NEMASKA LITHIUM

Management discussion & analysis

THREE-MONTH & NINE-MONTH PERIODS ENDED

MARCH 31, 2018

450 Gare-du-Palais Street, 1st Floor
Quebec, Quebec G1K 3X2
418-704-6038

www.nemaskalithium.com

TMX Toronto Stock Exchange

BEST 50 OTCQX 2018

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 "Corporation") and its wholly owned subsidiaries as well as the highlights of its financial situation. It explains the financial situation and the results for the three-month and nine-month periods ended March 31, 2018 and 2017 and the comparison of the Corporation's consolidated statement of financial position as at March 31, 2018 and June 30, 2017.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the unaudited consolidated condensed interim financial statements for the nine-month period ended March 31, 2018 and the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2017 and the related notes thereto.

The unaudited consolidated condensed interim financial statements have been prepared on a going concern basis, which assumes that the Corporation 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.

The unaudited consolidated condensed interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors on May 14, 2018. 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.

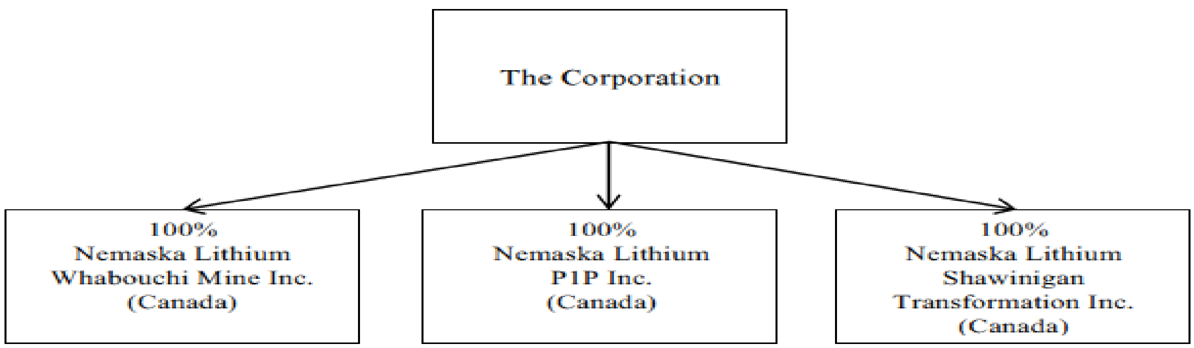
Reporting entity, nature of operations, scope of activities and going concern

The Corporation is domiciled in Canada and incorporated under the *Canada Business Corporations Act*. Its shares are listed on the Toronto Stock Exchange under the symbol NMX and on the American stock exchange Over-the-Counter QX ("OTCQX") under the symbol NMKEF.

The Corporation's head and registered offices are located at 450 de la Gare-du-Palais Street, 1st Floor, Québec, Québec G1K 3X2.

Intercorporate Relationships

The Corporation beneficially owns 100% of the voting shares of 3 subsidiaries, namely Nemaska Lithium P1P Inc., Nemaska Lithium Shawinigan Transformation Inc. and Nemaska Lithium Whabouchi Mine Inc. (collectively, the "**Subsidiaries**"). The following corporate chart is a list of the Subsidiaries, indicating their jurisdiction of incorporation.



All assets of the Corporations are located in the province of Québec. In summary, each Corporation has the following main assets:

- Nemaska Lithium Inc.: intellectual property, computer software & hardware and investment in Monarques Gold Corporation Inc. and Vision Lithium Inc. ("VLI") (previously ABE Resources Inc.);
- Nemaska Lithium P1P Inc.: equipment and lease required to operate the Phase 1 Plant and also the administrative office in Shawinigan;
- Nemaska Lithium Whabouchi Mine Inc.: mining lease, mining claims, surface usage leases and exploration and evaluation assets, including site preparation, concentrator building, administrative office building and the small DMS modular concentrator, defined herein as the "Whabouchi Mine(1)"; and
- Nemaska Lithium Shawinigan Transformation Inc.: land and commercial buildings located in Shawinigan, defined herein as the "Electrochemical Plant(1)";

  (1) together defined herein as the "Whabouchi Project"

Business Activities and Objectives, Foreseen Main Work Planned and Milestones to come

The Corporation's objective is to become a vertically integrated lithium hydroxide and lithium carbonate producer and 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. The Corporation has been actively involved since October 2009, in the exploration and development of what management believes is one of the most significant spodumene lithium hard rock deposits in the world, both in volume and grade, the Whabouchi mine, located in the Eeyou Istchee / James Bay Region of the Province of Québec (the "**Whabouchi Property**"). The Corporation has also been actively developing, since the summer of 2011, a new process to produce high purity lithium hydroxide and lithium carbonate from spodumene concentrate, using an electrochemical process. The Corporation has acquired, in May 2016, the land and existing buildings in Shawinigan, Quebec, to locate its Electrochemical Plant.

The Whabouchi Property has economically recoverable ore reserves, pursuant to its NI-43-101 feasibility study filed on SEDAR on February 21, 2018 with an effective date of November 7, 2017 (the "2018 Feasibility Study"). The Corporation is in the development and construction stages in respect of its Whabouchi Project.

The Corporation's main commercial business objectives are to commence commissioning of the Whabouchi mine during the first half of the 2019 calendar year and start selling spodumene concentrate by the end of the 2019 calendar year and this until full ramp-up of the Electrochemical plant. The Corporation expects to be able to sell about 250,000 tonnes of spodumene concentrate to third parties before the Electrochemical plant has reached its name plate capacity. The commissioning of the Electrochemical Plant should start during the first half of the 2020 calendar year and start the production of lithium salts during the second half of the 2020 calendar year. In order to achieve its objectives, the Corporation needs to resume the construction of the Whabouchi Mine and commence the construction process at the Electrochemical Plant within Q2-2018. In order to achieve this and as outlined in Note 22 "Subsequent Events" of the consolidated condensed interim financial statements for the three-month and nine-month periods ended March 31, 2018 , the Corporation intends to: i) close the debt financing through the issuance of senior secured callable bonds in the amount of USD 350 million; ii) draw on the streaming agreement, in two (2) tranches of USD 75 million, for a total amount of USD 150 million; and iii) complete an equity financing totalling no less than $445 million, including the subscription receipts held in escrow in favour of SoftBank in an amount of up to $99 million that will allow SoftBank Group Corp. to hold 9.9% of the outstanding common shares of the Corporation on a post financing basis. The subscription receipts that would result in excess of 9.9% of the Corporation's common shares will be cancelled such that SoftBank Group Corp. will not hold more than 9.9% of the Corporation's common shares and the corresponding proceeds will revert to SoftBank Group Corp.

Highlights for the nine-month period ended March 31, 2018 and up to the date of this report and next steps

- Filing of the 2018 Feasibility study on February 21, 2018 with an effective date of November 7,2017;
- Sale of the Sirmac property on January 31, 2018 to Vision Lithium Inc.("VLI"). As part of the consideration payable by VLI, the Corporation received directly from VLI an aggregate of 15,000,000 common shares in the share capital of VLI, having a market value of $0.63 per common share, representing a total consideration of $9,450,000, which represented about 19% of then issued and outstanding common

shares of VLI immediately after the sale. The Corporation also received $250,000 in cash and other considerations.

- Implementation of an ERP system;
- Filing of a base shelf prospectus dated March 29, 2018 for a maximum of $500M;
- Project Financing subject to closing of an equity financing of no less than $445 million:
    - Stream agreement with Orion Mine Finance II LP for USD $150M;
    - Subscription receipt with SoftBank for $99M;
    - Closing of the books and pricing on a secured bond offering for USD $350M; and
    - Signing of an agreement in principle for the sale of lithium hydroxide with NorthVolt for the sale of lithium hydroxide;

    For more details on these Project Financing highlights, please refer to the Note 22 “Subsequent Events” of the consolidated condensed interim financial statements for the three-month and nine-month periods ended March 31, 2018.

