

# FINANCIAL STATEMENTS

Condensed consolidated interim unaudited financial statements

**For the three and nine-month periods ended September 30,  
2021 and 2020**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)



**NOUVEAU MONDE GRAPHITE**



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## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at September 30, 2021	As at December 31, 2020
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	17	81,289	4,520
Grants and other receivables		4,103	829
Restricted cash		-	158
Sales taxes receivable		1,628	736
Tax credits receivable		3,958	3,958
Prepaid expenses		4,615	215
<b>Total current assets</b>		<b>95,593</b>	<b>10,416</b>
<b>NON-CURRENT</b>			
Tax credits receivable		4,287	3,802
Property, plant and equipment assets	5	29,352	4,207
Intangible assets		567	920
Right-of-use assets	6	2,322	1,067
Restricted cash and deposits		1,976	744
<b>Total non-current assets</b>		<b>38,504</b>	<b>10,740</b>
<b>Total assets</b>		<b>134,097</b>	<b>21,156</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payables and accrued liabilities		15,576	6,988
Deferred grants		-	1,511
Current portion of lease liabilities	7	354	295
Borrowings	8	204	1,793
<b>Total current liabilities</b>		<b>16,134</b>	<b>10,587</b>
<b>NON-CURRENT</b>			
Asset retirement obligation	9	917	621
Borrowings	8	1,810	-
Lease liabilities	7	2,018	781
Convertible bond	19	14,647	14,505
<b>Total non-current liabilities</b>		<b>19,392</b>	<b>15,907</b>
<b>Total liabilities</b>		<b>35,526</b>	<b>26,494</b>
<b>EQUITY (DEFICIENCY)</b>			
Share capital	10.1	188,200	60,537
Contributed surplus		16,274	10,761
Equity component of convertible bond		364	364
Deficit		(106,267)	(77,000)
<b>Total equity (deficiency)</b>		<b>98,571</b>	<b>(5,338)</b>
<b>Total liabilities and equity</b>		<b>134,097</b>	<b>21,156</b>
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APPROVED BY THE BOARD OF DIRECTORS

(s) Eric Desaulniers – “Director”

(s) Daniel Buron – “Director”

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



## CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Notes	For the three-month periods ended		For the nine-month periods ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		\$	\$	\$	\$
<b>EXPENSES</b>					
Exploration and evaluation expenses	11	2,130	1,865	7,137	6,995
Battery Material Plant project expenses	12	1,014	812	2,205	2,056
General and administrative expenses	13	5,692	1,769	19,074	4,399
Other revenues		-	-	(56)	-
Net smelter royalty		-	(4,306)	-	(4,306)
<b>Operating loss</b>		<b>8,836</b>	<b>140</b>	<b>28,360</b>	<b>9,144</b>
Net financial costs	14	109	361	907	605
<b>Net loss and comprehensive loss</b>		<b>8,945</b>	<b>501</b>	<b>29,267</b>	<b>9,749</b>
<b>Basic and diluted loss per share</b>	10.1	<b>0.19</b>	<b>0.02</b>	<b>0.74</b>	<b>0.37</b>
<b>Weighted average number of shares outstanding</b>		<b>46,576,710</b>	<b>26,222,927</b>	<b>39,411,021</b>	<b>26,194,372</b>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



NOUVEAU MONDE GRAPHITE INC.  
 Consolidated statements of changes in equity  
 (Amounts expressed in thousands of Canadian dollars, except per share amounts - unaudited)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Notes	Number	Share capital	Contributed surplus	For the nine-month period ended September 30, 2021		
					Equity component of convertible bond	Deficit	Total equity (deficiency)
			\$	\$	\$	\$	\$
<b>Balance as at January 1, 2021</b>		<b>27,299,332</b>	<b>60,537</b>	<b>10,761</b>	<b>364</b>	<b>(77,000)</b>	<b>(5,338)</b>
Shares issued from placements	10.1	11,479,977	114,242	-	-	-	114,242
Warrants exercised		7,821,700	17,825	(198)	-	-	17,627
Options exercised	10.2	406,201	1,970	(693)	-	-	1,277
Shares issued for interest payment		76,635	797	-	-	-	797
Share-based compensation	10.2	-	-	6,404	-	-	6,404
Share issue costs		-	(7,171)	-	-	-	(7,171)
Net loss and comprehensive loss		-	-	-	-	(29,267)	(29,267)
<b>Balance as at September 30, 2021</b>		<b>47,083,845</b>	<b>188,200</b>	<b>16,274</b>	<b>364</b>	<b>(106,267)</b>	<b>98,571</b>

