

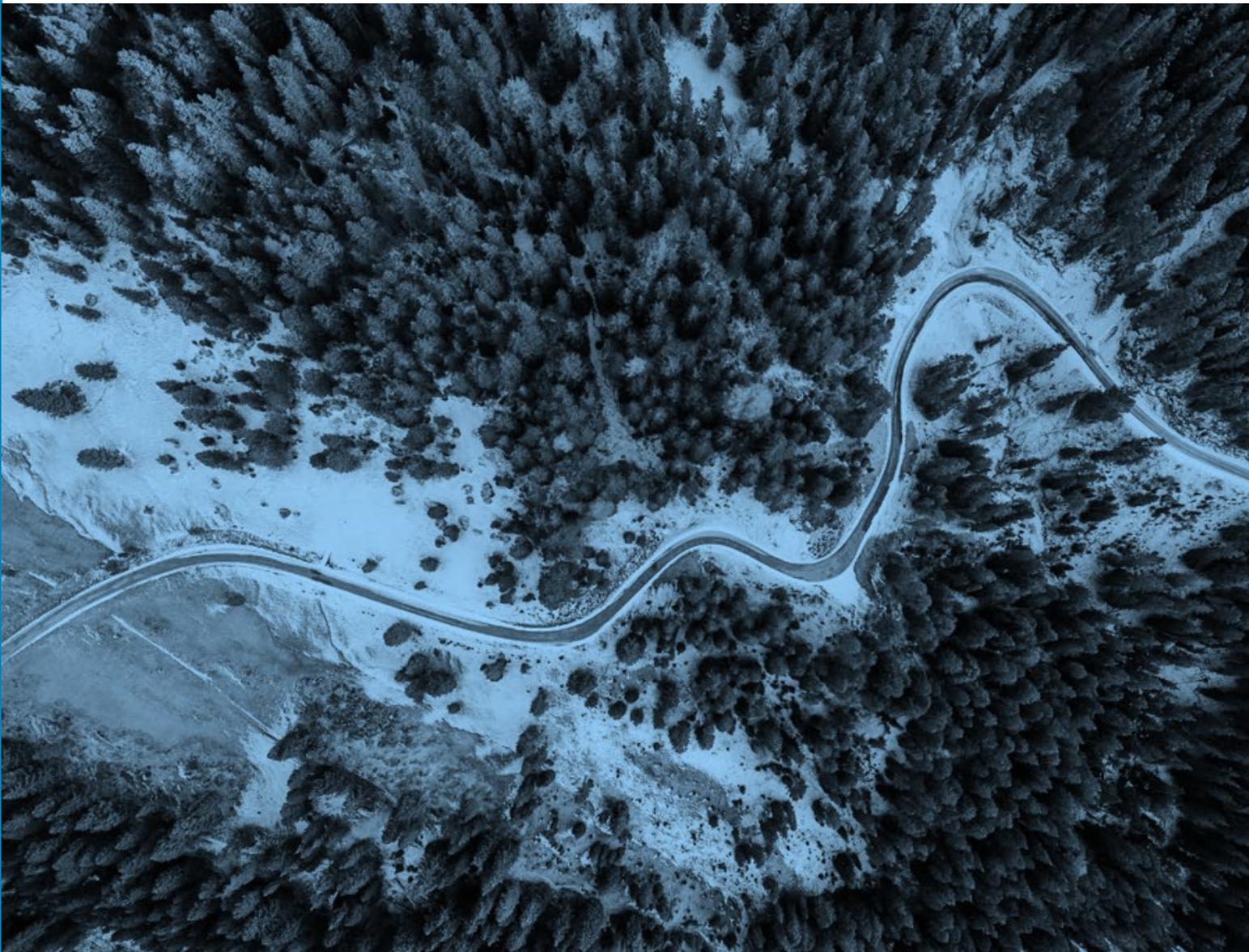


**NOUVEAU MONDE GRAPHITE**

# **NOUVEAU MONDE GRAPHITE INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE-MONTH PERIODS  
ENDED SEPTEMBER 30, 2019 AND 2018**



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## MANAGEMENT DISCUSSION AND ANALYSIS

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This Management Discussion and Analysis dated November 29, 2019 has been prepared according to *Regulation 51-102 of the continuous disclosure requirements* and approved by the Company's Board of Directors.