<u>Progress at the Phase 1 Plant</u>

The Corporation has continued operating its electrochemical demonstration plant (the “**Phase 1 Plant**”), designed to produce high purity lithium hydroxide and lithium carbonate from spodumene concentrate. The Phase 1 Plant has started producing battery grade lithium hydroxide solution from lithium sulfate provided by a client, in February 2017. Since September 2017, the Phase 1 plant is processing spodumene concentrate coming from a bulk sample done at the Whabouchi mine completed in August 2017.

The work accomplished at the Phase 1 Plant since July 2017 is impressive. During the nine-month period that ended March 31, 2018 and up to the date of this report, the following work was done:

- Engineering, installation, commissioning and operation of the calcination and acid baking section at the Phase 1 Plant;
- Continued delivery of Lithium hydroxide in solution to Johnson Matthey for a cumulative total to date of about 43 tonnes produced from lithium sulfate solution;
- Delivery of lithium hydroxide in solution to JM for a total of about 3 tonnes produced from the conversion of spodumene concentrate that was produced at the Whabouchi mine;
- Production of the first kilos of lithium hydroxide monohydrate

<u>Progress at the Electrochemical Plant</u>

During the nine-month period that ended March 31, 2018 and up to the date of this report, the following work was done:

- Engineering work, including baseline key process steps: electrolysis, calcination and LHM crystallisation;
- Optimization and testing of key elements of the flow sheet;
- Hiring of key operation and support personnel;
- Demolition of the non-required existing buildings by the former owner is progressing as planned;

The construction schedule of the Shawinigan site is directly dependant on the closing of the project financing. Once the project financing is completed, the Corporation expects that the construction and installation at the Electrochemical Plant will take about 24 months.

Shawinigan Electrochemical Plant and P1P Plant infrastructures

Progress at the Whabouchi Mine

During the nine-month period that ended March 31, 2018 and up to the date of this report, the following work was done:

- Completing production of about 1,050 tonnes of spodumene concentrate averaging 6.25% Li_2O were produced at the mine site with the DMS concentrator that started in April 2017. About 15 tonnes of flotation concentrate averaging 6.2% Li_2O were produced at SGS in Lakefield, Ontario. A balance of about 125 tonnes of fines at an average grade of 4.6% Li_2O; 3,600 tonnes of fines at an average grade of 1.3% Li_2O as well as about 100 tonnes of middlings at an average grade of 3.8% Li_2O produced with the DMS are stockpiled at the mine site.
- Completion of the construction of the approx.15 km hydroelectric transport line from the Nemiscau substation to the mine site with a service target date to be in August 2018;
- Construction of the sub-station in order to hook the hydroelectric transport line to the infrastructure, including ordering and manufacturing of the equipment for the main electrical sub-station;
- Civil works as part of the general site preparation and crushing area;
- Continued engineering work, including commercial bid and technical evaluation for key process equipment;
- Optimization and testing of key elements of the flow sheet;
- Hiring of key management, operation and support personnel;

The construction schedule at the Whabouchi mine site is directly dependant on the closing of the Project Financing. Once the Project Financing is completed, the Corporation expects that the Whabouchi mine and concentrator will be built in about 12 to 15 months.

Whabouchi Mine site operation and infrastructures

Whabouchi mine site concentrator building and administrative offices

Other work carried out for the Whabouchi Project during the fiscal years ended June 30, 2016

- Updated Feasibility Study Ni-43-101 report completed by DRA/Met-Chem. 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. This report was mainly to confirm capital expenditures and operating expenditures for the Whabouchi mine and concentrator, for the Shawinigan Electrochemical Plant and also to confirm the logistics and transportation costs of the spodumene concentrate;
- Metallurgical lab and pilot scale tests in order to optimize the purification and electrolysis processes to produce high purity end product lithium hydroxide and lithium carbonate from spodumene concentrate

and to optimize lithium extraction recovery from spodumene concentrate using sulfuric acid. As a result, high purity lithium hydroxide was produced on a pilot scale level and samples were sent to potential end users. Patent applications were also filed to protect these processes. Extraction recovery from spodumene concentrate using sulfuric acid was as expected and is reflected in the 2016 updated feasibility study.

- Environmental and social impacts assessment study in order to obtain the necessary permits to build and operate a mine and a concentrator at the Whabouchi mine. A positive federal environmental assessment decision for the Whabouchi Project from the Minister of Environment of Canada was received on July 29, 2015 and on September 4, 2015, the Corporation 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”).

Intellectual Property and Patents

The Corporation has obtained Canadian Patent No. 2,871,092 and US Patent No. 9,677,181 that relate to its proprietary process for preparing high purity lithium hydroxide as well as Canadian Patents Nos. 2,905,197; 2,928,227; and 2,940,027; and Australian Patent Nos. 2014339706 and 2014231593 that specifically protects improvements of the electrolysis membrane process for preparing lithium hydroxide. The Corporation has also obtained Canadian Patent Nos. 2,874,917 and 2,928,224; US Patent Nos. 9,382,126 and 9,890,053; European Patent no. 2 855 735 and Australian Patent No. 2013270412 that relate to its proprietary process for preparing high purity lithium carbonate. The Corporation now has a patent portfolio comprised of 9 different patent families that relate to its proprietary processes for preparing lithium hydroxide and lithium carbonate as well as to improvements thereof. In addition to the above-mentioned patents, the Corporation has 52 pending patent applications in 11 different jurisdictions (AU, CA, CL, CN, HK, EP, IN, JP, KR, US, PCT).

Other highlights during the nine-month period ended March 31, 2018 and up to the date of this report