	Notes	Number	Share capital	Contributed surplus	Equity component of convertible bond	Deficit	Total equity (deficiency)
<b>Balance as at January 1, 2020</b>		<b>26,178,281</b>	<b>56,184</b>	<b>9,592</b>	<b>-</b>	<b>(59,022)</b>	<b>6,754</b>
Options exercised	10.2	15,000	46	(19)	-	-	27
Share-based compensation	10.2	103,759	208	430	-	-	638
Share issue costs		-	(1)	-	-	-	(1)
Convertible debenture		-	-	-	364	-	364
Net loss and comprehensive loss		-	-	-	-	(9,749)	(9,749)
<b>Balance as at September 30, 2020</b>		<b>26,297,040</b>	<b>56,437</b>	<b>10,003</b>	<b>364</b>	<b>(68,771)</b>	<b>(1,967)</b>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



NOUVEAU MONDE GRAPHITE INC.  
Consolidated statements of cash flow

(Amounts expressed in thousands of Canadian dollars, except per share amounts - unaudited)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	For the nine-month periods ended	
		September 30, 2021	September 30, 2020
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss		(29,267)	(9,749)
Depreciation and amortization	5&6	828	900
Unrealized foreign exchange gain		(1,102)	-
Loss on disposal of investment		-	22
Share-based compensation	10.2	6,404	638
Financial costs		1,953	467
Net smelter royalty		-	(4,306)
Accretion of the rehabilitation obligation	9	2	-
Net change in working capital	15	(6,876)	(14)
<b>Cash flows used in operating activities</b>		<b>(28,058)</b>	<b>(12,042)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant, and equipment assets	5 & 15	(22,358)	(510)
Restricted cash and deposits		(1,074)	(270)
Tax credits and grants received		2,141	-
<b>Cash flows used in investing activities</b>		<b>(21,291)</b>	<b>(780)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from the issuance of placements		114,242	-
Proceeds from debt, net of issue costs		1,025	3,781
Proceeds from convertible debenture, net of issue costs		-	14,786
Repayment of borrowings and lease liabilities	7 & 8	(2,257)	(2,803)
Proceeds from the exercise of warrants		17,627	-
Proceeds from the exercise of stock options	10.2	1,277	27
Share issue costs		(6,913)	(1)
<b>Cash flows from financing activities</b>		<b>125,001</b>	<b>15,790</b>
<b>Effect of exchange rate changes on cash</b>		<b>1,117</b>	<b>-</b>
<b>Net change in cash</b>		<b>76,769</b>	<b>2,968</b>
Cash at the beginning of the period		4,520	4,077
<b>Cash at the end of the period</b>		<b>81,289</b>	<b>7,045</b>
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The accompanying notes are an integral part of the condensed consolidated interim financial statement



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Nouveau Monde Graphite Inc. (the “Company”) was established on December 31, 2012, under the *Canada Business Corporations Act*. The Company specializes in exploration, evaluation and development of mineral properties located in Québec and is developing a natural graphite-based anode material that would qualify as battery-grade material to supply the lithium-ion industry.

The Company’s shares are listed under the symbol NMG on the New York Stock Exchange (“NYSE”), NOU on the TSX Venture Exchange, and NM9A on the Frankfurt Stock Exchange. The Company’s registered office is located at 481 Brassard Street, Saint-Michel-des-Saints, Québec, Canada, J0K 3B0.

