**
Balance at June 30, 2015	-	23,800	64,384	-	-	-	**88,184**
Depreciation for the year	-	3,753	6,713	-	-	-	**10,466**
Balance at June 30, 2016	-	27,553	71,097	-	-	-	**98,650**
CARRYING AMOUNTS							
At June 30, 2015	57,000	15,010	22,286	-	-	-	**94,296**
At June 30, 2016	**100,000**	**11,257**	**16,668**	**2,091,108**	**2,251,200**	**2,279,198**	6,749,431

6. MINING PROPERTIES:

Mining properties can be detailed as follows:

Québec	Localisation	Royalties	Balance as at June 30, 2015	Acquisition	**Balance as at June 30, 2016**
			$	$	**$**
Whabouchi (100%)	SNRC 32O12	2% or 3%	2,192,258	201,587	**2,393,845**
Sirmac (100%)	SNRC 32J11	1%	438,898	1,083	**439,981**
			2,631,156	**202,670**	**2,833,826**

Québec	Localisation	Royalties	Balance as at June 30, 2014	Acquisition	**Balance as at June 30, 2015**
			$	$	**$**
Whabouchi (100%)	SNRC 32O12	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**

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, 2015	Exploration and evaluation costs	Tax credits and grants	**Balance as at June 30, 2016**
	$	$	$	**$**
Whabouchi	17,063,037	1,132,659	-	**18,195,696**
Sirmac	1,447,689	-	-	**1,447,689**
Lithium Chemicals Complex[1]	5,943,227	1,499,654	-	**7,442,881**
	24,453,953	**2,632,313**	**-**	**27,086,266**

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

	Balance as at June 30, 2014	Exploration and evaluation costs	Tax credits and grants	**Balance as at June 30, 2015**
	$	$	$	**$**
Whabouchi	16,154,117	908,920	-	**17,063,037**
Sirmac	1,447,689	-	-	**1,447,689**
Lithium Chemicals Complex[1]	4,798,077	1,497,981	(352,831)	**5,943,227**
	22,399,883	**2,406,901**	**(352,831)**	**24,453,953**

[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 develop different processes to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide. The Company has obtained issuance of Canadian Patent No. 2,874,917 that describes its proprietary process of preparing lithium hydroxide and lithium carbonate from spodumene sources using membrane electrolysis. The Company has also received a notice of allowance for the corresponding patent application (No. 14/404,466) in the United States and other patent applications and patent cooperation treaty ("PCT") covering such processes have been published and have received PCT numbers. The Company also filed additional patents which cover optimization and evolution of the technology as a result of the Company's ongoing optimization programs. In order to properly reflect this specific work within the assets of the Company, it was decided to record this "Lithium Chemicals Complex" as exploration and evaluation asset.

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

	June 30, 2016	June 30, 2015
	$	$
Salaries and fringe benefits	**259,241**	396,923
Consultants and supervisions	**1,892,975**	1,470,605
Test, equipment rental and other material	**431,812**	502,816
Lodging and meals	**48,285**	36,557
	2,632,313	2,406,901
Tax credits and grants	**-**	(352,831)
Balance, beginning of year	**24,453,953**	22,399,883
Balance, end of year	**27,086,266**	24,453,953

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, 2014	32,428,250	166,733,574	**45,230,590**
Issuance of shares	10,536,765	21,073,530	**3,942,500**
Exercise of options	-	1,254,000	**317,396**
Exercise of warrants	(2,035,000)	2,035,000	**392,100**
Expiry of warrants	(7,061,584)	-	**-**
Mining properties	-	500,000	**80,000**
Balance at June 30, 2015	**33,868,431**	**191,596,104**	**49,962,586**
Issuance of shares	19,117,648	38,235,295	**13,000,000**
Asset acquisition	-	3,000,000	**1,500,000**
Exercise of options	-	1,055,575	**344,526**
Exercise of brokers compensation options	-	136,000	**16,320**
Exercise of warrants	(18,410,781)	18,410,781	**4,121,539**
Balance at June 30, 2016	**34,575,298**	**252,433,755**	**68,944,971**

Year ended June 30, 2016:

On April 29, 2016, the Company purchased a new self-contained dense media separation (DMS) portable mill to be located at the Whabouchi mine site. The Company purchased the mill for a cash consideration of $750,000 and issued 3,000,000 shares valued at $0.50 per share, of which 1,500,000 shares are subject to a 4-month hold period, 750,000 are subject to an 8-month hold period and the balance of 750,000 shares are subject to a 12-month hold period.