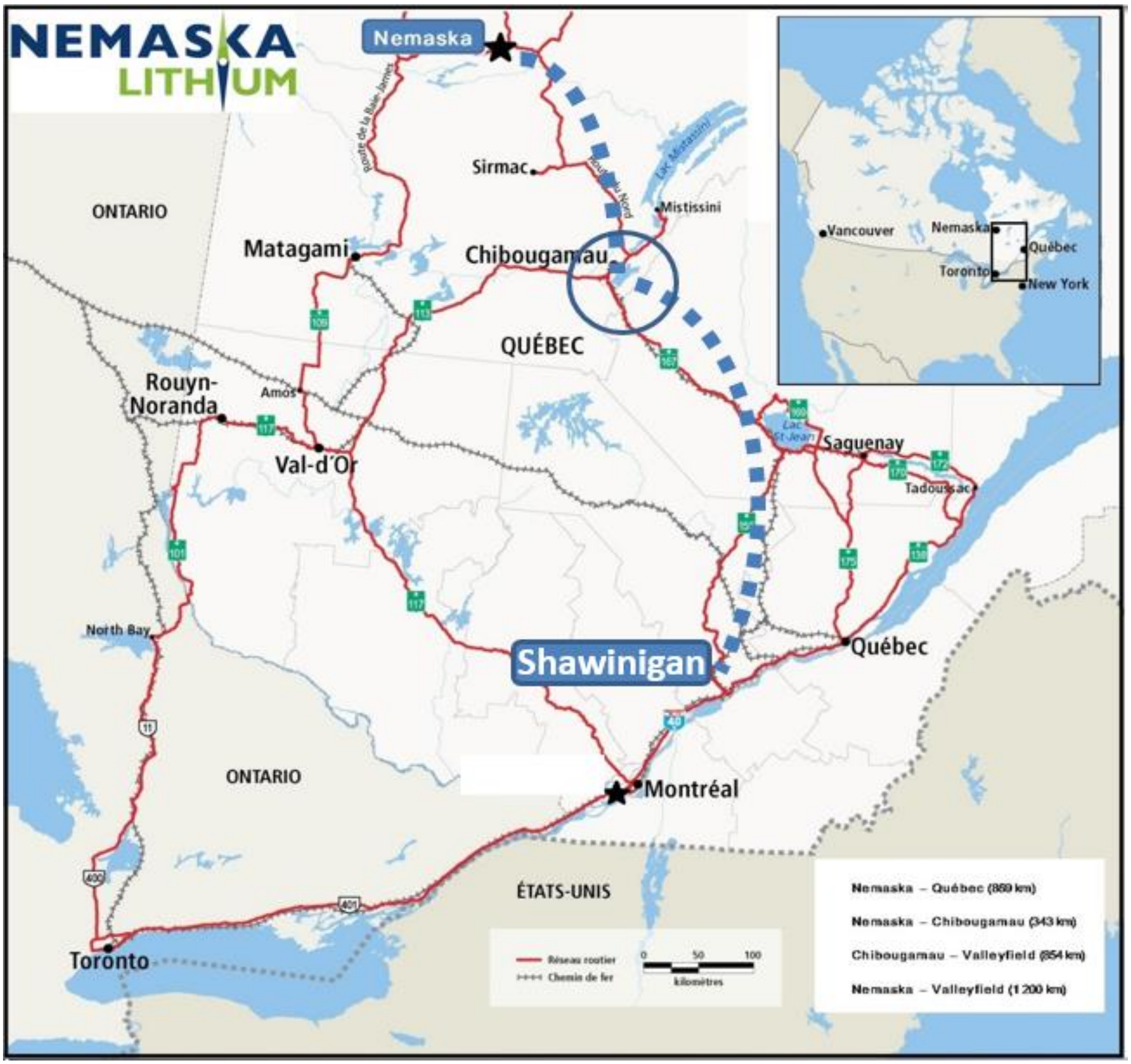
The Corporation received on November 9, 2017 the mining lease# 1022 (fully executed on October 26, 2017) covering 138 hectares for the Whabouchi mine. Consequently, the Corporation has made the first payment of approximately $4.6M, covering 50% of the restauration estimated costs. The remaining two payments of approximately $2.3M each, covering the remaining 50% of the restauration estimated costs, will be payable during the fiscal year 2018-2019 and 2019-2020.

Between July 1, 2017 and March 31, 2018, 965,000 options were exercised by an officer, an employee, a former employee, consultants and a former board member at prices per share varying between $0.12 and $1.20 while shareholders and brokers exercised 23,692,072 warrants at an average price per share of $0.63 for an aggregate total value of $15,612,901; this resulted in the Corporation issuing 24,657,072 common shares. As a result of the options exercised, an amount of $333,934 was reclassified from contributed surplus to the share capital and warrants.

On July 17, 2017, Johnson Matthey ("JM") (Johnson Matthey Battery Materials Ltd of Candiac, Québec, a wholly owned subsidiary of Johnson Matthey Plc (LSE: JMAT), JM has made the final payment of $1,000,000 following the completion of the final milestone as per the existing agreement between JM and the Company, announced on May 11, 2016, provides for an aggregate $12,000,000 advance payment for goods and services, of which the Corporation has now received the full amount.

Updated Feasibility Study Highlights, Mineral Resources and Mineral Reserves

As at the date of this report, the Corporation owns one (1) mining property, namely the Whabouchi property, consisting of 33 claims, one mining lease and 3 surface usage leases in the Eeyou Istchee / James Bay territory, province of Quebec. The Corporation also owns the Shawinigan Site and infrastructures that houses the Corporation's Phase 1 Plant and where the future Electrochemical Plant will be located. The Plant will convert spodumene concentrate into high purity lithium hydroxide and lithium carbonate.



The table below highlights selected information from the 2018 Feasibility Study

2018 Feasibility Study Highlights (All calculations are based on 6.25% Li_2O spodumene concentrate) (All figures are quoted in Canadian Dollars (CDN$), unless otherwise specified)	
Expected Mine Life	33 years
Life of Mine Revenue	$19.2 Billion (US$14.8 B) (average of $581 M/yr)
Pre-Tax Net Undiscounted Cash Flow **After-Tax Net Undiscounted Cash Flow**	$13.3 Billion (US$10.2 B) (average of $425 M/yr before initial CAPEX) $9.6 Billion (US$7.4 B)
Pre-Tax NPV 8% Discount (base case) **After-Tax NPV 8%Discount (base case)**	$3.3 Billion (US$2.5 B) $2.3 Billion (US$1.8 B)
Pre-Tax Internal Rate of Return (IRR) **After-Tax Internal Rate of Return (IRR)**	34.4% 30.5%
Total Initial Capital Costs	$801 Million (US$616 M) in CAPEX including contingency
After-Tax Pay Back of Capital Costs *	2.9 years
Average Selling Price Lithium Hydroxide over LOM	US$14,000/t Ex Works Shawinigan
Average Selling Price Lithium Carbonate over LOM	US$11,719/t Ex Works Shawinigan
Spodumene Concentrate Average Production Cost Per Tonne (Open Pit)	$285/t (US$219/t) Ex Works Whabouchi Mine
Spodumene Concentrate Average Production Cost Per Tonne (Underground)	$353/t (US$272/t) Ex Works Whabouchi Mine
Lithium Hydroxide Average Production Cost Per Tonne (from the Open Pit Concentrate)	$3,655/t (US$2,811/t) Ex Works Shawinigan
Lithium Carbonate Average Production Cost Per Tonne (from the Open Pit Concentrate)	$4,425/t (US$3,403/t) Ex Works Shawinigan
Life of Mine Production	7 million tonnes spodumene concentrate converted into ≈770k tonnes battery grade lithium hydroxide and ≈361k tonnes of battery grade lithium carbonate. (average per year of ≈213k tonnes of concentrate to produce ≈23k tonnes of lithium hydroxide and ≈11k tonnes of lithium carbonate)
Exchange Rate CDN$ to $US	1 : 0.769

Mineral Resources and Mineral Reserves

The Mineral Resources were estimated based on the following geological and resources block modeling parameters utilised by SGS Geostat:

- 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 593 drill holes/channels and 15,590 assays were used for the mineral resources model.
- The mineral resources 3-D modeling of mineralized pegmatite dyke was conducted using a lower modeling grade of 0.40% Li_2O over a 2m horizontal thickness.
- Two-meter composites were used in the estimation process. 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. Only Li_2O % grades were estimated.
- The In-pit Mineral Resources were limited inside an optimized pit shell with a 0.43% Li_2O cut-off grade. 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 0.3% Li_2O for the open pit and 0.6% Li_2O for the underground mine.

FINAL DRILL HOLE DATABASE

Type	Count	Metres Drilled	Survey Records	Lithology Records	Assays Records	% Assayed Metres
Channel	344	6,806	0	855	944	14 %
Drill hole	249	50,572	8,998	4,498	14,646	30 %
Total	593	57,378	8,998	5,353	15,590	

The following resources have been estimated for the Whabouchi Project.

OPEN PIT RESSOURCE ESTIMATE

Cut-Off Grade (Li_2O %)	Category	Tonnage* (t)	Average Grade (% Li_2O)
0.30	Measured	16,953,000	1.57
0.30	Indicated	20,403,000	1.41
0.30	**Measured+Indicated**	**37,356,000**	**1.48**
0.30	Inferred	6,687,000	1.37

Note: The Mineral Resource estimate has been estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions Standards for Mineral Resource and Mineral Reserve in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mineral resources which are not Mineral Reserve do not have demonstrated economic viability. Inferred Mineral Resource are exclusive of the Measured and Indicated Resources. Bulk density of 2.71 t/m³ is used. Effective date November 24, 2017. Blocks touching the pit were taken out,

* Rounded to the nearest thousand.

