NEMASKA LITHIUM

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED

JUNE 30, 2016 – FOURTH QUARTER

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

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of Nemaska Lithium Inc. (the "Company") and the highlights of its financial situation. It explains the financial situation and the results for the fourth quarter and year ended June 30, 2016 and 2015 and the comparison of the Company's consolidated statement of financial position as at June 30, 2016 and June 30, 2015.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal year ended June 30, 2016 and the related notes thereto.

The audited consolidated financial statements have been reviewed by the Audit Committee and approved by the Company's Board of Directors on October 25, 2016 and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on October 27, 2016. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

Forward looking statements

All statements, other than statements of historical fact, contained in this Management Discussion & Analysis ("MD&A") including, but not limited to, any information as to the future plans and outlook for the Corporation, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, and are based on expectations, estimates and projections as of the time of this MD&A. The words "anticipates", "plans", "expects", "indicate", "intend", "scheduled", "estimates", "forecasts", "guidance", "initiative", "outlook", "potential", "projected", "pursue", "strategy", "study", "targets", or "believes", or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "would", or "should", "might", or "way forward", "will be taken", "will occur" or "will be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, acting in good faith, as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect.

Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

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

The Company is 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 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 future.

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.

The Company intends to become a lithium hydroxide and lithium carbonate supplier to the emerging lithium battery market that is largely driven by electric vehicles, cell phones, tablets and other consumer products as well as energy storage. Nemaska Lithium owns 100% of the Whabouchi mine, where it will produce spodumene concentrate to be shipped to the Company's lithium compounds processing plant to be built in Shawinigan, Quebec. This plant will transform spodumene concentrate into high purity lithium hydroxide and carbonate using the proprietary methods developed by the Company, and for which the Company has obtained Canadian Patent No. 2,874,917 that describes its proprietary process of preparing lithium hydroxide and lithium carbonate from spodumene sources using membrane electrolysis, as announced by a press release on June 1, 2016. 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. The main benefits of these processes include, among other things:

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

Business Objectives, Foreseen Main Work Planned and Milestones

The main business objectives of the Company expects to accomplish from the date of this report and up to the next 12 to 18 months are, in random orders, to:

(i) complete the equipment installation currently underway for the Phase 1 Plant and to start its operation in Shawinigan, having a designed capacity to produce an average combined about 500 tonnes per year of lithium hydroxide and lithium carbonate using the Company's proprietary processes;

(ii) finalize the already started installation of the new self-contained dense media separation (DMS) portable mill at the Whabouchi mine site in order to do a bulk sample and start the training programs;

(iii) continue ongoing detailed engineering work in relation to the Whabouchi mine, concentrator and Commercial Hydromet plant and to order equipment with long lead-time delivery;

(iv) complete the construction of the building that will host the concentrator at the Whabouchi mine before the end of the year 2016 so as to allow installation of equipment during the winter of 2017 with a view of commissioning the concentrator in Q1-2018;

(v) build the Whabouchi mine and concentrator at the Whabouchi mine site and build the Commercial Hydromet Plant in Shawinigan, Québec to produce high purity lithium hydroxide and lithium carbonate from spodumene concentrate to be produced at the Whabouchi mine;

(vi) continue our marketing efforts with potential clients in order to secure additional commercial off-take agreements for lithium hydroxide and lithium carbonate in order to support the project financing;

(vii) continue ongoing negotiations in order to put in place, during the first quarter of the calendar year 2017, the project financing with recognized financial institutions and investors.

The Company was able to proceed with these steps following the completion of the $38M Phase 1 plant project financing during the first half of 2016. This financing is comprised of $12,87M grant from Sustainable Development Technology Canada ("SDTC"), a $3M grant from the *Ministère des Ressources Naturelles* under the Technoclimat program, a $10M private placement from Ressources Quebec Inc. and finally a $12M upfront payment from Johnson Matthey Battery Materials Inc. The Company has also closed on July 8, 2016, a public offering for a gross proceeds of $69M, of which $50M is earmarked to either start, complete or continue the main business objectives stated above. The goal is to have the Whabouchi mine, concentrator and the hydromet plant in production during the second half of the calendar year 2018.

The Company has opted to build and operate a hydromet demonstration plant (the "Phase 1 Plant") and a modular concentrator in order to qualify its products with customers to sign off-take agreements while building the commercial hydromet plant and mine. Other advantages this strategy provides include among other things: i) the opportunity for initial staff training and development of skills for quick start of the hydromet commercial plant and concentrator; ii) the opportunity for process optimization; and iii) shorten the ramp-up timeline of the hydromet commercial plant and concentrator at the mine.

Highlights for the fourth quarter and year ended June 30, 2016 and up to the date of this report and next steps

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. During the same period, the Company granted 3,325,000 options at an average exercise price of $1.24 to 11 newly hired highly skilled key employees covering operation, human resources, information technology, environment, maintenance, procurement, financial controllers and administrative support in order to properly build and operate the Phase 1 plant and also prepare the construction of the mine and commercial hydromet plant; always with a view of commissioning the commercial operations during the second half of the calendar year 2018.

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.

During the twelve-month period ended 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.

On June 29, 2016, the Company received the second tranche of $2,117,969 in relation to the February 16, 2015 signed agreement with the federally-funded Sustainable Development Technology Canada, which entitles the Company to receive a total of $12,870,000 non-repayable grant for construction and operation of its Phase 1 Plant.

On June 14, 2016, with the completion of the milestone pertaining to the zoning approval by the City of Shawinigan, the Company received the second tranche of $5,000,000 from Ressources Québec Inc., in relation with the $10,000,000 non-brokered private placement entered into on March 24, 2016 that was held in escrow. Following this release, the Company issued 14,705,882 shares and 7,352,941 warrants which can be exercised at a price of $0.48 until May 20, 2018.

On June 10, 2016, the Company received the initial tranche of $6,000,000 from Johnson Matthey Battery Materials Ltd in relation with the signed agreement that contemplates an up-front payment of CDN$12,000,000 in exchange for services and products of the same value from the Company Phase 1 Plant.