This MD&A should be read in conjunction with Nouveau Monde Graphite Inc.'s (the "Company" or "Nouveau Monde" or "NMG") consolidated interim financial statements dated September 30, 2019, the latest annual MD&A and financial statements as at December 31, 2018. The Company's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS"). The monetary presentation currency is the Canadian dollar (\$ CAD) and all the amounts in the MD&A are in Canadian dollars, unless indicated otherwise.

### 1.0 DATE

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This MD&A report is for the three and nine-month period ended September 30, 2019 with additional information up to November 29, 2019.

### 2.0 CAUTION REGARDING PROSPECTIVE INFORMATION

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Certain statements in this document, which are not supported by historical facts, are of a prospective nature, which means that they involve risks, uncertainties and elements which could make actual results differ from the results predicted or implied by these same prospective elements. There are many factors that could cause such differences, including the instability in market prices of metals, the impact of fluctuations in interest rates and foreign currency exchange rates, poorly estimated reserves, risks to the environment (more stringent regulations), unexpected geological situations, adverse mining conditions, regulation and government policy changes (laws or policies), failure to obtain necessary permits and approvals from government authorities, and any other risks associated with the operation and development.

Although Nouveau Monde Graphite Inc. believes that the assumptions arising from the prospective statements are reasonable, it is strongly recommended not to place undue reliance on these statements, which are valid only until the time of this writing. However, in accordance with the provisions of the prospective information contained in Article 5.8 of Regulation 51-102, the Company agrees to disclose and discuss in the subsequent

management reports, all significant variances between actual results and information or future financial outlook previously communicated.

### 3.0 BUSINESS DESCRIPTION AND CONTINUITY OF OPERATIONS

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Nouveau Monde Graphite Inc. (the “Company”) was established December 31, 2012, under the Canada Business Corporations Act. The Company specializes in exploration and evaluation of mineral properties located in Quebec.

The Company’s shares are listed under the symbol NOU on the TSX Venture Exchange. The address of the Company’s registered office is 331 Brassard, Saint-Michel-des-Saints, Quebec, Canada.

As at September 30, 2019, the Company had a positive working capital of \$3,829,847 had an accumulated deficit of \$26,460,712 and incurred a loss of \$4,874,807 for the nine-month period ended. Working capital included current tax credits receivable of \$1,339,098 and cash and cash equivalents of \$8,970,973.

The Company's ability to continue future operations and fund its exploration, evaluation, development and acquisition activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. While management has been successful in securing financing in the past including \$20,250,000 in 2019, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the consolidated financial statements. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Company’s ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be significant.

Although management has taken steps to verify the ownership rights in mining properties in which the Company holds an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the title property for the Company. The title may be subject to unregistered prior agreements and may not comply with regulatory requirements.

## 4.0 BUSINESS OBJECTIVES AND HIGHLIGHTS

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The mission of the Company is to become a major low-cost producer of anode material for lithium-ion batteries and other value-added graphite products with the industry's lowest environmental footprint, driving sustainable development in the Upper-Matawinie region. The Company wants to proceed with the complete electrification of its activities, which is expected to be the first fully-electrified open-pit mine. The Company is engaged in developing its flagship property, the Matawinie property.

The Matawinie property includes 209 mining claims covering 11,300 hectares, in which the Company owns a 100% interest. The property is located approximately 150 km north of Montreal, Quebec, Canada using the existing public network. The Tony claims block is located in the Saint-Michel-des-Saints area. The Tony claims block, including the West Zone, is easily accessible using existing forest roads and is close to high quality infrastructure, including paved roads and high voltage power lines, which are needed for industrial activities. The community of Saint-Michel-des-Saints, as well as surrounding communities, includes an abundance of skilled labour available following the end of many forestry activities.

### RECENT DEVELOPMENTS

- The signing of an Offtake and Joint Marketing Agreement for flake graphite concentrate to be produced by Nouveau Monde at its facilities in Saint-Michel-des-Saints with the Traxys Group (see press release of February 14, 2019).
- The filing of an environmental and social impact assessment with the ministerial authorities during the first quarter to begin the process of obtaining licences for the commercial operation (see press release of April 11, 2019).
- The signing of a pre-development agreement for the Matawinie project with the Conseil des Atikamekw de Manawan and the Conseil de la Nation Atikamekw to outline the respective rights and interests of all parties with respect to pre-development activities, including those related to the demonstration plant (see press release of 23 April 2019).