BELOW PIT MINERAL RESOURCE ESTIMATE

Cut-Off Grade (Li_2O %)	Category	Tonnage* (t)	Average Grade (% Li_2O)
0.60	Measured	12,000	1.87
0.60	Indicated	233,000	1.59
0.60	**Measured+Indicated**	**245,000**	**1.60**
0.60	Inferred	9,376,000	1.39

Note: The Mineral Resource estimate has been estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions Standards for Mineral Resource and Mineral Reserve in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mineral resources which are not Mineral Reserve do not have demonstrated economic viability. Inferred Mineral Resource are exclusive of the Measured and Indicated Resources. Bulk density of 2.71 t/m³ is used. Effective date November 24, 2017. Blocks touching the pit were taken out,

* Rounded to the nearest thousand.

The Mineral Reserves estimates that were used in the 2018 Feasibility Study. The Mineral Reserves are included in the Measured and Indicated Mineral Resources that have been identified as being economically extractable and incorporate the mining losses and the addition of waste dilution. The open pit minable cut-off grade is 0.34% Li_2O and 0.63% Li_2O for the underground.

WHABOUCHI COMBINATE MINERAL RESERVES

	Category	Tonnage (Mt)	Li_2O Grade (%)
Open Pit (OP)	Proven	15.5	1.56
	Probable	8.5	1.48
	OP: Proven & Probable Reserves	**24.0**	**1.53**
Underground (U/G)	Proven	1.5	1.36
	Probable	11.1	1.13
	UG: Proven & Probable Reserves	**12.7**	**1.16**
Total OP & U/G Reserves	Proven	17.0	1.54
	Probable	19.6	1.28
	Proven & Probable Reserves[1]	**36.7**	**1.40**

1 due to rounding errors, totals may not add-up exactly.

Selected Financial Information

The following table summarizes the Corporation's selected key financial data taken from the unaudited consolidated condensed interim financial statements of loss for the periods ended March 31, 2018 and 2017 as well as the consolidated condensed interim statement of financial position as at March 31, 2018, June 30, 2017 and June 30, 2016.

Consolidated statements of loss and comprehensive loss selected financial information				
	Three-month period ended March 31		**Nine-month period ended March 31**	
Earnings and loss	**2018**	2017	**2018**	2017
Interest income	**73,756**	81,821	**255,489**	303,087
Loss before other items and income taxes	**2,090,379**	2,165,615	**6,679,204**	6,045,659
Net (Profit) or Loss	**(5,557,721)**	2,108,250	**(862,309)**	6,025,724
Comprehensive (Profit) or Loss	**(4,491,928)**	2,382,604	**889,369**	5,682,781
Basic (Profit) Loss per share Diluted (Profit) Loss per share	**(0.014)** **(0.013)**	0.007 0.007	**(0.002)** **(0.002)**	0.019 0.019

Consolidated Statements of Financial Position selected financial information			
	As at		
	March 31, 2018 ($)	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Cash and cash equivalents	**21,249,663**	66,567,210	19,563,445
Working capital	**13,997,026**	60,131,205	17,119,140
Total assets	**216,295,428**	202,042,706	63,515,382
Total liabilities	**46,602,587**	47,593,940	15,808,688
Shareholder's Equity	**169,692,841**	154,448,766	47,706,694

Consolidated statement of financial position as at March 31, 2018

As at March 31, 2018, the total assets of the Corporation were at $216,295,428; an increase of $8,917,192 and of $14,252,722 when compared to December 31, 2017 and June 30, 2017, respectively. The increase in the total assets during the nine-month period ended March 31, 2018 is mostly due to the increase in cash and cash equivalent related to the following elements: i) the proceeds of $15,035,526 following the exercises of warrants and broker warrants; ii) the proceeds of $577,375 following the exercises of options; iii) the reception of $1,000,000 relating to the advanced payment from JM; and iv) the net increase of $7,428,948 in the investments in Monarques Gold Corporation and in Vision Lithium Inc. in the aggregate. On the other hand, the following main elements contributed to the decrease in the total assets during the nine-month period ended March 31, 2018: i) the cash flow used to decrease the accounts payable and accrued liabilities for a total of $2,904,871; ii) the cash flow used for the share issuance expenses for $444,603; and iii) the operating activities also contributed in the decrease of the total assets.

A substantial amount of additional financing is required to complete the construction of the Whabouchi Project as its estimated capital cost as per its Feasibility Study is in excess of $800 million, including contingencies. In addition, the operation of the Phase 1 Plant, the transactions and financing costs, interest costs reserve and general working capital and other reserve needs will increase the Corporation's cash requirements during the construction period, until positive cash-flow from operations begins. In order to achieve this and as outlined in Note 22 "Subsequent Events" of the consolidated condensed interim financial statements for the three-month and nine-month periods ended March 31, 2018, the Corporation intends to: i) close the debt financing through the issuance of senior secured callable bonds in the amount of USD 350 million; ii) draw on the streaming agreement, in two (2) tranches of USD 75 million, for a total amount of USD 150 million; and iii) complete an equity financing totalling no less than $445 million, including the subscription receipts held in escrow in favour of SoftBank in an amount of up to $99 million that will allow SoftBank Group Corp. to hold 9.9% of the outstanding common shares of the Corporation on a post financing basis. The subscription receipts that would result in excess of 9.9% of the Corporation's common shares will be cancelled such that SoftBank Group Corp. will not hold more than 9.9% of the Corporation's common shares and the corresponding proceeds will revert to SoftBank Group Corp.

Although the Corporation has general working capital of $14 million (defined as the current assets less the current liabilities) as at March 31, 2018, the Corporation has decided to delay discretionary expenditures until the full project financing has been closed.

Consolidated Condensed Interim Statement of (Profit) or Loss and Comprehensive (Profit) or Loss
Three-month periods ended March 31, 2018 and 2017

	2018	2017
	$	$
EXPENSES:		
Compensation	**1,085,057**	713,994
Share-based expense	**342,018**	601,143
Rent, office expense and other expenses	**112,486**	128,000
Depreciation and amortization expense	**67,519**	26,389
Registration, listing fees and shareholders' information	**95,745**	114,063
Promotion and advertising	**10,975**	34,840
Representation, missions and trade shows	**195,216**	313,368
Consultants fees	**86,935**	149,453
Professional fees	**403,064**	158,499
Operating loss	**2,399,015**	2,239,749
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(73,756)**	(81,821)
Finance expense	**4,780**	5,085
(Profit) or loss on foreign exchange	**(239,660)**	2,602
	(308,636)	(74,134)
Loss before other item and income taxes	**2,090,379**	2,165,615
Other item		
Profit on disposition of a mining property	**(7,810,887)**	-
(Profit) or loss before income taxes	**(5,720,508)**	2,165,615
Current income taxes and mining taxes recovery	**-**	(29,315)
Deferred income taxes and mining taxes recovery	**162,787**	(28,050)
	162,787	(57,365)
Net (profit) or loss for the period	**(5,557,721)**	2,108,250
OTHER COMPREHENSIVE LOSS:		
Decrease in fair value of the investments	**1,228,580**	316,989
Deferred income taxes	**(162,787)**	(42,635)
	1,065,793	274,354
Comprehensive (profit) or loss for the period	**(4,491,928)**	2,382,604
Basic (profit) or loss per share	**(0.014)**	0.007
Diluted (profit) or loss per share	**(0.013)**	0.007
Basis weighted average number of shares outstanding	**401,516,841**	316,289,155
Diluted weighted average number of shares outstanding	**413,805,909**	316,289,155

The results for the three-month period ended March 31, 2018 show a net profit for the period of $5,557,721 (net loss of $2,108,250 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $73,756 ($81,821 for the same period in the previous year), the Corporation has no revenues from operations.