On May 24, 2016, the Company received the first tranche of $5,000,000 from Ressources Québec Inc., which represents 50% of the total $10,000,000 of a non-brokered private placement entered into on March 24, 2016 and held in escrow until the closing of the Johnson Matthew Battery Materials Ltd transaction (announced on May 11, 2016). Following this release, the Company issued 14,705,883 shares and 7,352,942 warrants which can be exercised at a price of $0.48 until May 20, 2018.

On May 10, 2016, the Company announced the closing of the purchase agreement with Société de développement Shawinigan for part of the land and the selected existing buildings (the “Shawinigan Site”) of the former Resolute Forest Products’ Laurentide plant in Shawinigan, Quebec. The Shawinigan Site will house the Company’s Phase 1 Plant and the future Commercial Hydromet Plant that will convert spodumene concentrate into high purity lithium hydroxide and lithium carbonate. The purchase price of $2,000,000 is to be paid in two instalments, a first tranche of $300,000 and a second tranche of $1,700,000. The first tranche was put in escrow at the signature of the purchase agreement and the second tranche will be paid once the construction permit for the construction of the Commercial Hydromet Plant is obtained.

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 3,000,000 shares, 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. This portable mill is currently being installed at the Whabouchi mine site and is expected to be in operation in December 2016.

On March 24, 2016, the Company completed a non-brokered private placement amounting to $13,000,000, for which $10,000,000 was held in escrow until the closing of the Johnson Matthew Battery Materials Ltd transaction and 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.

On March 23, 2016, the Company received the second tranche amounting to $450,000 in relation to the signed 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 for the construction and operation of its Phase 1 Plant. The Company received the first tranche of $300,000 in May 2015.

On January 29, 2016, the Company received the first tranche of $2,117,969 in relation to the February 16, 2015 signed agreement with the federally-funded Sustainable Development Technology Canada, which entitles the Company to receive a total of $12,870,000 non-repayable grant for the construction and operation of its Phase 1 Plant.

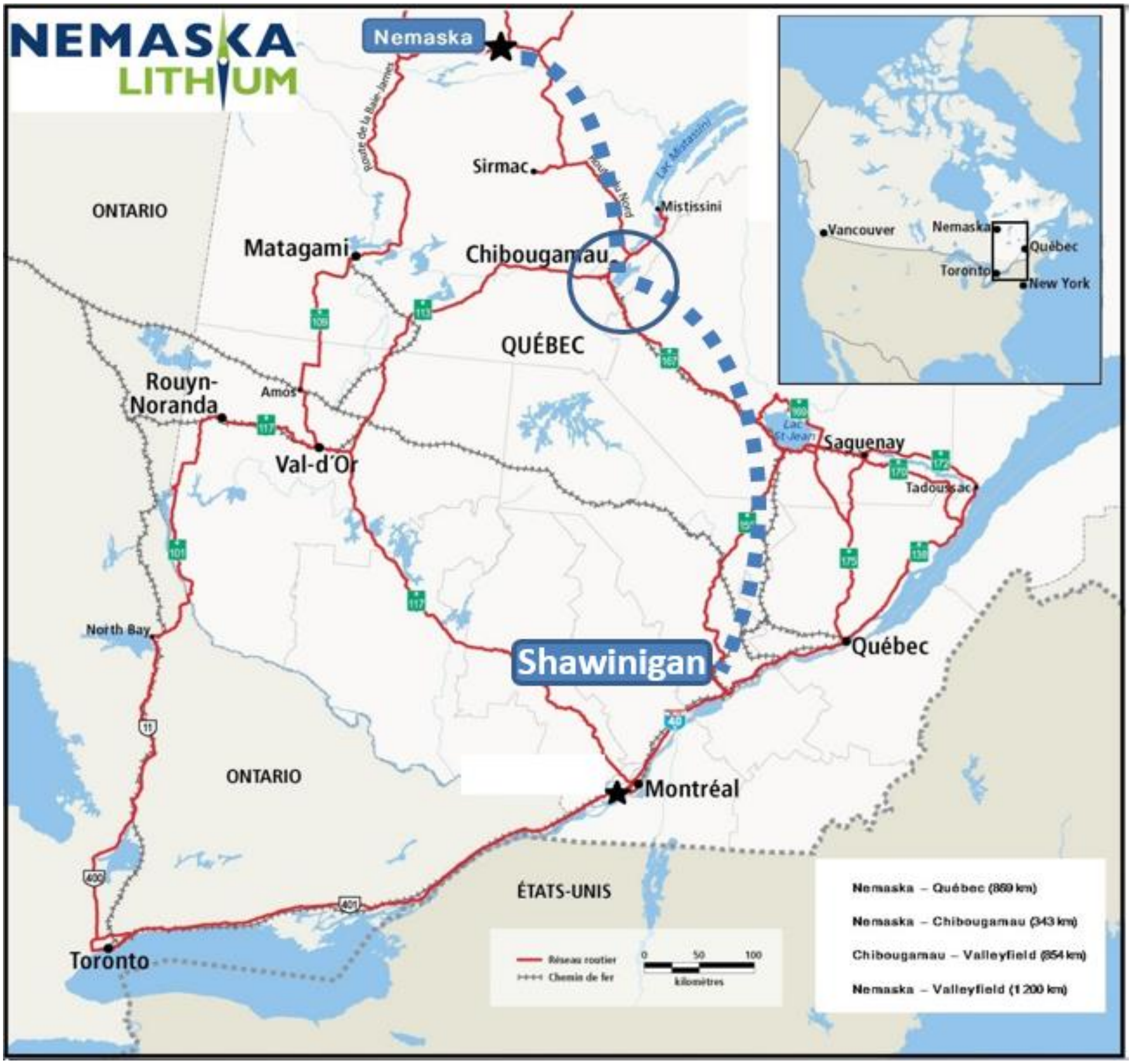
On September 4, 2015, the Company received the General Certificate of Authorization (CA) for the Whabouchi Lithium Project from the Quebec Ministry of Sustainable Development, Environment and The Fight Against Climate Change (“MSDEFCC”). The CA is the most significant permit for mining projects in Quebec and allows the Company to pursue project financing discussions to start mine construction. Combined with the positive federal decision made on July 29, 2015, the Company has now obtained all basic environmental authorizations enabling it to move forward with its Whabouchi Property mine project.