- Capital raise of \$12 million in June 2019 in addition to the \$10 million April 2019 capital raise from Pallinghurst, a leading global mining investor (see press release of June 28, 2019).
- Secured a \$4.25 million technology commercialization grant from federally-funded Sustainable Development Technology Canada (SDTC) program. The grant will be used to build a value-added graphite purification processing facility (see press release of August 20, 2019).
- The arrival of new members to its Board of Directors and to its Matawinie project team. In anticipation of the full commercial operation of the project, these additions significantly strengthen the skill set required to complete this project (see press release of September 16, 2019 & October 31, 2019).
- The award to SNC-Lavalin, in partnership with Seneca and Boucher-Lachance Architects, the contract for the detailed engineering and procurement services for the construction of its concentrator as part of its Matawinie graphite project (see press release of November 5, 2019).
- The successful completion of test work and inspections of the micronization and spheronization equipment ordered for its secondary graphite transformation demonstration plant (see press release of November 12, 2019).

## 2019-2020 OBJECTIVES

- Ongoing establishment of marketing partnerships and graphite concentrate sales. Ongoing product certification of graphite concentrate with key customers is anticipated during 2019 and 2020 through production from the demonstration plant.
- Construction and commissioning of a purified spherical graphite production demonstration plant targeting the Lithium-ion battery market with the support of strategic partnerships. The purification capacity can also be used to purify flakes of different sizes to penetrate lucrative niche markets.
- Publication of a Preliminary Economic Study on commercial production of 35,000 tonnes per year of purified value-added spherical graphite.
- Completion of the detailed engineering phase for a demonstration plant capable of producing value-added expandable graphite with the support of strategic partners. This involves upscaling the process Nouveau Monde used to fabricate expandable graphite products in a laboratory setting.
- The completion of the detailed engineering of the commercial mining project. In order to accomplish this, we will continue to integrate highly qualified staff

into our development team to begin planning for construction, which is scheduled to begin in 2020.

- Ongoing dialogue with stakeholders and intensification of our information and mobilization actions with citizens and stakeholders, especially in the environmental field, to implement a project that respects the host community and aims for a low environmental footprint.

## STAKEHOLDER RELATIONS AND SUSTAINABILITY

The Upper Matawinie region has a recreational and forestry vocation. Its reputation is well established due to its natural attractions which include large spaces, forests, rivers, lakes and landscapes. The community has been severely affected by the closing of the two largest employers in the forest industry over the past decade. The community is slowly recovering but understands the need to diversify the local economy which cannot rely solely on the lumber and timber industry as it did for over a century. The Company considers this context in the design and planning of the operation.

Since 2015, the Company has held more than 50 information and exchange meetings, four of them were open to the public. Two major findings emerge. Some cottage owners and vacationers have expressed concerns, particularly with the anticipated environmental impacts, while most of the local organizations, first nation and residents are favourable to the project mainly because of the long-term economic revitalization possibilities, on the condition that the environment and community is respected.

The Company is open to constructive dialogue to address any concerns or expectations from the local organizations, first nation and residents. In May 2017, a stakeholder committee was established that aims to build and maintain trust with stakeholders throughout the mining development process and to integrate concerns and expectations in the project design. Since the creation of the committee, many meetings have been held to allow members to demystify the mining concepts and take ownership of the project while making some recommendations on the subject. An open house at the demonstration plant was also held in December 2018. More than 400 residents took part in this event. The open house offered them the opportunity to meet with many experts to get answers their questions as part of the Environmental and Social Impact Assessment and to meet with the Company employees.

On December 18, 2018, the Company published a survey conducted by the firm Léger in which 83% of respondents give a positive score to the project while only 9% of respondents consider that the project is negative (4%) for the region. This survey, conducted from November 9 to 25, before the open house held by NMG in December,

shows that 84% of respondents believe that Nouveau Monde has made enough efforts to keep the population informed of the evolution of the project.

Among the respondents, almost all agree that the project will have economic benefits for municipalities and businesses in Haute-Matawinie (92%). To a lesser extent, they also believe that the project can be integrated into the territory by slightly modifying their quality of life (74%) and the quality of the environment (66%), reads the research report.