As seen in the previous consolidated statement of loss and comprehensive (profit) or loss, the main variations between the current year three-month period and the previous year comparative figures having an impact on the net (profit) or loss are: i) compensation increased by $371,063 mainly due to headcount increases ii) share-based payments decreased by $259,125 mainly driven by the different parameters of the Black-Scholes valuation model combined with the fact that less options were issued and vested 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 decreased by $142,017 mainly due to less activities during the current quarter; iv) increase by $244,565 in the professional fees mainly due to increases in the corporate human resources activities and in due diligence activities; v) positive variance compared to comparative period on foreign exchange by $242,262 mainly due to the fact that more transactions are made in foreign currencies; vi) non-recurring profit of $7,810,887 due to the sale of the Sirmac mining property; and vii) the fluctuation in the fair market value of the investment in Monarques Gold Corporation and in the investment in Vision Lithium Inc. resulted in other comprehensive loss of $1,065,793.

Financing activities for the three-month period ended March 31, 2018

Between January 1, 2018 and March 31, 2018, 100,000 options were exercised by a former employee at a price of $1.20, while shareholders and brokers exercised 1,188,856 warrants at an average price per share of $1.29 for an aggregate total value of $1,652,639; this resulted in the Corporation issuing 1,288,856 common shares.

Investing activities for the three-month period ended March 31, 2018

During the three-month period ended March 31, 2018, a net amount of $12,664,891 was used in the investing activities. The cash flows used for investments in the property, plant and equipment required a net cash amount of $12,516,585; while the investments in the intangible assets required cash flows for a total amount of $398,306. The sale of the Sirmac property generated $250,000 of cash. For details on the investment activities, please refer to the "*Highlights for the nine-month period ended March 31, 2018 and up to the date of this report and next steps*" section at the beginning of this document under the sub-sections "*Progress at the Phase 1 Plant*", "*Progress at the Electrochemical Plant*", "*Progress at the Whabouchi mine site*" and "*Intellectual Property and Patents*".

Consolidated Condensed Interim Statement of (Profit) or Loss and Comprehensive Loss
Nine-month periods ended March 31, 2018 and 2017

	2018	2017
	$	$
EXPENSES:		
Compensation	**3,421,626**	2,361,696
Share-based payments	**965,146**	1,636,499
Rent, office expense and other expenses	**285,426**	243,889
Depreciation and amortization expense	**200,007**	47,987
Registration, listing fees and shareholders' information	**137,224**	439,644
Promotion and advertising	**55,027**	139,468
Representation, missions and trade shows	**691,828**	711,132
Consultants fees	**192,696**	285,589
Professional fees	**796,421**	521,157
Operating loss	**6,745,401**	6,387,061
NET FINANCE (INCOME) EXPENSE:		
Finance income	**(255,489)**	(303,087)
Finance expense	**18,064**	11,479
Loss on foreign exchange	**171,228**	(49,794)
	(66,197)	(341,402)
Loss before other item and income taxes	**6,679,204**	6,045,659
Other item		
Gain on disposition of a mining property	**(7,810,887)**	-
(Profit) or loss before income taxes	**(1,131,683)**	6,045,659
Current income taxes and mining taxes recovery	**-**	(91,750)
Deferred income taxes and mining taxes recovery	**269,374**	71,815
	269,374	(19,935)
Net (profit) or loss for the period	**(862,309)**	6,025,724
OTHER COMPREHENSIVE LOSS:		
Decrease (increase) in fair value of the investments	**2,021,052**	(396,237)
Deferred income taxes	**(269,374)**	53,294
	1,751,678	(342,943)
Comprehensive loss for the period	**889,369**	5,682,781
Basic loss per share	**(0.002)**	0.019
Diluted loss per share	**(0.002)**	0.019
Basis weighted average number of shares outstanding	**386,638,055**	312,198,180
Diluted weighted average number of shares outstanding	**411,625,346**	312,198,180

The results for the nine-month period ended March 31, 2018 show a net profit of $862,309 (net loss of $6,025,724 for the same period in the previous year) as seen in the previous table. Aside from interest revenues of $255,489 ($303,087 for the same period in the previous year), the Corporation has no revenues from operations.

As seen in the previous consolidated statement of (profit) or loss and comprehensive loss, the main variations between the current year nine-month period and the previous year comparative figures having an impact on the net (profit) or loss are: i) compensation increased by $1,059,930 mainly due to headcount increases and severance expense; ii) share-based payments decreased by $671,353 mainly driven by the different parameters of the Black-Scholes valuation model combined with the fact that less options were issued and vested in the current nine-month period than the same period in the previous year; iii) registration, listing fees and shareholders' information decreased by $302,420 mainly due to the fees that were charged in the previous year in relation to the transition from the TSX-V to the TSX; iv) promotion and advertising combined with representation, missions and trade shows decreased by $103,745 mainly due less activities during the current period; v) increase by $271,264 in the professional fees mainly due to increases in the corporate human resources activities and in due diligence activities; vi) negative variance compared to comparative period on foreign exchange by $221,022 mainly due to the fact that more transactions are made in foreign currencies; vii) non-recurring profit of $7,810,887 due to the sale of the Sirmac mining property; and vii) the fluctuation in the fair market value of the investment in Monarques Gold Corporation and in the investment in Vision Lithium Inc. resulted in other comprehensive loss of $1,751,678.

Financing activities for the nine-month period ended March 31, 2018

Between July 1, 2017 and March 31, 2018, 965,000 options were exercised by an officer, an employee, a former employee, consultants and a former board member at prices per share varying between $0.12 and $1.20 while shareholders and brokers exercised 23,692,072 warrants at an average price per share of $0.63 for an aggregate total value of $15,612,901; this resulted in the Corporation issuing 24,657,072 common shares.

Investing activities for the nine-month period ended March 31, 2018

During the nine-month period ended March 31, 2018, a net amount of $62,112,751 was used in the investing activities. The cash flows used for investments in the property, plant and equipment totalled an amount of $56,788,696; while the investments in the asset retirement obligation and in the intangible assets required cash flows for a total amount of $5,572,613. The sale of the Sirmac property generated $250,000 of cash. For details on the investment activities, please refer to the "*Highlights for the nine-month period ended March 31, 2018 and up to the date of this report and next steps*" section at the beginning of this document under the sub-sections "*Progress at the Phase 1 Plant*", "*Progress at the Electrochemical Plant*", "*Progress at the Whabouchi mine site*" and "*Intellectual Property and Patents*".

2018 Feasibility Study Investments Highlights

As at March 31, 2018, the cumulative Whabouchi Project CAPEX investments are as follows:

2018 Feasibility Study ("2018 FS") (including already invested CAPEX as at March 31, 2018)		Actual Completion as at March 31, 2018	
	2018 FS ($ '000)	**(%) vs 2018 FS**	**($ '000)**
Total CAPEX Whabouchi Mine Site	333,352	**23.2%**	**77,182**
CAPEX invested as at November 30, 2017	(63,482)		
CAPEX invested from December 1, 2017 to March 31, 2018	(13,700)		
CAPEX to be invested from April 1, 2018 onward as per 2018 FS	**256,170**		
Total CAPEX Shawinigan Site	541,397	**3.4%**	**18,257**
CAPEX invested as at November 30, 2017	(10,062)		
CAPEX invested from December 1, 2017 to March 31, 2018	(8,195)		
CAPEX to be invested from April 1, 2018 onward	**523,140**		
Total CAPEX Whabouchi Mine Site and Shawinigan Site	**874,749**	**10.9%**	**95,439**
CAPEX invested as at November 30, 2017	(73,544)		**73,544**
CAPEX invested from December 1, 2017 to March 31, 2018	(21,895)		**21,895**
Total CAPEX invested as at March 31, 2018	**(95,439)**		
CAPEX to be invested from April 1, 2018 onward	**779,310**		

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, 2017.