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

- 9,671,666 warrants with original expiry date and exercise price of October 28, 2015 at 18 cents, respectively, keeping the current exercise price of 18 cents until October 28, 2015 and then having a new exercise price of 20 cents until the new expiry date of April 28, 2017. The warrants were issued under the second prospectus supplement dated Oct. 16, 2013, to the Company's short form base shelf prospectus dated March 4, 2013, including a total of 20,833,333 shares and 10,416,666 warrants, which was accepted for filling by the TSX Venture Exchange with effective date of Nov. 21, 2013.
- 13,660,000 warrants with original expiry date and exercise price of October 2, 2015 at 20 cents, respectively, having a new exercise price of 22 cents and a new expiry date of April 28, 2017. The warrants were issued under the third prospectus supplement dated March 13, 2014, to the Company's short form base shelf prospectus dated March 4, 2013, including a total of 29.9 million shares and 14.95 million warrants, which was accepted for filling by the TSX Venture Exchange with effective date of April 30, 2014.
- 4,536,765 warrants with original expiry date and exercise price of November 16, 2015 at 25 cents, respectively, keeping the current exercise price of 25 cents until November 16, 2015 and then having a new exercise price of 27 cents until the new expiry date of April 28, 2017. The warrants were issued under the fourth prospectus supplement dated Nov. 5, 2014, to the Company's short form base shelf prospectus dated March 4, 2013, including a total of 9,073,530 shares and 4,536,765 warrants, which was accepted for filling by the TSX Venture Exchange with effective date of Dec. 12, 2014.

Updated 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 also owns the Shawinigan Site and infrastructures that will house the Company's Phase 1 Plant and the future Commercial Hydromet Plant that will convert spodumene concentrate into high purity lithium hydroxide and lithium carbonate.



The table below highlights selected information taken from the Updated Feasibility Study filed on Sedar on May 19, 2016 and as amended on June 8, 2016:

Mine Life and Pre-Tax Pay Back of Capital Costs	**26 years** with a **2.4 years pay back** period
Life of Mine Revenue	**$9.2** Billion (**US $7.4** Billion) (average of **$354 M/yr**)
Pre-Tax Net Undiscounted Cash Flow	**$6.2** Billion (**US $4.9** Billion) (average of **$260 M/yr** excluding initial CAPEX)
After-Tax Undiscounted Cash Flow	**$3.9** Billion (**US $3.1** Billion)
Pre-Tax NPV 8% Discount (base case)	**$1.9** Billion (**US $1.5** Billion)
After-Tax NPV 8%Discount (base case)	**$1.2** Billion (**US $924** Million)
Pre-Tax & After-Tax Internal Rate of Return (IRR)	Pre-Tax: **37.7%** and After-Tax: **30.3 %**
Total Initial Capital Costs	**$549 M** (**US $439 M**) in CAPEX including contingency of $56 M (**US $45 M**)
Selling Price Lithium Hydroxide	**US $9,500/t** FOB Shawinigan
Selling Price Lithium Carbonate	**US $7,000/t** FOB Shawinigan
Average Cost/tonne of Spodumene Concentrate	**$181/t** (**US $145/t**) FOB Whabouchi Mine
Average Cost/tonne of Lithium Hydroxide	**$2,693/t** (**US $2,154/t**) FOB Shawinigan
Average Cost/tonne of Lithium Carbonate	**$3,441/t** (**US $2,753/t**) FOB Shawinigan
Life of Mine Production	**5.5 M tonnes** (approx. **213k tonnes/year**) of spodumene concentrate converted into battery grade lithium hydroxide for approx. **714k tonnes** (**27.5k tonnes/year**) and approx. **84k tonnes** (**3.2k tonnes/year**) of lithium carbonate.
Exchange Rate $C to $US	**1 : 0.80**

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, prepared by Jean-Philippe Paiement, M.SC., P.Geo and dated January 23, 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 Updated Feasibility Study was prepared using the same Mineral Resource block model that was used in the 2014 Feasibility Study. 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.

Whabouchi property

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

Work description	Objectives	Results
Installation of a 10t/hr modular Dense media separation (DMS) concentrator at mine site	1. Process a 10,000 t bulk sample to produce 6 %spodumene concentrate to be processed in the Phase 1 hydromet plant in Shawinigan, Quebec to produce commercial representative samples of high purity lithium hydroxide. 2. Process about 50,000 t bulk sample to produce 6 % spodumene concentrate for training purposes	Operation of the DMS mill to start in December 2016 Training program scheduled to start April 2017 and continue for 12 months (2 groups)
Diamond drilling campaign totaling 17,400 meters in 50 holes during the summer of 2016	1. Potential conversion of 4.69Mt of inferred resources into indicated resources. 2. Increase the level of confidence of mineral resources between 0m and 200m vertical from the surface. 3. Confirm the continuity of the longitudinal zone of mineral resources down to 500m vertical depth, below surface.	Final results are pending.
Environmental and social impacts assessment study	Obtaining the necessary permits to build and operate a mine and a concentrator.	A positive federal environmental assessment decision for the Whabouchi Lithium Project from the Minister of Environment of Canada was received on July 29, 2015. On September 4, 2015, the Company received the General Certificate of Authorization (CA) for the Whabouchi Lithium Project from the Quebec Ministry of Sustainable Development, Environment and The Fight Against Climate Change (“MSDEFCC”).

Work description	Objectives	Results
Updated Feasibility Study Ni-43-101 report completed by Met-Chem.	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 the Shawinigan Site for the conversion instead of Salaberry-de-Valeyfield. Confirm capital expenditures to construct a chemical plant to convert spodumene concentrate into lithium hydroxide and lithium carbonate of battery grades in the existing facilities of a former paper mill company recently acquired by the Company. Confirm operating expenditures for same.	The results of the Updated Feasibility Study were released with an effective date of April 4, 2016. Complete report has been filed on SEDAR on May 19, 2016 and was amended as of June 8, 2016
Metallurgical lab and pilot scale tests	Optimize purification and electrolysis processes 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. Optimize lithium extraction recovery from spodumene concentrate using sulfuric acid.	High purity lithium hydroxide was produced on a pilot scale level. Samples were sent to potential end users. Patent applications were filed to protect these processes. Extraction recovery from spodumene concentrate using sulfuric acid was as expected in accordance with the updated feasibility study.
Feasibility study Ni-43-101 report completed by Met-Chem.	Confirm the mineral reserves of the Whabouchi deposit. Confirm capital expenditures to build 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.	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.