This survey also illustrates that the elements the respondents are the most sensitive to are, in order of importance: economic benefits, employment opportunities, surface water quality and aquatic fauna.

On April 23, 2019, the Company announced, along with the Conseil des Atikamekw de Manawan ("CDAM") and the Conseil de la Nation Atikamekw ("CNA"), the signing of a Pre-Development Agreement ("PDA") for the Matawinie project. The PDA outlines the respective rights and interests of all parties with respect to pre-development activities, including those related to the demonstration plant, and provides a guideline for negotiating an Impact and Benefit Agreement ("IBA") for the Matawinie project.

CDAM, CNA and NMG support the development of the demonstration plant in a manner that respects the environment, sustainability principles, culture and lifestyle of the Atikamekw Nation. As part of the PDA, Nouveau Monde will provide training, employment and business opportunities to members of the Atikamekw Nation, as well as establish a joint training fund with the CDAM and the CNA.

All signatories to the PDA are committed to developing a positive and mutually beneficial relationship based on trust and mutual respect and reconciling their respective interests in relation to the Matawinie project envisioned by Nouveau Monde. Accordingly, the PDA sets out the principles that will govern the discussions and negotiations leading to the conclusion of the IBA for the Matawinie project.

## ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

On April 15, 2019, the Company announced that it had filed its Environmental and Social Impact Assessment ("ESIA") for the Matawinie project with the *Ministère de l'Environnement et de la Lutte contre les changements climatiques* ("MELCC").

The filing of the ESIA is an important step in the permitting of the project by the ministerial authorities, which will render its decision by decree. This study was conducted according to the principles of sustainable development and in accordance with the MELCC Environmental Impact Assessment and Review Procedure. This includes the eligibility analysis following the filing of the ESIA, a public information period, environmental

analysis by departmental experts and, if requested, a public hearing mandate entrusted to the Bureau des audiences publiques sur l'environnement ("BAPE").

The ESIA highlights the social and environmental benefits and impacts of the Matawinie project and proposes mitigating measures to reduce negative impacts while improving benefits. Since 2015, Nouveau Monde has engaged in collaborative discussion with the local community and key stakeholders, including the Atikamekw community of Manawan. In parallel, several in-depth studies were completed in order to better understand the local environment and accordingly propose a project that addresses the identified issues.

After examination of the ESIA by the twenty-five government departments and agencies concerned, the MELCC sent questions and comments to the Company on July 8, 2019 in order to clarify certain elements of the project and finalize their analysis. Nouveau Monde submitted on September 27, 2019, answers, details, and complementary studies requested in order to obtain the official confirmation of the ESIA receivability from the minister.

Once the official receivability confirmed, the MELCC will mandate the BAPE to hold a consultation on the project. On September 23, 2019, the Company already signified its intention of utilizing the new disposition in the law to present its project, without a prior information period, in front of a public hearing which increases the transparency and facilitates the examination of the study with the different stakeholders in order to obtain the deliverance of decree and other authorizations from the government.

## BUSINESS STRATEGY FOR VALUE ADDED PRODUCTS

The increased demand for anode materials and the Company's deal with Hydro-Quebec on the transformation of graphite destined for the electric battery market both brought NMG to realize considerable progress during the current quarter in relation to its business strategy for value added products ("VAP"). The Company's internal team of experts successfully completed several inspections and tests on its newly acquired equipment ordered for micronization and spheronization. This equipment will be installed inside the current demonstration plant of NMG in Saint-Michel-des-Saints in order to test the developed process for VAP as early as in the first quarter of 2020.

The Company is also developing a thermochemical purification process to complete its market offering of products with purity greater than 99.95%. Nouveau Monde reserved an option to buy a piece of land of 2 million square feet in the industrial park of Bécancour, Quebec, which is a high potential sector identified for the electric battery supply chain (KPMG, April 2019). The plan is for Nouveau Monde to build a manufacturing plant of anode materials destined for lithium-ion battery makers and

with a projected annual production volume of 35,000 tons yearly. The graphite will be supplied by NMG's own graphite mine project in Saint-Michel-des-Saints.