Operating results:

Operating results as at:	Finance income $	(Profit) or Loss before income taxes $	Net (Profit) or Loss $	(Profit) Loss per share – basic $
March 31, 2018	73,756	(5,720,508) [1]	(5,557,721) [1]	(0.014) [1]
December 31, 2017	95,612	2,078,742	2,206,647	0.008
September 30, 2017	86,120	2,510,084	2,488,766	0.006
June 30, 2017	56,743	3,464,782	4,018,076	0.013
March 31, 2017	81,821	2,165,615	2,108,250	0.007
December 31, 2016	131,978	2,630,877	2,748,123	0.011
September 30, 2016	89,287	1,249,167	1,169,351	0.004
June 30, 2016	22,802	(1,457,121) [2]	(1,457,121) [2]	(0.007) [2]

[1] The profit was generated by a gain of $7,810,887 resulting from the sale of the Sirmac Property.

[2] The profit was generated by a gain of $5,468,062 resulting from the reclassification of the investment in Monarques Gold Corporation from an equity accounted investee to an investment as a financial asset.

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

Between July 1, 2017 and March 31, 2018, 965,000 options were exercised by an officer, an employee, a former employee, consultants and a former board member at prices per share varying between $0.12 and $1.20 while shareholders and brokers exercised 23,692,072 warrants at an average price per share of $0.63 for an aggregate total value of $15,612,901; this resulted in the Corporation issuing 24,657,072 common shares.

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	402,018,577	401,721,874
March 31, 2018	401,643,577	401,516,841
December 31, 2017	400,354,721	381,600,032
September 30, 2017	377,436,505	377,120,744
June 30, 2017	376,986,505	326,769,706
March 31, 2017	318,400,855	316,289,155
December 31, 2016	312,933,855	312,909,942
September 30, 2016	312,833,855	307,484,390
June 30, 2016	252,433,755	229,537,529

Options:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price $
As at the date of this report	15,949,484	13,636,992	0.76
March 31, 2018	16,324,484	13,670,325	0.76
December 31, 2017	15,924,484	13,182,826	0.64
September 30, 2017	16,239,484	13,272,825	0.65
June 30, 2017	16,956,150	13,035,321	0.70
March 31, 2017	17,056,150	12,626,987	0.70
December 31, 2016	17,681,150	12,856,150	0.68
September 30, 2016	16,781,150	12,706,150	0.64
June 30, 2016	14,506,150	12,881,150	0.53

As at March 31, 2018, the Corporation had 16,324,484 outstanding options to purchase Common Shares. These options allow their holders to subscribe to one (1) common share at a exercise price varying between $0.10 and $2.39 per common share at different dates until March 2023, subject to the conditions established under the Common Share Purchase Option Plan.

Between April 1, 2018 and up to the date of this report, 375,000 options were exercised by an employee at prices of $0.50 and the Corporation issued 375,000 common shares in relation to this exercise.

Warrants issued to shareholder:

Outstanding warrants issued to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average exercise strike price $
As at the date of this report	29,274,823	29,274,823	1.50
March 31, 2018	29,274,823	29,274,823	1.50
December 31, 2017	29,749,550	29,749,550	1.50
September 30, 2017	49,117,698	49,117,698	1.10
June 30, 2017	49,117,698	49,117,698	1.10
March 31, 2017	59,933,348	59,933,348	0.94
December 31, 2016	64,525,348	64,525,348	0.76
September 30, 2016	64,575,348	64,575,348	0.76
June 30, 2016	34,575,298	34,575,298	0.36

As at March 31, 2018, the Corporation had a total of 29,274,823 exercisable warrants outstanding. Each warrant allows its holder to subscribe to one (1) common share at a price of $1.50 per share with an expiry date of July 8, 2019.

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	735,488	735,488	1.15
March 31, 2018	735,488	735,488	1.15
December 31, 2017	1,451,617	1,451,617	1.15
September 30, 2017	3,600,006	3,600,006	1.15
June 30, 2017	3,600,006	3,600,006	1.15
March 31, 2017	3,600,006	3,600,006	1.15
December 31, 2016	3,600,006	3,600,006	1.15
September 30, 2016	3,600,006	3,600,006	1.15
June 30, 2016	-	-	-

As at March 31, 2018, the Corporation had the equivalent of 735,488 broker warrant units outstanding, collectively entitling the holders thereof to purchase an aggregate of up to 735,488 units of the Corporation, at a price of $1.15 per unit, each being comprised of one common share of the Corporation 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 Corporation at a price of $1.50 per common share.

Related Party Transactions and Commercial Objectives

During the three-month and nine-month periods ended March 31, 2018, the Corporation incurred expenses for services rendered by executive officers of the Corporation. 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 March 31		
	2018 ($)	**2017 ($)**
Compensation paid to key management personnel	**546,449**	341,425
Stock-based compensation paid to key management personnel	**57,139**	253,750
Fees and expenses towards the external directors	**40,550**	37,284

Nine-month periods ended March 31		
	2018 ($)	**2017 ($)**
Compensation paid to key management personnel	**1,691,656**	1,495,116
Stock-based compensation paid to key management personnel	**205,352**	647,981
Fees and expenses towards the external directors	**113,510**	131,558

Off Balance sheet agreements

The Corporation has not concluded any off-balance sheet agreements.

Obligations and contractual commitments

The Corporation 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 Corporation 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 Corporation. 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 Corporation has to pay a 2% NSR royalty on all metals. The Corporation has the option to purchase 1% of this NSR royalty for an amount of $1,000,000.

Lease

The Corporation leases office space and the lease was renewed in December 2016 for a period of four years, from February 1, 2017 to January 31, 2021. The monthly amount of the lease is $6,062 until January 2020 and will be $6,142 for the remaining term. As at March 31, 2018, the total contractual payments remaining until then, assuming the lease will not be terminated before the end of the term, will amount to $207,053.

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**
Between July 1, 2015 and June 30, 2016	Options exercised	Common shares	232,219	The net proceeds of the financing were use to fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2015 and June 30, 2016	warrants and options exercised	Common shares	4,137,859	The net proceeds of the financing were use to fund the general administrative expenses, investing activities and other working capital needs.
January 29, 2016	Grant	SDTC grant	2,117,969	The net proceeds of the financing were use to 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 proceeds of the financing were use to 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 proceeds of the financing were use to 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 proceeds of the financing were use to purchase the new self-contained dense media separation (DMS) portable mill being installed at the Whabouchi mine site.
Between May 24, 2016 and June 14, 2016	Non-brokered Private Placement	Common shares and Warrants	10,000,000	The net proceeds of the financing were use to 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 proceeds of the financing were use to fund the investing activities and other working capital needs of the Phase 1 Plant.