Work description	Objectives	Results
	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.	

Sirmac project

As for the Sirmac project, the last drilling campaign and metallurgical tests done did not allow to confirm the presence of technical grade spodumene (low iron content) required for direct use. The latest tests results and reports recommend that additional work be undertaken on the property. However, given the fact that the priority is the Whabouchi project, no further work is planned in the short term on the Sirmac project which has over $1.1M in credits from the *Ministère de l'Énergie et des Ressources naturelles* in order to renew its claims. It's the intention of the Company to renew its claims in the future and to evaluate if exploration activities are or should be done on its properties when the necessary funds are available to the Company at a reasonable price and acceptable conditions.

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the consolidated statements of loss and comprehensive loss for the years ended June 30, 2016 and 2015 as well as the consolidated statement of financial position as at June 30, 2016, June 30, 2015 and June 30, 2014.

Consolidated statements of loss selected financial information		
	Years ended June 30	
Earnings and loss	**2016**	2015
Interest income	**31,098**	20,280
Loss before income taxes	**577,183**	2,041,695
Net loss	**577,183**	2,041,695
Loss per share, basic and diluted	**0.003**	0.011

Consolidated Statements of Financial Position selected financial information			
	As at		
	June 30, 2016 ($)	**June 30, 2015 ($)**	**June 30, 2014 ($)**
Cash and cash equivalents	**19,563,445**	1,625,666	1,099,505
Working capital [(1)]	**17,119,140**	1,393,482	1,162,265
Total assets	**63,515,382**	29,208,212	26,937,165
Total liabilities	**15,808,688**	2,709,138	2,839,354
Shareholder's Equity	**47,706,694**	26,499,074	24,097,811

(1) This is a non GAAP financial measure which does not have any standardized meaning prescribed by the Company's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. This financial measure is defined as the current assets less the current liabilities which presents the actual working capital available to the Company for general administrative purposes.

Consolidated statement of financial position as at June 30, 2016

As at June 30, 2016, the total assets of the Company were at $63,515,382, an increase of $26,998,214 and $34,307,170 when compared to March 31, 2016 and to June 30, 2015, respectively. The increase in the total assets during the year ended June 30, 2016 is mostly due to the increase in cash and cash equivalent related to the following elements: i) the closing of a private placement for a gross proceed of $13,000,000; ii) the reception from Johnson Matthey Battery Materials Ltd of the initial tranche of $6,000,000 in relation with the up-front payment for services and products to be supplied by the Company; iii) the exercise of warrants for a gross proceed of $4,121,539; iv) the exercise of options by consultants, members of the Board of Directors and Management for a gross proceed of $232,219; v) the exercise of compensation options by a broker for a gross proceed of $16,320; vi) the balance of the deferred grants amounting to $3,535,771; and vii) the disposition of the land in Salaberry-de-Valleyfield resulted in the reimbursement of the $57,000 deposit. Also, the Company acquired the following items that contributed to the increase in the total assets during the year: i) a new self-contained DMS portable mill by the issuance of 3,000,000 shares for a total value of $1,500,000, excluding the cash consideration; and ii) the acquisition of the land and the selected buildings at the Shawinigan Site by way of a loan payable increased the total assets by $2,000,000; and iii) the commitment of $200,000 in relation to the development of the Whabouchi project. Finally, the reclassification of the investment in Monarques Gold Corporation from an equity accounted investee to an investment as a financial asset increased the total assets by $5,468,062. On the other hand, the cash flow used for the share issuance expenses and the operating activities contributed in the decrease of the total assets.

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.

Operating results for the three-month period ended June 30, 2016 and 2015

Consolidated Statement of (Profit) or Loss for the three-month period ended June 30, 2016 and 2015

	2016	2015
	$	$
EXPENSES:		
Compensation	**866,937**	195,332
Share-based payments	**2,872,077**	2,555
Rent, office expense and other expenses	**34,685**	35,194
Depreciation, amortization expense and loss on disposals	**2,637**	3,638
Registration, listing fees and shareholders’ information	**28,630**	22,059
Promotion and advertising	**10,515**	21,215
Representation, missions and trade shows	**130,270**	78,872
Consultants fees	**37,490**	47,675
Professional fees	**46,454**	19,692
	4,029,695	426,232

NET FINANCE EXPENSE (INCOME):		
Finance income	**(22,802)**	(5,557)
Finance expense	**4,048**	1,491
	(18,754)	(4,066)
Operating loss	**4,010,941**	422,166
OTHER ITEMS:		
Gain resulting from the reclassification of an equity accounted investee to an asset available-for-sale	**(5,468,062)**	-
(Profit) Loss before income taxes	**(1,457,121)**	422,166
Current income taxes and mining taxes recovery	**(13,857)**	(8,015)
Deferred income taxes and mining taxes expense	**13,857**	8,015
	-	-
Net (profit) or loss for the period	**(1,457,121)**	422,166
Basic (profit) or loss per share	**(0.006)**	0.002
Diluted (profit) or loss per share	**(0.006)**	0.002
Basic weighted average number of shares outstanding	**229,537,529**	191,596,104
Diluted weighted average number of shares outstanding	**253,641,329**	191,596,104

The results for the three-month period ended June 30, 2016 show an operating loss of $4,010,941 ($422,166 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $22,802 ($5,557 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous consolidated statement of (profit) or loss, the main variations between the current year three-month period and the previous year comparative figures are: i) compensation increased by $671,605 mainly due to salary adjustments and incentive remuneration paid out to employees ; ii) share-based payments increased by $2,869,522 due to the facts that the Black-Scholes valuation model was mainly impacted by the increase in the stock price of the Company compare to the previous year and that more options were issued in the current three-month period than the same period in the previous year; iii) promotion and advertising combined with representation, missions and trade shows increased by $40,698 mainly due to increased presence in 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 and financing of the Whabouchi project and the Phase 1 Plant; and iv) during the fourth quarter of 2016, the Company has made the assessment that it loses its significant influence on its investment in Monarques Gold Corporation and as such, the Company has reclassified the investment as a financial assets and therefore recorded a gain of $5,468,062.

Financing activities for the three-month period ended June 30, 2016

During the three-month period, the Company received the second and final portion of a non-brokered private placement amounting to $10,000,000 and issued 29,411,765 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.