### DEMONSTRATION PLANT

In Q3 2018, the Company announced the successful mechanical commissioning of its demonstration plant ("DP"). The DP produced several hundred tonnes of graphite concentrate supplied by the mineralization of the West Zone deposit of NMG's Matawinie graphite property. In accordance with its permits, the Company plans to dismantle the installation following this period.

The DP is an important milestone in NMG's strategy as it serves to:

- Qualify NMG graphite products and establish a sales record;
- Test and improve processes for commercial operation optimization;
- Test new innovative technologies of mining waste management and site restoration; and
- Start employee training and local future workforce reach-out program.

The graphite products offered to customers are the following:

- NMG Flake +50
- NMG Flake +80
- NMG Flake +150
- NMG Fine Flake

All grades between 94-98% Cg (as per technical requirements).

Other custom products are available.

### FEASIBILITY STUDY

On October 25, 2018, the Company announced the results of a feasibility study ("FS") covering the West Zone deposit of the Tony claim block, part of its Matawinie graphite property.

The FS has been performed by Met-Chem/DRA. The Montreal engineering firm led the study and the integration in conformity with the Regulation 43-101 Standards of Disclosure for Mineral Projects (NI43-101). SNC-Lavalin Inc., ABB Inc. and SGS Canada Inc. were also used for the FS.

The following lists the highlights provided by the FS:

#### **Project Economics:**

- Pre-tax net present value ("NPV") of \$1.287 billion at an 8% discount rate;
- After-tax NPV of \$751 million at an 8% discount rate;

- Pre-tax internal rate of return (“IRR”) of 40.6%;
- After-tax IRR of 32.2%;
- Life of Mine (“LOM”) of 25.5 years;
- Mine pay back estimated at 2.2 years (Pre Tax);
- Mine pay back estimated at 2.6 years (After Tax);
- Initial capital costs (“Capex”) of \$276 million (including contingency of \$31.5 million);
- Operating expenditures (“Opex”) \$499 per tonne of concentrate;
- Average sales price of graphite concentrate at \$1,730 USD per tonne;
- USD/CAD conversion rate of 1.307.

**Operational Highlights:**

- Annual average full production of 100,000 tonnes of graphite concentrate;
- Probable reserve of 59.8 million tonnes at a 4.35% Cg average grade contained in the mineralization;
- Graphite milling recovery above 94%;
- Finished product/ concentrate purity >97% Cg; and
- Stripping ratio (LOM) of 1.06:1.

**RESOURCE**

On June 27, 2018, the Company announced the results of an updated Mineral Resource Estimate for the West Zone Deposit. The Current Resource is based on a newly acquired land package (see July 5, 2017 press release), the Prefeasibility Study (refer to the October 25, 2017 press release), on the diamond drilling program completed in January 2018 (refer to the March 1, 2018, press release), new geotechnical data and hydrogeological modelling as well as future market outlook. The results served as the basis for the FS, completed in 2018.

Resource category	Current resource (June 27, 2018)			Previous resource (March 2, 2017)		
	Tonnage (Mt)	Content (%Cg)	Cg (Mt)	Tonnage (Mt)	Content (%Cg)	Cg (Mt)
Indicated	95.8	4.28	4.10	32.9	4.50	1.48
Inferred	14.0	4.19	0.59	0.2	4.84	0.01

## CONCENTRATE OFFTAKE AND JOINT MARKETING AGREEMENT

On February 14, 2019, the Company announced that it has entered into an Offtake and Joint Marketing Agreement for flake graphite concentrate to be produced at Nouveau Monde’s Saint-Michel-des-Saints operation with the Traxys Group (“Traxys”). Traxys is a global commodity trading and logistics company with operations in North and South America, Europe, Africa, the Far East and greater China and India.

### Highlights:

- Binding Offtake and Joint Marketing Agreement signed with Traxys;
- For each of the first two years, Traxys will market, for customer product prequalification purposes, 200 tonnes of flake graphite concentrate (400 tonnes in total) from NMG’s currently operating Phase 1 Flake Graphite Demonstration Plant (the Demo Term);
- Thereafter, 25,000 tonnes of flake graphite product will be sold through Traxys by Nouveau Monde for each of the first 5 years of NMG’s commercial production (the Full-Scale Term); and
- Traxys will have the exclusive right to market, distribute and resell the flake graphite products to Traxys’ customer base.