On March 24, 2016, the Company completed a non-brokered private placement amounting to $13,000,000, for which the Company issued between March 24, 2016 and June 13, 2016 a total of 38,235,295 units at a price of $0.34 per unit. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company, at a price of $0.48 per common share for a period of 24 months following their issuance.

Between July 1, 2015 and June 30, 2016, 136,000 compensation options were exercised by a broker at an exercise price of $0.12 per share, while during the same period, shareholders exercised 3,911,516 warrants at an exercise price of $0.18 per share, 5,537,500 warrants at an exercise price of $0.20 per share, 1,150,000 warrants at an exercise price of $0.22 per share, 4,344,265 warrants at an exercise price of $0.25 per share and finally 3,467,500 warrants at an exercise price of $0.28. Following these exercises, the Company received an aggregate value of $4,137,859 and issued a total of 18,546,781 common shares of the Company.

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

(A) COMMON SHARES AND WARRANTS (CONTINUED):

Year ended June 30, 2016 (continued):

Between July 1, 2015 and June 30, 2016, consultants, members of the Board of Directors and Management of the Company exercised 1,055,575 options at an average exercise price of $0.22 per share, the Company received an aggregate value of $232,219 and issued a total of 1,055,575 common shares of the Company in relation to such exercise. As a result of these exercises, an amount of $112,307 was reclassified from contributed surplus to the share capital and warrants.

Year ended June 30, 2015:

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

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

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

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

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

(A) COMMON SHARES AND WARRANTS (CONTINUED):

Year ended June 30, 2015 (continued):

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

(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 vesting and may not exceed 2% of the outstanding common shares for suppliers, namely consultants and investors relation representatives. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted. In the case an optionee leaves the Company, his options normally expire no later than one year following his departure, subject to the conditions established under the common share purchase option plan. The vesting period of the share purchase options varies from immediate up to 36 months, and the life of such options varies from two to five years.

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 June 30, 2016 and June 30, 2015, and changes during the years then ended were as follows:

	June 30, 2016		June 30, 2015	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	**8,722,075**	**0.29**	7,352,075	0.30
Granted	**8,616,150**	**0.73**	3,100,000	0.20
Exercised	**(1,055,575) (ii)**	**0.22**	(1,254,000) (i)	0.14
Expired	**(1,776,500)**	**0.51**	(476,000)	0.46
Outstanding, end of year	**14,506,150**	**0.53**	**8,722,075**	**0.29**
Options exercisable at the end of year	**12,881,150**	**0.48**	**8,659,575**	**0.29**

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

(ii) The closing market prices of the shares when the options were exercised on September 15, 2015, March 16, 2016, April 11, 2016, April 26, 2016, May 19, 2016 and May 26, 2016 were $0.28, $0.61, $1.18, $1.16, $1.45 and $1.68, respectively, per share.

	June 30, 2016	June 30, 2015
	$	$
The weighted average fair value of options granted during the year	**0.49**	0.10

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 share purchase options granted and outstanding as at June 30, 2016:

Number of outstanding options	Number of vested options	Weighted average exercise price ($)	Expiry date
50,000	50,000	0.100	February 2017
50,000	50,000	0.120	February 2017
50,000	50,000	0.200	February 2017
50,000	50,000	0.400	February 2017
200,000	200,000	0.205	March 2017
250,000	250,000	0.400	May 2017
500,000	500,000	0.425	September 2017
375,000	375,000	0.500	January 2018
390,000	390,000	0.125	October 2018
350,000	350,000	0.120	October 2018
125,000	125,000	0.120	November 2018
500,000	500,000	0.125	November 2018
300,000	300,000	0.100	May 2019
2,950,000	2,950,000	0.200	March 2020
100,000	75,000	0.200	July 2020
2,675,000	2,675,000	0.400	December 2020
5,491,150	3,991,150	0.920	April 2021
100,000	-	1.110	April 2021
14,506,150	**12,881,150**	**0.53**	