Financing sources table				
Date	**Type**	**Financings**	**Amount ($)**	**General description of the use of proceeds**
June 29, 2016	Grant	SDTC grant	2,117,969	The net proceeds of the financing were use to fund the investing activities and other working capital needs of the Phase 1 Plant.
July 8, 2016	Short Form Prospectus	Common shares and Warrants	69,000,115	The net proceeds of the financing were mainly use 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 building at the Whabouchi mine site.
Between July 1, 2016 and June 30, 2017	Options exercised	Common shares	503,000	The net proceeds of the financing were use to fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2016 and June 30, 2016	warrants exercised	Common shares	3,503,705	The net proceeds of the financing were or is being use to fund the general administrative expenses, investing activities and other working capital needs.
February 10, 2017	Advance payment	Johnson Matthey Battery Materials Ltd	3,000,000	The net proceeds of the financing were use to fund the investing activities and other working capital needs of the Phase 1 Plant.
April 3, 2017	Lump sum payment	FMC	USD10,000,000(13,357,987)	The net proceeds of the financing were use to fund the general administrative expenses, investing activities and other working capital needs.

Financing sources table				
Date	**Type**	**Financings**	**Amount ($)**	**General description of the use of proceeds**
May 5, 2017	Advance payment	Johnson Matthey Battery Materials Ltd	2,000,000	The net proceeds of the financing were use to fund the investing activities and other working capital needs of the Phase 1 Plant.
June 29, 2017	Short Form Prospectus	Common shares and Warrants	50,001,000	The net proceeds of the financing were use to fund for: **i)** Detailed engineering work, Corporation's costs and other projects development costs for the Whabouchi and Shawinigan sites; **ii)** Construction of the power line for the Whabouchi mine site; **iii)** Site preparation and buildings infrastructures work at the Whabouchi site.
Between July 1, 2017 and March 31, 2018	Options exercised	Common shares	577,375	The net proceeds of the financing were use to fund the general administrative expenses, investing activities and other working capital needs.
Between July 1, 2017 and March 31, 2018	warrants	Common shares	15,035,526	The net proceeds of the financing were or is being use to continue detailed engineering work, other projects development costs for the Whabouchi and Shawinigan sites and fund the general administrative expenses.
Between April 1, 2018 and the date of this report	Options exercised	Common shares	187,500	The net proceeds of the financing will be used to fund the general administrative expenses, investing activities and other working capital needs.

BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

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

The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year-end. On May 14, 2018, 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, except for investment which are recorded at fair value.

The consolidated financial statements have been prepared on a going concern basis, meaning the Corporation 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 Corporation'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 1 - the determination that the Corporation is in the development stage; in Note 3 (N) - which relates to the accounting for refundable credit for mining duties; in Note 5 - recoverability of property, plant and equipment, intangible assets and in Note 13 - assets retirement obligations. It also includes the following critical judgment:

Commercial production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of Phase 1 Plant and Commercial Plant, Buildings and Sites Preparation in progress within property, plant and equipment, and proceeds from sales will be offset against capitalized costs.

Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- when the mine is substantially complete and ready for its intended use;
- the ability to sustain ongoing production at a steady or increasing level;

- the mine has reached a level of pre-determined percentage of design capacity;
- mineral recoveries are at or near the expected production level, and;
- the completion of a reasonable period of testing of the mine plant and equipment.

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Once in commercial production, the capitalization of certain mine development and construction costs will cease. Subsequent costs will be either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development will be assessed to determine whether capitalization is appropriate.

The Whabouchi project has not yet reached commercial production.

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 5 - capitalizable costs as property, plant and equipment and intangible assets;
- Notes 3 and 12 - recoverability of deferred income tax assets;
- Note 13 – assets retirement obligations.

SIGNIFICANT ACCOUNTING POLICIES:

These consolidated condensed interim financial statements have been prepared following the same accounting policies used in the consolidated audited financial statements for the year ended June 30, 2017, unless otherwise specified hereunder.

Assets Retirement Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying value of the assets, as soon as a legal or constructive obligation to incur such costs arises. A pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability is used to calculate the net present value. The related liability is adjusted in each period to reflect the accretion related to the time value of money, changes to the pre-tax discount rate and changes in the amount or timing of the underlying cash flows needed to settle the obligation.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of short-term financial assets and liabilities which include cash and cash equivalents, grants and other receivables, accounts payable and accrued liabilities and purchase price balance payable, approximate their fair value due to the immediate or short-term maturity of these financial instruments. Investment carrying amount is equal to its fair value.

RISK EXPOSURE AND MANAGEMENT

The Corporation 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.

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 Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents bear interest at variable rates that can range during the year anywhere between 0.70% up to 1.25% per year, depending on the Bank of Canada overnight rate fluctuations. In relation with those items, there is limited exposure to fair value variation due to the fact that they are redeemable at any time. The other financial assets and liabilities of the Corporation as at the consolidated financial statement date do not represent interest risk because they are without interest and are current liabilities. The Corporation does not use financial derivatives to decrease its exposure to interest risk.

Currency risk:

The Corporation makes certain transactions in foreign currencies mainly in US dollars, euros and Great Britain pounds. The balances in the accounts payable and accrued liabilities in these foreign currencies were $1,631,360 (US$ 996,578; 142,593 Euro and ₤ 66,343 as at March 31, 2018) and $291,537 (US$ 164,111; 35,932 Euro and ₤ 8,950 as at June 30, 2017). Consequently, the Corporation exposer to foreign exchange fluctuation has increased during the current nine-month period.

Credit risk is the risk of a financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Corporation's cash and cash equivalents and grants and other receivables and the carrying amount of these financial assets represents the Corporation'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. The credit risk on grants is also limited as the counterparties are funded by federal and provincial government.

Liquidity risk:

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

The Corporation manages liquidity risk through the management of its capital structure as outlined in Note 21. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at March 31, 2018, all of the Corporation's financial liabilities had contractual maturities of less than one year and the Corporation had enough funds available to meet its current financial liabilities. At the same date, the Corporation had $21,249,663 in cash and cash equivalents ($66,567,210 as at June 30, 2017), $1,699,843 in sales tax receivables ($5,054,044 as at June 30, 2017), $7,460,279 in Grants, Subsidy and other receivables ($7,663,838 as at June 30, 2017) and $379,694 in mining rights and in tax credits receivable ($379,694 as at June 30, 2017) in order to meet its financial liabilities and future financial liabilities from its commitments.

GRANTS:

On February 16, 2015, the Corporation 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 Corporation received in three tranches a total amount of $8,850,802, the first one was received in January 2016, the second in June 2016 and the third one in December 2017. The remaining balance of $2,732,198 should be received before the end of the calendar year 2018 while the 10% retention on amounts disbursed amounting to $1,287,000 should be received during the 2019 calendar year. This last amount of $1,287,000 is not yet included in the "Grants and other receivables" in the consolidated condensed interim statements of financial position as at March 31, 2018 because the Corporation has not yet fulfilled all its obligations in respect of this amount.

On March 11, 2015, the Corporation signed an agreement with the *Ministère de l'Énergie et des Ressources Naturelles*, which entitles the Corporation to receive a total of $3,000,000 non-repayable grant as part of the Technoclimat program. The Corporation received the first tranche of $300,000 in May 2015, a second tranche of $450,000 in March 2016 and a third tranche of $900,000 on November 30 2017. The remaining portion of $1,350,000 should be received during the calendar year 2018. This last amount of $1,350,000 is not yet included in the "Grants and other receivables" in the consolidated condensed interim statements of financial position as at March 31, 2018 because the Corporation has not yet fulfilled all its obligations in respect of this amount.

These grants will cover approximately 36% of costs related to the Phase 1 Plant. As at March 31, 2018, an amount of $3,710,279 was recorded as grants receivable ($7,538,650, as at June 30, 2017).