Also, during the three-month period ended June 30, 2016, shareholders exercised 662,500 warrants at an exercise price of $0.20 per share, 950,000 warrants at an exercise price of $0.22 per share and finally 1,240,000 warrants at an exercise price of $0.28 per share were exercised. Following these exercises, the Company received an aggregate amount of $688,700 and issued a total of 2,852,500 common shares of the Company. Also, consultants, members of the Board of Directors and Management exercised 745,575 options at an average exercise price of $0.26 per share, the Company received an aggregate value of $193,469 and issued a total of 745,575 common shares of the Company in relation to such exercise.

Furthermore, the Company purchased a new self-contained dense media separation (DMS) portable mill to be located at the Whabouchi mine site. In relation with this purchase, the Company issued 3,000,000 shares valued at $0.50 per share for a total aggregate value of $1,500,000, 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.

The Company has also 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 this report, an amount of $6,000,000 was received.

Finally, during the period, the Company received non-repayable grants totalling $2,117,969 going towards the engineering, management and construction of its Phase 1 Plant.

Investing activities for the three-month period ended June 30, 2016

During the three-month period ended June 30, 2016, a net amount of $3,533,873 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of $1,342,076, net of the variation, during the period, in the accounts payables and accrued liabilities amounting to $491,960, capitalized on the Whabouchi property ($537,281) and for the Lithium Chemicals Complex ($263,303). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to: i) the continued work in the processes optimization; and ii) the continued work on the detailed engineering and ordering of long lead-time equipment as well as the site preparation for the Phase 1 plant; iii) acquisition of the new self-contained dense media separation (DMS) portable mill to be located at the Whabouchi mine site for a cash consideration of $750,000; and iv) the completion of the work related to the 2016 updated feasibility study.

Operating results for the years ended June 30, 2016 and 2015

Consolidated Statement of Loss for the years ended June 30, 2016 and 2015

	2016	2015
	$	$
EXPENSES:		
Compensation	**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	**(5,468,062)**	-
	(5,468,062)	165,614
Loss before income taxes	**577,183**	2,041,695
Current income taxes and mining taxes recovery	**(80,351)**	(49,832)
Deferred income taxes and mining taxes expense	**80,351**	49,832
	-	-
Net loss for the year	**577,183**	2,041,695
Basic and diluted loss per share	**0.003**	0.011
Basic and diluted weighted average number of shares outstanding	**208,070,632**	179,957,373

The results for the year ended June 30, 2016 show an operating loss of $6,045,245 ($1,876,081 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $31,098 ($20,280 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous consolidated statement of loss, the main variations between the current year and the previous year comparative figures are: i) compensation increased by $645,861 mainly due to salary adjustments and incentive remuneration paid out to employees; ii) share-based payments increased by $3,184,788 due to the facts that the Black-Scholes valuation model was mainly impacted by the increase in the stock price of the

Company compare to the previous year and that more options were issued in the current year than the previous year; iii) registration, listing fees and shareholders' information increased by $67,726 mainly due to the an increase in the combined costs related to the Company's Annual General Assembly as well as for the increased costs related to the different stock exchange where the Company is listed; iv) promotion and advertising combined with representation, missions and trade shows increased by $205,073 mainly due to increased presence in Canada, Europe and the USA in order to promote the Company and to increase the exposure of the Company to potential partners and end users for the development and financing of the Whabouchi project and the Phase 1 Plant; v) during the fourth quarter of 2016, the Company has made the assessment that it loses its significant influence on its investment in Monarques Gold Corporation and as such, the Company has reclassified the investment as a financial assets and therefore recorded a gain of $5,468,062; and v) Consultant fees have increased by $82,499, mainly due to increase in investors relation from external sources and in relation to other corporate affairs in relation to, among other things, the obtainment of the positive federal environmental assessment decision from the Minister of Environment of Canada as well as the General Certificate of Authorization (CA) for the Whabouchi Lithium Project from the Quebec Ministry of Sustainable Development, Environment and The Fight Against Climate Change ("MSDEFCC").

Financing activities for the year ended June 30, 2016

During the year, the Company completed a non-brokered private placement amounting to $13,000,000 and issued 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.

Also, during the year ended 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 per share were exercised. Following these exercises, the Company received an aggregate amount of $4,137,859 and issued a total of 18,546,781 common shares of the Company. Also during the same period, consultants, members of the Board of Directors and Management 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.

Furthermore, the Company purchased a new self-contained dense media separation (DMS) portable mill to be located at the Whabouchi mine site. In relation with this purchase, the Company issued 3,000,000 shares valued at $0.50 per share for a total aggregate value of $1,500,000, 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.

The Company has also 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 this report, an amount of $6,000,000 was received.

Finally, during the year, the Company received non-repayable grants totalling $4,685,939 going towards the engineering, management and construction of its Phase 1 Plant.

Investing activities for the year ended June 30, 2016

During the year ended June 30, 2016, a net amount of $6,312,473 was used in the investing activities. The funds used for exploration and evaluation assets totalled an amount of $1,994,034, net of the variation, during the period, in the accounts payables, accrued liabilities and deposits to suppliers amounting to $778,183, capitalized on the Whabouchi property ($1,132,659) and for the Lithium Chemicals Complex ($1,499,654). The expenses on the Whabouchi property and the Lithium Chemicals Complex are mainly related to: i) the continued work in the processes optimization; ii) the continued work on the detailed engineering and ordering of long lead-time equipment as well as the site preparation for the Phase 1 plant; and iii) acquisition of the new self-contained dense media separation (DMS) portable mill to be located at the Whabouchi mine site for a cash consideration of $750,000; and iv) work related to the 2016 updated feasibility study. The Company also disposed of the land in Salaberry-de-Valleyfield and got back the deposit of $57,000.

[*Intentional page break*]

The details for exploration and evaluation assets are detailed in the following table for the year ended June 30, 2016 on each property or project:

Properties or Projects	Balance as at June 30, 2015 ($)	Salaries and fringe benefits ($)	Consultants ($)	Test, sampling, prospecting and other expenses ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Balance as at June 30, 2016 ($)
Whabouchi	**17,063,037**	135,512	944,489	8,283	44,375	**1,132,659**	**18,195,696**
Sirmac	**1,447,689**	-	-	-	-	**-**	**1,447,689**
Lithium Chemical Complex*	**5,943,227**	123,729	948,486	423,529	3,910	**1,499,654**	**7,442,881**
Total	**24,453,953**	**259,241**	**1,892,975**	**431,812**	**48,285**	**2,632,313**	**27,086,266**

* 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.