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

	June 30, 2016	June 30, 2015
Expected life of options	**4.9 years**	5 years
Expected volatility rate	**73%**	74%
Risk-free interest rate	**0.66%**	0.91%
Expected annual dividend rate	**-**	-

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 June 30, 2016 and June 30, 2015, and changes during the years then ended were respectively as follows:

	Year ended June 30, 2016		Year ended June 30, 2015	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	**136,000**	**0.12**	981,140	0.28
Expired	-	-	(845,140)	0.30
Exercised	**(136,000)**	**0.12**	-	-
Outstanding, end of year	-	-	136,000	0.12
Options exercisable at the end of year	-	-	136,000	0.12

On December 17, 2015, 136,000 share-based payments to brokers and intermediaries were exercised at a price of $0.12 per common share, while the closing market price of the shares on that same date was $0.39.

(C) WARRANTS:

The status of the warrants as at June 30, 2016 and June 30, 2015, and changes during the years then ended were as follows. Each warrant can be converted into one common share of the Company:

	Year ended June 30, 2016		Year ended June 30, 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	**33,868,431**	**0.22**	32,428,250	0.24
Granted	**19,117,648**	**0.48**	10,536,765	0.27
Expired	-	-	(7,061,584)	0.40
Exercised	**(18,410,781)** (i)	**0.22**	(2,035,000) (ii)	0.19
Outstanding, end of year	**34,575,298**	**0.36**	33,868,431	0.22

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

C) WARRANTS (CONTINUED):

(i) Between August 24, 2015 and June 30, 2016, a total of 18,410,781 warrants were exercised at exercise prices varying from $0.18 to $0.28 per common share, while the closing market prices of the shares during the same period was varying between $0.21 and $1.85.

(ii) Between August 20, 2014 and August 27, 2014, a total of 2,035,000 warrants were exercised at exercise prices varying from $0.18 to $0.20 per common share, while the closing market prices of the shares during the same period was varying between $0.21 and $0.24.

The following table summarizes the information relating to the outstanding warrants as at June 30, 2016:

Number of outstanding warrants	Weighted average exercise price	Expiry date
	$	
2,532,500	0.28	February 2017
2,927,650 (i)	0.20	April 2017
9,805,000 (i)	0.22	April 2017
192,500 (i)	0.27	April 2017
4,411,765	0.48	March 2018
7,352,942	0.48	May 2018
7,352,941	0.48	June 2018
34,575,298	**0.36**	

(i) On July 24, 2015, the Toronto Stock Exchange approved the extension of the expiry dates and the re-pricing of these warrants. The new expiry date of these warrants is now April 28, 2017.

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.

9. CONTINGENCIES (CONTINUED):

(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. For an amount of $1,000,000, 1% of this royalty may be purchased.

(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.

(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 and the lease was renewed in November 2014 for a period of three years, from February 1, 2015 to January 31, 2018, with the option to terminate the lease after the first year of this renewal. The monthly amount of the lease for the first two years of the renewal is $4,517 and will be $4,740 for the third year. As at June 30, 2016, the total contractual payments remaining until then, assuming the lease will not be terminated before the end of the term, will amount to $88,504.

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% (2015 - 26.90%) to the loss before taxes for the following reasons:

	June 30, 2016	June 30, 2015
	$	$
Loss before income taxes	**(577,183)**	(2,041,695)
Computed expected tax recovery	**(155,262)**	(549,216)
Increase (decrease) in income taxes resulting from:		
Non-deductible share-based payment	**950,583**	93,875
Change in unrecognized deferred income tax assets	**(58,679)**	468,746
Non-deductible expenses (Non taxable income) and other	**(715,027)**	-
Mining tax expenses related to current year exploration expenses	**(21,615)**	(13,405)
Deferred income tax expense	**-**	**-**

11. INCOME AND MINING TAXES (CONTINUED):

Movement in temporary differences during the years ended June 30, 2016 and June 30, 2015 are detailed as follows:

	Balance June 30, 2015	Recognized in profit or loss	**Balance June 30, 2016**
	$	$	**$**
Deferred tax assets:			
Non-capital losses	767,095	**1,388,926**	**2,156,021**
Share issuance costs	-	**-**	**-**
Equipment	14,132	**1,373**	**15,505**
Mining properties	1,010,307	**2,670**	**1,012,977**
Deferred tax liabilities:			
Deferred mining duties	(2,076,498)	**(80,351)**	**(2,156,849)**
Exploration and evaluation assets	(1,791,534)	**(672,933)**	**(2,464,467)**
Other unrealized gain	-	**(720,036)**	**(720,036)**
	(2,076,498)	**(80,351)**	**(2,156,849)**

	Balance June 30, 2014	Recognized in profit or loss	**Balance June 30, 2015**
	$	$	**$**
Deferred tax assets:			
Non-capital losses	709,380	57,715	**767,095**
Share issuance costs	71,119	(71,119)	**-**
Equipment	14,132	-	**14,132**
Mining properties	1,010,307	-	**1,010,307**
Deferred tax liabilities:			
Deferred mining duties	(2,026,666)	(49,832)	**(2,076,498)**
Exploration and evaluation assets	(1,804,938)	13,404	**(1,791,534)**
	(2,026,666)	**(49,832)**	**(2,076,498)**

11. INCOME AND MINING TAXES (CONTINUED):

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

	June 30, 2016	June 30, 2015
	$	$
Non-capital losses carry forwards	**2,703,919**	2,635,833
Share issuance costs	**367,132**	311,956
Other unrealized capital loss	**-**	15,419
	3,071,051	2,963,208

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 June 30, 2016, 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	4,058,264	4,042,274	2033
2014	2,599,917	2,584,890	2034
2015	3,010,341	2,996,939	2035
2016	3,414,901	3,414,901	2036
	18,227,058	**17,964,550**	

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 incurred loss and that their effect would have been antidilutive.

13. ITEMS NOT AFFECTING CASH FLOWS:

	June 30, 2016	June 30, 2015
	$	$
Non-cash items:		
Acquisition of mining properties by issuance of common shares and warrants	**-**	80,000
Acquisition of property, land and equipment by issuance of common shares	**1,500,000**	-
Acquisition of property and land by contracting a loan payable	**2,000,000**	-
Share issuance costs not yet disbursed at the end of the year	**6,121**	7,167
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	**778,183**	(226,526)

14. COMPENSATION:

	June 30, 2016	June 30, 2015
	$	$
Wages and fringe benefits paid to key management personnel	**1,092,667**	475,691
Wages and fringe benefits paid to other staff employees	**217,637**	196,357
Fees paid to the members of the Board of Directors	**82,293**	74,688
	1,392,597	**746,736**

During the year ended June 30, 2016, the Company incurred $3,533,765 ($348,977 in 2015) of share-based payments expenses, of which $1,084,869 ($151,114 in 2015) were attributed to key management personnel and $1,702,813 ($99,418 in 2015) were attributed to the members of the Board of Directors in relation with the share purchase options granted.

15. DEFERRED GRANTS:

On February 16, 2015, the Company entered into an agreement with the federally-funded Sustainable Development Technology Canada for a $12,870,000 non-repayable grant for construction and operation of its Phase 1 Plant. The Company received in two tranches a total amount of $4,235,939, the first one was received in January 2016 and the second in June 2016. The next tranche of $4,614,863 is expected to be received during the 2016-2017 fiscal year, following the achievements of certain milestones. The remaining balance of $2,732,198 should be received during the fiscal year 2017-2018 while the 10% retention on amounts disbursed amounting to $1,287,000 should be received during the fiscal year 2018-2019.

On March 11, 2015, the Company signed an agreement with the *Ministère des Ressources Naturelles*, which entitles the Company to receive a total of $3,000,000 non-repayable grant as part of the Technoclimat program. The Company received the first tranche of $300,000 in May 2015 and a second tranche of $450,000 in March 2016. The next tranche of $1,800,000 is expected to be received during the 2016-2017 fiscal year, following the achievements of certain milestones. The remaining portion of $450,000 should be received during the fiscal year 2017-2018.