As at September 30, 2021, the difference between the Company’s current assets and current liabilities was \$79,459, the Company had an accumulated deficit of \$106,267, and had incurred a loss of \$29,267 for the nine-month period then ended. Current assets included current tax credits receivable of \$3,958 and cash of \$81,289.

With the financing completed in the nine-month period ended September 30, 2021, management believes that the Company has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company’s ability to continue future operations and fund its exploration, evaluation and development activities is dependent on management’s ability to secure additional financing in the future, which may be completed in several ways including, but not limited to, a combination of strategic partnership, project debt finance, offtake financing, royalty financing and other capital markets alternatives. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the past, 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.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Company’s condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) published by the International Accounting Standards Board (“IASB”), including IAS 34 *Interim Financial Reporting*, and also using the same accounting policies and procedures as those used for the Company’s audited consolidated financial statements as at December 31, 2020, taking into considerations the new policies described in Note 4. These condensed consolidated interim financial statements do not include all the disclosures and notes required for annual consolidated financial statements and should therefore be read with the Company’s audited consolidated financial statements as at December 31, 2020, which have been prepared in accordance with IFRS.

The condensed consolidated interim financial statements for the three and nine-month periods ended September 30, 2021 were approved and authorized for publication by the Board of Directors on November 10, 2021.

### 3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In preparing its condensed consolidated interim financial statements, management makes several judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues, and expenses.

Information about the significant estimates and assumptions that have the greatest impact on the recognition and measurement of assets, liabilities, revenues, and expenses is presented below. Actual results may differ significantly.

#### **Technical Feasibility and Commercial Viability**

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors. By its nature, this assessment requires significant judgment.



Following the events of the quarter ended March 31, including the receipt of the Governmental authorisation (“Decree”) for the Matawinie Project, management determined that the technical feasibility and commercial viability for the Matawinie Project was established as at March 31, 2021 and as a result, the project entered the development phase during the second quarter of 2021.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### **Matawinie Mine project**

Management has established that effective from the beginning of the second quarter of 2021, the Matawinie mine project is in the development phase. Accordingly, all expenditures related to the development of the mine are capitalized under *Mine under construction* within Property, plant and equipment (see note 5). Capitalized expenditures will be carried at cost until the Matawinie project is placed into commercial production, sold, abandoned, or determined by management to be impaired in value. The equipment, building and the mine site are not yet in use as at September 30, 2021, therefore, the depreciation will begin when the assets are ready for their intended use.

The costs related to the operation of the Matawinie Demonstration Plant will continue to be expensed as incurred under *exploration and evaluation expenses*, unless the expenditures meet the recognition criterias set in IAS 16 *Property, plant and equipment* or IAS 38 *Intangible asset*.

##### **Battery Material Plant project**

Costs incurred in the construction and development of the Company’s Battery Material Plant project are capitalized under *Battery Material Demonstration Plant* within Property, plant and equipment (See note 5). Capitalized expenditures will be carried at cost until the Battery Material Plant project is placed into commercial production, sold, abandoned, or determined by management to be impaired in value. The equipment and building are not yet in use as at September 30, 2021, therefore, the depreciation will begin when the assets are ready for their intended use.

The costs related to the operation of the Battery Material Demonstration Plant will continue to be expensed as incurred under *Battery Material Plant project expenses*, unless the expenditures meet the recognition criterias set in IAS 16 *Property, plant and equipment* or IAS 38 *Intangible asset*.



NOUVEAU MONDE GRAPHITE INC.

Notes to the condensed consolidated interim financial statements  
(Amounts expressed in thousands of Canadian dollars, except per share amounts - unaudited)