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

Properties or Projects	Balance as at June 30, 2014 ($)	Salaries and fringe benefits ($)	Consultants ($)	Test, sampling and prospecting and other expenses ($)	Lodging, meals and travel expenses ($)	Increase for the period ($)	Tax credits and grants ($)	Balance as at June 30, 2015 ($)
Whabouchi	**16,154,117**	**50,934**	**762,136**	**86,593**	**9,257**	**908,920**	**-**	**17,063,037**
Sirmac	**1,447,689**	**-**	**-**	**-**	**-**	**-**	**-**	**1,447,689**
Lithium Chemical Complex	**4,798,077**	**345,989**	**708,469**	**416,224**	**27,299**	**1,497,981**	**(352,831)**	**5,943,227**
Total	**22,399,883**	**396,923**	**1,470,605**	**502,817**	**36,556**	**2,406,901**	**(352,831)**	**24,453,953**

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, 2016.

Operating results:

Operating results as at:	Finance income $	(Profit) Loss before income taxes $	Net (Profit) or Loss $	(Profit) Loss per share – basic and diluted $
June 30, 2016	22,802	(1,457,121)	(1,457,121)	(0.006)
March 31, 2016	1,991	497,073	497,073	0.002
December 31, 2015	2,996	1,106,860	1,106,860	0.005
September 30, 2015	3,309	430,370	430,370	0.002
June 30, 2015	5,557	422,166	422,166	0.002
March 31, 2015	3,253	687,608	687,608	0.004
December 31, 2014	2,897	383,782	383,782	0.002
September 30, 2014	8,573	548,139	548,139	0.003

Activities in the Common shares, Share purchase option, Warrants issued to shareholders and Compensation options to brokers:

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.

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.

Also, see section “Highlights for the fourth quarter and year ended June 30, 2016 and up to the date of this report and next steps” in the beginning of this document for other details, if applicable, related to activities in the common shares, share purchase option, warrants issued to shareholders and compensation options to brokers.

1- Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	312,883,855	307,484,390
June 30, 2016	252,433,755	229,537,529
March 31, 2016	216,423,915	207,582,183
December 31, 2015	206,615,385	202,908,843
September 30, 2015	198,991,014	192,535,434
June 30, 2015	191,596,104	191,596,104
March 31, 2015	191,596,104	185,618,327
December 31, 2014	179,596,104	175,101,858
September 30, 2014	170,522,574	168,110,593

2- Share purchase option:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price $
As at the date of this report	17,431,150	12,893,650	0.66
June 30, 2016	14,506,150	12,881,150	0.53
March 31, 2016	9,660,575	9,610,575	0.28
December 31, 2015	9,720,575	9,614,325	0.27
September 30, 2015	8,772,075	8,640,825	0.29
June 30, 2015	8,722,075	8,659,575	0.29
March 31, 2015	8,722,075	8,586,658	0.29
December 31, 2014	5,831,075	5,612,325	0.31
September 30, 2014	6,035,575	5,473,075	0.31

As at June 30, 2016, the Company had 14,506,150 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 $1.11 per common share at different dates until April 2021, subject to the conditions established under the Common Share Purchase Option Plan.

3- Warrants issued to shareholders:

Outstanding warrants issued to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average exercise strike price $
As at the date of this report	64,525,348	64,525,348	0.76
June 30, 2016	34,575,298	34,575,298	0.36
March 31, 2016	22,721,915	22,721,915	0.28
December 31, 2015	19,235,150	19,235,150	0.23
September 30, 2015	26,723,521	26,723,521	0.22
June 30, 2015	33,868,431	33,868,431	0.22
March 31, 2015	40,930,015	40,930,015	0.25
December 31, 2014	34,930,015	34,930,015	0.24
September 30, 2014	30,393,250	30,393,250	0.24

On July 24, 2015, the TSX Venture Exchange approved the extension of the expiry dates and the re-pricing of a certain amount of these warrants (see Note 8 C) of the audited consolidated financial statements for the year ended June 30, 2016). The new expiry date for 12,925,150 warrants as at the date of this report is now April 28, 2017.

As at June 30, 2016, the Company had a total of 34,575,298 exercisable warrants outstanding. Each warrant allows its holder to subscribe to one (1) common share at a price varying between $0.20 per share to $0.48 per share for a period varying from 18 months to 24 months following their issue date.

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.

4- Compensation options or warrant units to brokers:

Outstanding compensation options or warrant units to brokers as at:	Compensation options or warrant units issued to brokers	Compensation options or warrant units exercisable	Average exercise strike price $
As at the date of this report	3,600,006	3,600,006	1.15
June 30, 2016	-	-	-
March 31, 2016	-	-	-
December 31, 2015	-	-	-
September 30, 2015	136,000	136,000	0.12
June 30, 2015	136,000	136,000	0.12
March 31, 2015	981,140	981,140	0.28
December 31, 2014	981,140	981,140	0.28
September 30, 2014	981,140	981,140	0.28

As at June 30, 2016, the Company had no compensation options or units to brokers outstanding.

On July 8, 2016, the Company issued an aggregate number of 3,600,006 broker unit warrants, collectively entitling the holders thereof to purchase an aggregate of up to 3,600,006 units of the Company, at a price of $1.15 per unit, each being comprised of one common share of the Company and one-half of one common share purchase warrant. Subject to acceleration provisions as described in the July Warrant Indenture, each whole common share purchase warrant is exercisable up to July 8, 2019 to purchase one common share of the Company at a price of $1.50 per common share.

Related Party Transactions and Commercial Objectives

During the three-month and years ended June 30, 2016, the Company incurred expenses for services rendered by executive officers of the Company. These services were rendered in the normal course of operations and are measured at the exchange amount, which is the amount agreed between the parties.