As at June 30, 2016, a balance of $3,535,771 (nil in 2015) was recorded as deferred grants.

16. LOAN PAYABLE:

The Company has contracted a loan payable towards the Société de Développement de Shawinigan Inc. in the amount of $2,000,000 in relation to the acquisition of the land and selected buildings located in Shawinigan, Québec, Canada. The payment of this note will be released upon the completion of certain milestones, such as the reception of certain permits from the city of Shawinigan, which are expected to occur during the fiscal year 2016-2017. As such, this amount has been classified as a current liability.

17. ADVANCED PAYMENT:

The Company has contracted an advanced payment by a customer in the amount of $12,000,000 in exchange for services and products of the same value from the Nemaska Lithium Phase 1 Plant. As at the date of these financial statements, an amount of $6,000,000 was received, while the remaining balance of $6,000,000 will be release upon the completion of certain milestones, which are expected to occur during the fiscal year 2016-2017.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

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.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED):

RISK EXPOSURE AND MANAGEMENT (CONTINUED)

(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 variable rates that can range during the year anywhere between 0.70% up to 1.25% per year, depending on the Bank of Canada overnight rate fluctuations. In relation with those items, there is limited exposure to fair value variation due to the fact that they are redeemable at any time. The other financial assets and liabilities of the Company as at the consolidated financial statement date do not represent interest risk because they are without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Currency risk:

The Company makes certain transactions in foreign currencies mainly in US dollars, euros and Great Britain pound. The balances in the accounts payable and accrued liabilities in these foreign currencies were CAD $18,391 (US $11,176 and ₤2,250) as at June 30, 2016 and CAD $35,215 (US $19,014 and GBP 8,250) as at June 30, 2015. Consequently, the Company is exposed to foreign exchange fluctuation but the risk is minimal due to the low balances.

(ii) CREDIT RISK:

Credit risk is the risk of a 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.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED):

RISK EXPOSURE AND MANAGEMENT (CONTINUED)

(iii) LIQUIDITY RISK:

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

The Company manages liquidity risk through the management of its capital structure as outlined in Note 19. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at June 30, 2016, except for the advanced payment (see Note 17), 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 $19,563,445 in cash and cash equivalents ($1,625,666 as at June 30, 2015), $836,472 in sales tax receivables ($113,695 as at June 30, 2015), $112,602 in other receivables (nil as at June 30, 2015) and $287,944 in mining rights and tax credits receivable ($207,593 as at June 30, 2015) in order to meet its financial liabilities and future financial liabilities from its commitments.

19. CAPITAL MANAGEMENT:

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

As at June 30, 2016, the Company's capital consists of shareholders' equity amounting to $47,706,694 ($26,499,074 as at June 30, 2015).

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

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

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

The Company is subject to regulatory requirements related to the use of funds obtained by flow-through shares financing. These funds have to be incurred for eligible exploration expenses in accordance with the Canada *Income Tax Act* and Québec *Taxation Act* (see Note 3 (D)). During the year, the Company complied with all of its regulatory requirements. The Company has no dividend policy.

20. SUBSEQUENT EVENTS:

(A) On July 8, 2016, the Company completed a brokered short form prospectus offering for gross proceeds of $69,000,115 by the issuance of 60,000,100 units, which includes the exercise of the over-allotment option in full, at a price of $1.15 per unit in connection with the short form prospectus of the Company dated July 4, 2016. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share of the Company, at a price of $1.50 per common share, up to July 8, 2019. The Company may accelerate the Warrant Expiry Date if, before the Warrant Expiry Date and at any time following the Closing Date, the closing price of the common shares listed on the Toronto Stock Exchange , as applicable, is equal to or above $2.25 for a period of 20 consecutive trading days.

(B) Between July 1, 2016 and up to October 25, 2016, 400,000 options were exercised by officers and directors at prices varying between $0.10 and $0.40 for an aggregate value of $131,000 and 50,000 warrants were exercised by shareholders at a price of $0.22 for an aggregate value of $11,000; this resulted in the Company issuing 450,000 common shares. Subsequent to June 30, 2016 and up to October 25, 2016, the Company granted 3,325,000 options to 11 newly hired executives and employees at an average exercise price of $1.24.