## 5.0 EXPLORATION AND EVALUATION EXPENSES

	<b>Matawinie</b>
	\$
Balance as of January 1, 2019	22,594,705
Geology	1,656,247
Metallurgy	106,937
Environmental and social impact study	998,036
Engineering	773,902
Second transformation study	1,068,463
Demonstration plant	2,647,143
Other exploration expenses	256,475
<b>Total exploration and evaluation expenses</b>	<b>7,507,203</b>
Net tax credit	(989,808)
<b>Balance as at September 30, 2019</b>	<b>29,112,100</b>

The grouping in the table above presents the net amount after application of grant credits that are related to exploration and evaluation expenses.

## 6.0 SELECTED ANNUAL INFORMATION

### Annual results for the years ended December 31, 2018, 2017 and 2016

DESCRIPTION	2018	2017	2016
Income	-	-	-
Net Loss	8,059,675	4,425,620	1,963,948
Basic and diluted loss per share	(0.054)	(0.052)	(0.031)
<b>Total Assets</b>	<b>37,679,386</b>	<b>22,145,996</b>	<b>8,861,844</b>

## 7.0 OPERATION RESULTS

During the nine-month period ended September 30, 2019, the Company recorded a net loss of \$4,874,807 (\$5,777,549 for the prior corresponding period) and a net loss per share of \$0.023 (\$0.041 for the prior corresponding period). The major variances explaining the difference are explained hereunder.

	For the nine-month period ended		
	2019	2018	Variation
	\$	\$	\$
Wages and benefits (a)	1,367,452	775,948	591,504
Consulting fees (b)	193,680	541,702	(348,022)
Share-based payments (c)	401,145	725,517	(324,372)
Financial fees (d)	195,470	(4,637)	200,107

- a) The increase of \$591,504 in wages and benefits is the result of new hires.
- b) The consulting fees decreased by \$348,022 compared to the same period in 2018 mainly because the Company now has more internal resources capable of realizing some mandates that previously required external consultants in 2018.
- c) The share-based payments decreased by \$324,372 compared to the same period in 2018, since the Company issued a higher number of options to management and board directors during the period of 2018 compared to 2019.
- d) The financial fees increased by \$200,107 compared to the same period in 2018, because the Company contracted debt agreements which include interest rates ranging between 6.25% and 9% annually. The principal of the two debt agreements were cashed in December 2018 and June 2019 which explain why there was not an expense incurred in the financial fees as at September 30, 2018.

## 8.0 QUARTERLY REVIEW

### Quarterly results

DESCRIPTION	2019-09-30 (a)	2019-06-30	2019-03-31	2018-12-31
	\$	\$	\$	\$
Income	-	-	-	-
Net Loss	(1,877,588)	(1,702,086)	(1,295,133)	(2,285,125)
Loss per share	(0.007)	(0.008)	(0.007)	(0.013)

DESCRIPTION	2018-09-30	2018-06-30	2018-03-31	2017-12-31
	\$	\$	\$	\$
Income	-	-	-	-
Net Loss	(3,199,316)	(1,659,042)	(919,191)	(2,317,355)
Loss per share	(0.021)	(0.012)	(0.007)	(0.021)

- a) The slight increase in the quarterly loss observed in the third quarter of 2019 versus the second quarter of 2019 can be explained mainly by the wages increase due to new hires that will help prepare for the construction phase which is the next major phase of project development for NMG. Also, there has been an increase in the quarterly expense of the share-based compensation account, since new stock options have been issued mainly to new employees (management team) who were hired in 2019.

## 9.0 THIRD QUARTER RESULT

	For the three-month period ended		
	2019	2018	Variation
	\$	\$	\$
Wages and benefits (a)	514,391	243,987	270,404
Consulting fees (b)	86,412	264,131	(177,719)
Share-based payments (c)	210,744	87,143	123,601

- a) The increase of \$270,404 in wages and benefits is the result of new hires.
- b) The consulting fees decreased by \$177,719 compared to 2018 mainly because the Company now has more internal resources capable of realizing some mandates that previously required external consultants in 2018.

- c) The share-based payments increased by \$123,601 compared to the same period in 2018, since the Company issued stock options to new management employees mainly hired in 2019.