Three-month periods ended June 30		
	2016 ($)	**2015 ($)**
Compensation paid to key management personnel	**211,124**	123,022
Stock-based compensation paid to key management personnel	**903,184**	-
Fees and expenses towards the external directors	**22,500**	20,591
Stock-based compensation paid to external directors	**1,305,446**	-

Years ended June 30		
	2016 ($)	**2015 ($)**
Compensation paid to key management personnel	**1,092,667**	475,691
Stock-based compensation paid to key management personnel	**1,084,869**	151,114
Fees and expenses towards the external directors	**82,293**	74,687
Stock-based compensation paid to external directors	**1,702,813**	99,418

Off Balance sheet agreements

The Company has not concluded any off balance sheet agreements.

Obligations and contractual commitments

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

Whabouchi Property

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

In case of commercial production on any of the 10 claims acquired from Golden Goose Resources Inc. in January 2010 related to the Whabouchi property, the Company has to pay a 2% NSR royalty on all metals. The Company has the option to purchase 1% of this NSR royalty for an amount of $1,000,000.

Sirmac Property

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

Lease

The Company leases office space and the lease was renewed in November 2014 for a period of three years, from February 1, 2015 to January 31, 2018, with the option to terminate the lease after the first year of this renewal. The monthly amount of the lease for the first two years of the renewal is $4,517 and will be $4,740 for the third year. As at 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.

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 audited consolidated financial statements for the year ended June 30, 2016.

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

The office and general administrative expenses for the three-month period and years ended June 30, 2016 as well as the same period for the previous year are composed of the following expenses:

Rent, office expenses and other expenses for the three-month periods ended June 30		
	2016 ($)	2015 ($)
Office supplies and mailing	**4,014**	1,557
Insurances, taxes and permits	**9,223**	8,043
Office lease and maintenance	**12,716**	18,102
Telecommunications	**3,743**	2,500
Training, HR activities and other expenses	**3,792**	6,517
(Gain) / Loss on exchange and other adjustments	**1,197**	(1,525)
Total	**34,685**	**35,194**

Rent, office expenses and other expenses for the years ended June 30		
	2016 ($)	2015 ($)
Office supplies and mailing	**7,799**	11,439
Insurances, taxes and permits	**32,765**	30,275
Office lease and maintenance	**53,525**	67,490
Telecommunications	**12,555**	12,724
Training, HR activities and other expenses	**32,109**	20,674
(Gain) / Loss on exchange and other adjustments	**1,753**	1,273
Total	**140,506**	**143,875**

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 ($)**	**General description of the use of proceeds**
During the month of August, 2014	Shareholder warrants exercises	Common shares	392,100	The net proceed of the financing was used to: **i)** Fund the general administrative expenses and other working capital needs.
September 18, 2014	Options exercises	Common shares	180,576	The net proceed of the financing was used to: **i)** Fund the general administrative expenses and other working capital needs.
November 14 and 17, 2014	Base-shelf prospectus fourth supplemental prospectus	Common shares	1,500,000	The net proceed of the financing was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property, including the follow-up work in relation to such permitting; **ii)** Fund the general administrative expenses, other investing activities and other working capital needs.
November 17, 2014	Brokered Private Placement	Common shares	42,500	The net proceed of the brokered private placement was used to: **i)** Continue the permitting process for the mine and concentrator on the Whabouchi property, including the follow-up work in relation to such permitting; **ii)** Fund the general administrative expenses, other investing activities and other working capital needs.
February 4 and 20, 2015	Base-shelf prospectus fifth supplemental prospectus	Common shares	2,000,000	The net proceed of the financing was used to: **i)** Start of the detailed engineering in relation to the Phase 1 Plant; **ii)** Fund the general administrative expenses, other investing activities and other working capital needs.

Financing sources table				
Date	**Type**	**Financings**	**Amount ($)**	**General description of the use of proceeds**
March 11, 2015	Non-brokered offering	Common shares	400,000	The net proceed of the financing was used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.
May 20, 2015	Grant	Ministère des Ressources Naturelles (Technoclimat grant)	300,000	The net proceed of the financing was used to: **i)** Fund the investing activities and other working capital needs of the Phase 1 Plant.
Between July 1, 2015 and June 30, 2016	Options exercises	Common shares	232,219	The net proceed of the financing was used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2015 and June 30, 2016	Shareholder warrants and compensation options to brokers exercises	Common shares	4,137,859	The net proceed of the financing was used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.
January 29, 2016	Grant	SDTC grant	2,117,969	The net proceed of the financing was used to: **i)** Fund the investing activities and other working capital needs of the Phase 1 Plant.
March 23, 2016	Grant	Ministère des Ressources Naturelles (Technoclimat grant)	450,000	The net proceed of the financing was used to: **i)** Fund the investing activities and other working capital needs of the Phase 1 Plant.
March 24, 2016	Non-brokered Private Placement	Common shares and Warrants	3,000,000	The net proceed of the financing is being used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.
April 29, 2016	Assets paid by share issuance	Common shares	1,500,000	The net proceed of the financing was used to: **i)** Purchase the new self-contained dense media separation (DMS) portable mill being installed at the Whabouchi mine site.

Financing sources table				
Date	**Type**	**Financings**	**Amount ($)**	**General description of the use of proceeds**
Between May 24, 2016 and June 14, 2016	Non-brokered Private Placement	Common shares and Warrants	10,000,000	The net proceed of the financing is being used to: **i)** Fund the investing activities and other working capital needs of the Phase 1 Plant.
June 10, 2016	Advance payment	Johnson Matthey Battery Materials Ltd	6,000,000	The net proceed of the financing is being used to: Fund the investing activities and other working capital needs of the Phase 1 Plant.
June 29, 2016	Grant	SDTC grant	2,117,969	The net proceed of the financing is being used to: **i)** Fund the investing activities and other working capital needs of the Phase 1 Plant.
July 8, 2016	Brokered Short Form Prospectus	Common shares and Warrants	69,000,115	The net proceed of the financing is being mainly used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs; **ii)** Diamond drilling program on the Whabouchi mine site; **iii)** Detailed engineering work and other projects development costs for the Whabouchi and Shawinigan sites; **iv)** Installation of the portable mill at the Whabouchi mine site in order to do a bulk sample and training; **v)** Site preparation and construction of the concentrator at the Whabouchi mine site.
Between July 1, 2016 and October 25, 2016	Shareholder warrants and Options exercises	Common shares	142,000	The net proceed of the financing will be used to: **i)** Fund the general administrative expenses, investing activities and other working capital needs.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

(A) STATEMENT OF COMPLIANCE:

These 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.