During the nine-month period ended March 31, 2018, the Corporation was awarded a subsidy amounting to $5,000,000 from Transition Énergétique du Québec in relation to the construction of the electric line for its Whabouchi mine site. As at March 31, 2018, the Corporation recorded an amount of $3,750,000 as subsidy receivable (nil as at June 30, 2017). The remaining amount ($1,250,000) will be recognized and claimed as soon as the final milestone will be met.

PURCHASE PRICE BALANCE PAYABLE:

The Corporation has contracted a purchase price balance 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. A first payment of $300,000 was paid in March 2017 and consequently, the balance payable as at March 31, 2018 amounted to $1,700,000 ($1,700,000 as at June 30, 2017). The remaining 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 calendar year2018. As such, this amount has been classified as a current liability.

DEFERRED REVENUES:

The Corporation has signed an agreement with Johnson Matthey Battery Materials Ltd in the amount of $12,000,000 in exchange for services and products of the same value from the Corporation Phase 1 Plant. As at March 31, 2018, the full amount was received ($11,000,000 as at June 30, 2017).

On April 3, 2017, the Corporation (via its wholly owned subsidiary Nemaska Lithium Shawinigan Transformation Inc.) received from FMC Corporation an amount of USD10,000,000 ($13,357,987), in accordance with the Supply Agreement announced on October 31, 2016, and agreed to amend the Supply Agreement to extend the timeline for the supply of product thereunder.

CAPITAL MANAGEMENT:

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

As at March 31, 2018, the Corporation's capital consists of shareholders' equity amounting to $169,692,841 ($154,448,766 as at June 30, 2017).

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

In order to maintain or adjust the capital structure, the Corporation may issue new capital instruments, obtain debt financing and acquire or sell mining properties or other assets, 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 Corporation has no dividend policy.

PROPERTIES TITLES

According to the mining Act and regulations of the Province of Quebec, to renew its claims, the Corporation must incur a minimum of exploration expenditures and must pay the Quebec government a rent per claim for every 2 years renewal period. Between the date of this MD&A and June 30, 2018, all the claims have been renewed and therefore no other amounts have to be paid for claims renewal. As at the date of this report, the Corporation has approx. $5.3M in credits from the *Ministère de l'Énergie et des Ressources naturelles* that can be used to renew its claims on the Whabouchi property. Out of the 33 claims, the surface of 10 claims of the Whabouchi property have been modified following the issuance of mining lease #1022 issued on October 26, 2017 by the *Ministère de l'Énergie et des Ressources naturelles*.

ADDITIONAL FINANCING

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

PROTECTION AND MAINTENANCE OF INTELLECTUAL PROPERTY

The Corporation's success could depend in part on its ability to protect and maintain its intellectual property rights. The Corporation 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, pilot plant scale and demonstration scale production in order to develop different processes to produce lithium hydroxide from spodumene concentrate and to produce lithium carbonate from lithium hydroxide.

The Corporation has obtained Canadian Patent No. 2,871,092 and US Patent No. 9,677,181 that relate to its proprietary process for preparing high purity lithium hydroxide as well as Canadian Patents Nos. 2,905,197; 2,928,227; and 2,940,027; and Australian Patent Nos. 2014339706 and 2014231593 that specifically protects improvements of the electrolysis membrane process for preparing lithium hydroxide. The Corporation has also obtained Canadian Patent Nos. 2,874,917 and 2,928,224; US Patent Nos. 9,382,126 and 9,890,053; European Patent no. 2 855 735 and Australian Patent No. 2013270412 that relate to its proprietary process for preparing high purity lithium carbonate. The Corporation now has a patent portfolio comprised of 9 different patent families that relate to its proprietary processes for preparing lithium hydroxide and lithium carbonate as well as to improvements thereof. In addition to the above-mentioned patents, the Corporation has 52 pending patent applications in 11 different jurisdictions (AU, CA, CL, CN, HK, EP, IN, JP, KR, US, PCT).

The Corporation has also received confirmation of other patent applications covering such processes that have been published. The Corporation also filed additional patent applications which cover optimization and evolution of its processes as a result of the Corporation's ongoing optimization programs.

The Corporation has also received confirmation of other patent applications and patent cooperation treaty ("PCT") covering such processes that have been published and have received PCT numbers. The Corporation also filed additional patents which cover optimization and evolution of the technology as a result of the Corporation's ongoing optimization programs. No assurance can be given that the rights used by the Corporation will not be challenged, invalidated, infringed or circumvented, nor that the rights granted thereunder will provide competitive advantages to the Corporation. Patent applications have been filed by the Corporation 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 Corporation's ability to use those patents and know-how to produce lithium compounds. There is no assurance that the Corporation 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 Corporation could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting patent infringement suits against others. The Corporation's commercial success also depends on the Corporation 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 Corporation signed the Chinuchi Agreement concerning the development and operation of the Whabouchi Lithium Project. The Chinuchi Agreement is a binding agreement that governs the long-term working relationship between the Corporation 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 Corporation will generate a profitable mine.

The mining activities comprise a high level of risks. The activities of the Corporation 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 Corporation 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 development is 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 Corporation 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 Corporation.

CONFLICTS OF INTEREST

Some of the directors and officers of the Corporation are engaged as directors or officers of other Corporation'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 Corporation will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Corporation 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 Corporation require obtaining and maintaining permits and licences from various governmental authorities. The Corporation 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 laws and regulations could affect these permits and licences. Nothing guarantees that the Corporation 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 property.

DEPENDENCE ON THE MANAGEMENT

The Corporation is dependent towards certain persons of its management. The loss of their services could have an unfavourable impact on the Corporation. The Corporation has contracted key-man insurance in order to mitigate such unfavourable impact on the Corporation.

PRICE OF METALS

The price of the common shares, financial results of the Corporation, its 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 Corporation 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 Corporation, such as the sale or the purchase of lithium compounds by various brokers, the rates of interest, foreign exchange rates, the rates of inflation or 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. Lithium compounds, which are not traded on any exchange and the fact that sales contracts are negotiated on an individual basis, can see their prices fluctuates sometimes positively or negatively and any serious fall could prevent the continuation of the development activities of the properties of the Corporation.

CONTROLS AND PROCEDURES

As a publicly listed entity, management must take steps to ensure that material information regarding the reports filed or submitted under securities legislation fairly presents the financial information. Responsibility for this resides with management, including the President and Chief Executive Officer and the Chief Financial Officer. Management is responsible for establishing, maintaining and evaluating the design of disclosure controls and procedures, as well as internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES (DC&P)

The evaluation of the design of DC&P (as defined in National Instrument 52-109) was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They concluded that the Company's DC&P were designed effectively, as at March 31, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

The design of ICFR (as defined in National Instrument 52-109) were evaluated under the supervision of the President and Chief Executive Officer and Chief Financial Officer. Based on the evaluations, they concluded that the Company's ICFR were designed effectively, as at March 31, 2018.

During the period beginning on January 1, 2018 and ended on March 31, 2018, no changes were made to the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

In evaluating the design of DC&P and ICFR, the Company recognizes that any controls and procedures, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

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

NEMASKA LITHIUM INC.

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 **www. 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 Chief executive officer

Steve Nadeau, CPA, CGA
Chief Financial Officer

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

Chantal Francoeur
Vice-President human resources and
organizational development

BOARD OF DIRECTORS

Michel Baril*, Chairman of the Board
Guy Bourassa, Director
René Lessard, Director
Paul-Henri Couture*, Director
François Biron*, Director
* Member of the audit and executive committees

LEGAL COUNSELS

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

McCarthy Thétrault LLP

1000, rue De la Gauchetière W.
Suite 2500
Montréal (Québec) H3B 0A2
CANADA
www.mccarthy.ca

TRANSFER AGENT

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

AUDITORS

KPMG
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 : (416) 303-6460

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