## 10.0 LIQUIDITY AND FUNDING

On September 30, 2019, the Company had positive working capital of \$3,829,847 including \$8,970,973 in cash and cash equivalents.

	<b>For the nine-month period ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows provided by (used in)</b>		
Operating activities before the net change in non-cash working capital items	(2,955,043)	(2,624,672)
Net change in working capital items	(752,242)	(1,368,927)
Operating activities	(3,707,285)	(3,993,599)
Investing activities	(11,840,457)	(13,067,690)
Financing activities	20,724,264	10,812,523
Increase (decrease) in cash and cash equivalents	5,176,524	(6,248,766)

### OPERATING ACTIVITIES

For the nine-month period ended September 30, 2019, cash outflows from operating activities totalled \$3.7 million compared to \$4 million for the prior corresponding period. The positive variance is attributable to the cash collection in 2019 of tax receivables related to the 2018 fiscal period.

### INVESTING ACTIVITIES

For the nine-month period ended September 30, 2019, cash used in investing activities was \$11.8 million, mainly related to the disbursements regarding the mine permitting, the demonstration plant, VAP's second transformation project, and the ongoing engineering effort for the commercial construction of the mine and concentrator project.

## FINANCING ACTIVITIES

For the nine-month period ended September 30, 2019, the cash receipts related to financing activities amounted to \$20.7 million. There were two major equity financings that occurred during the second quarter of 2019, namely:

1) On April 25, 2019, the Company closed the non-brokered private placement with Pallinghurst Graphite Limited, an affiliate of the Pallinghurst Group ("Pallinghurst"), comprised of 43,825,000 common shares of the capital of the Company, at a price of \$0.235 per Common Share for total gross proceeds of \$10,298,875 pursuant to a previously announced subscription agreement dated April 2, 2019. At the end of the Closing, Pallinghurst holds 19.99% of the Common Shares. The Company did not pay any brokerage, merchant banking or other similar fees for the Pallinghurst Offering. In connection with this offering, Pallinghurst has agreed not to sell its Common Shares for up to two years following the Closing date of the Pallinghurst Offering, subject to conditions.

2) On June 28, 2019, the Company completed a private placement consisting of 42,345,213 common of the capital of the Company at a price of \$0.235 per Common Share for total gross proceeds of \$9,951,125 (the "Private Placement").

In addition, the Company also announced that it had entered into unsecured financing with Pallinghurst for a total amount of \$2,000,000, minimizing shareholder dilution, which bears interest at a rate of 9% per annum ("funding"). Principal and accrued interest must be repaid by June 18, 2020.

## 11.0 RELATED PARTY TRANSACTIONS

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The Company closed a financing of 2 million of dollars contracted with Pallinghurst as described above (See section 10 of MD&A and Financing Activities). The debt and interest accrued fees will be paid at the maturity date of the debt contract, which is on June 18, 2020.

## 12.0 OFF BALANCE SHEET TRANSACTIONS

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There are no off-balance sheet transactions.

### 13.0 CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company’s future minimum operating lease payments for the next twelve months total \$112,895.

### 14.0 CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is full disclosure of the Company’s critical accounting policies and accounting estimates in notes 3 and 4 of the audited consolidated financial statements for the year ended December 31, 2018 and in the intermediary consolidated financial statements ended September 30, 2019.

### 15.0 CAPITAL STRUCTURE

	November 29, 2019
Common shares	261,782,814
Warrants	26,766,142
Advisory warrants	621,665
Options	15,825,000
Broker warrants	331,994
Total common shares fully diluted	305,327,615

### 16.0 SUBSEQUENT EVENTS TO SEPTEMBER 30, 2019

The Company received and cashed a grant from the Quebec government regarding a research and innovation program in the mining sector, also known as “PARIDM”, which totaled \$400,365 in October. This amount was recorded as a receivable in the financial statements as at September 30, 2019.

## 17.0 ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

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This MD&A was prepared as at November 29, 2019. More information about the Company can be also found on SEDAR ([www.sedar.com](http://www.sedar.com)).

November 29, 2019

(signed) Eric Desaulniers  
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Eric Desaulniers  
President and Chief Executive Officer

(signed) Charles-Olivier Tarte  
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Charles-Olivier Tarte, CPA CMA  
Chief Financial Officer