Significant accounting policies

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies, methods of computation and presentation applied in the Company's consolidated financial statements are consistent with those of the previous year. The significant accounting policies of the Company are detailed in the notes to the June 30, 2016 and 2015 consolidated financial statements filed on SEDAR.

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.

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.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

RISK EXPOSURE AND MANAGEMENT

The Company is exposed to a certain amount of risks at different levels. The type of risk and the way the exposure is managed are described hereafter.

(i) MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents bear interest at a variable rate that can range during the year anywhere from 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.

(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, 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.

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.

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.

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.

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.

PROPERTIES TITLES

According to the mining Act and regulations of the Province of Quebec, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Quebec government a rent per claim for every 2 year renewal period. Between the date of this MD&A and June 30, 2016 no amounts have to be paid for claims renewal. As at the date of this report, the Company has approx. $6.5M in credits from the *Ministère de l'Énergie et des Ressources naturelles* that can be used to renew its claims on the Whabouchi and Sirmac properties. Out of the 33 claims, 10 claims of the Whabouchi property are suspended by the *Ministère de l'Énergie et des Ressources naturelles* during the process of the mining lease application.

ADDITIONAL FINANCING

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

PROTECTION AND MAINTENANCE OF INTELLECTUAL PROPERTY

The Company's success will depend in part on its ability to protect and maintain its intellectual property rights. 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. No assurance can be given that the rights used by the Company will not be challenged, invalidated, infringed or circumvented, nor that the rights granted thereunder will provide competitive advantages to the Company. Patent applications have been filed by the Company regarding methods of transforming spodumene and producing lithium hydroxide from lithium sulfate and lithium carbonate from lithium hydroxide. Therefore, it is not clear whether the pending patent applications will result in the issuance of patents. Moreover, it is not clear whether the patents to be issued regarding these methods will be challenged by third parties, whether the patents of others will interfere with the Company's ability to use those patents and know-how to produce lithium compounds. There is no assurance that the Company will be able to develop or obtain alternative technology in respect of patents issued to third parties that incidentally cover its production processes. Moreover, the Company could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting patent infringement suits against others. The Company's commercial success also depends on the Company not infringing patents or proprietary rights of others.

Cree Nation Mining Policy and Related Agreements

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

On November 7, 2014, the Company signed the Chinuchi Agreement concerning the development and operation of the Whabouchi Lithium Project. The Chinuchi Agreement is a binding agreement that will govern the long-term working relationship between the Company and the Cree parties during all phases of the Whabouchi Lithium Project. It provides for training, employment and business opportunities for the Crees during project construction, operation and closure, and sets out the principles of social, cultural and environmental respect under which the project will be managed. The Chinuchi Agreement includes a mechanism by which the Cree parties will benefit financially from the success of the project on a long term basis, consistent with the mining industry's best practices for engagement with First Nations communities as well as with the Cree Nation Mining Policy.

Conditions of the industry in general

The exploration and development of mineral resources, including construction, start-up and operation of a mine, involves significant risks that even an allied neat evaluation with experience and know-how cannot avoid. Although the discovery of a deposit can prove extremely lucrative, few properties where exploration and development work are carried out become producing mines thereafter. Important expenditures are necessary to establish ore reserves, to work out the metallurgical processes and to build the mining plant on a particular site. It is impossible to provide assurance to the effect that the exploration and development programs contemplated by the Company will generate a profitable mine.

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

The mining activities comprise a high level of risks. The activities of the Company are subject to all the dangers and the risks usually dependent on the exploration and the development, including the unusual and unforeseen geological formations, explosions, collapses, floods and other situations which can occur during drilling and the removal of material and of which any could cause physical or material or environmental injuries and, possibly, legal responsibility.

GOVERNMENTAL REGULATION

The activities of the Company are subject to various federal, provincial and local laws, which relate to the exploration and development, taxes, standards of work, diseases and the occupational safety, the safety in mines, toxic substances, the protection of the environment and others. The exploration and the development are subject to legislative measures and laws with the federal, provincial and local levels relating to the protection of the environment. These laws impose high standards on the mining industry, in order to control the rejects of waste water and to force the participants to account for such controls to the lawful authorities, to reduce or eliminate the impact that are generated by certain production activities; extraction and of treatment and which are later on deposited on the ground or are rejected into the air or the water, to complete work of restoration of the mining properties, to control dangerous waste and materials and to reduce the risk of industrial accidents. The defect to conform to the above-mentioned legislative measures can involve important fines and other penalties.

RISKS OF LAWSUITS AND NO INSURABLE RISKS

The Company could be held responsible for pollution or for other risks against which it could not be insured or against which it could choose not to be insured, given the high cost of the premiums or for other reasons. The payment of sums in this respect could involve the loss of the assets of the Company.

CONFLICTS OF INTEREST

Some of the directors and officers of the Company are engaged as directors or officers of other company's involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. Any decision taken by these directors and officers and involving the Company will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Company and these other corporations. Moreover, these directors and officers will declare their interests and will abstain to vote on any question which could give place to a conflict of interest.

PERMITS, LICENCES AND AUTHORIZATIONS

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

DEPENDENCE ON THE MANAGEMENT

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

PRICE OF METALS

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

TAX RISKS

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

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

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

* * * * * * * * * * * * * * *

GENERAL INFORMATION

HEAD OFFICE

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

WEB SITE
www. nemaskalithium.com

E-MAIL
info@nemaskalithium.com

STOCK EXCHANGE

TSX Exchange under the symbol: **NMX** for the shares
NMX.WT for the warrants issued on July 8, 2016 and expiring on July 8, 2019
OTCQX under the symbol: **NMKEF**

OFFICERS

Guy Bourassa
President and CEO

Steve Nadeau, CPA, CGA
Chief Financial Officer

Marc Dagenais, llb
Vice-President, legal affairs
and corporate secretary

Francois Godin
Vice-President operations

Chantal Francoeur
Vice-President human resources and
organizational development

BOARD OF DIRECTORS

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

LEGAL COUNSEL

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

TRANSFER AGENT

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

AUDITORS

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

INVESTORS RELATION

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

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