**5. PROPERTY, PLANT AND EQUIPMENT**

	For the nine-month period ended September 30, 2021								
	Land	Buildings	Equipment	Computers	Furniture	Rolling stock	Mine under construction	Battery Material Demonstration Plant under construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>									
As at January 1, 2021	507	2,642	-	56	70	24	-	1,206	4,505
Additions	1,905	114	163	118	-	29	10,665	12,278	25,272
Write-Off/Disposals	-	-	-	(32)	-	-	-	-	(32)
As at September 30, 2021	2,412	2,756	163	142	70	53	10,665	13,484	29,745
<b>ACCUMULATED DEPRECIATION</b>									
As at January 1, 2021	-	219	-	39	32	8	-	-	298
Depreciation	-	82	13	17	10	5	-	-	127
Write-Off/Disposals	-	-	-	(32)	-	-	-	-	(32)
As at September 30, 2021	-	301	13	24	42	13	-	-	393
<b>Net book value as at September 30, 2021</b>	<b>2,412</b>	<b>2,455</b>	<b>150</b>	<b>118</b>	<b>28</b>	<b>40</b>	<b>10,665</b>	<b>13,484</b>	<b>29,352</b>

	For the year ended December 31, 2020								
	Land	Buildings	Equipment	Computers	Furniture	Rolling stock	Battery Material Demonstration Plant under construction	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>COST</b>									
As at January 1, 2020	467	2,430	63	47	70	9	-	3,086	
Additions	40	212	-	9	-	15	1,206	1,482	
Write-Off/Disposals	-	-	(63)	-	-	-	-	(63)	
As at December 31, 2020	507	2,642	-	56	70	24	1,206	4,505	
<b>ACCUMULATED DEPRECIATION</b>									
As at January 1, 2020	-	118	59	14	19	4	-	214	
Depreciation	-	101	2	25	13	4	-	145	
Write-Off/Disposals	-	-	(61)	-	-	-	-	(61)	
As at December 31, 2020	-	219	-	39	32	8	-	298	
<b>Net book value as at December 31, 2020</b>	<b>507</b>	<b>2,423</b>	<b>-</b>	<b>17</b>	<b>38</b>	<b>16</b>	<b>1,206</b>	<b>4,207</b>	

The Battery Material Plant under construction presented net of grants received of \$1,202 and \$4,780 for the three and nine-month periods ended September 30, 2021, respectively (three and nine-month periods ended September 30, 2020: \$96 and \$247).

In the quarter ended September 30, 2021, the Company bought back a 1.8% NSR on the Matawinie property for \$1.8M that is included in Mine under construction.

**6. RIGHT-OF-USE ASSETS**

	For the nine-month period ended September 30, 2021			Total \$
	Buildings \$	Equipment \$	Rolling stocks \$	
<b>COST</b>				
As at January 1, 2021	1,297	339	273	1,909
New leases	1,617	-	-	1,617
End of leases	(252)	(339)	(109)	(700)
As at September 30, 2021	2,662	-	164	2,826
<b>ACCUMULATED DEPRECIATION</b>				
As at January 1, 2021	386	321	135	842
Depreciation	309	3	36	348
End of leases	(253)	(324)	(109)	(686)
As at September 30, 2021	442	-	62	504
<b>Net book value as at September 30, 2021</b>	<b>2,220</b>	<b>-</b>	<b>102</b>	<b>2,322</b>

	For the year ended December 31, 2020			Total \$
	Buildings \$	Equipment \$	Rolling stocks \$	
<b>COST</b>				
As at January 1, 2020	457	339	158	954
New leases	840	-	-	840
Remeasurement of lease	-	-	115	115
As at December 31, 2020	1,297	339	273	1,909
<b>ACCUMULATED DEPRECIATION</b>				
As at January 1, 2020	157	167	67	391
Depreciation	229	154	68	451
As at December 31, 2020	386	321	135	842
<b>Net book value as at December 31, 2020</b>	<b>911</b>	<b>18</b>	<b>138</b>	<b>1,067</b>

Depreciation of right-of-use assets included in the exploration and evaluation expenses are \$52 and \$159 for the three and nine-month periods ended September 30, 2021, respectively (three and nine-month periods ended September 30, 2020: \$90 and \$276). Depreciation of right-of-use assets included in the Battery Material Plant project expense are \$40 and \$121 (three and nine-month periods ended September 30, 2020: nil).

**7. LEASE LIABILITIES**

	For the nine-month period ended September 30, 2021	For the year ended December 31, 2020
	\$	\$
Opening balance	1,076	609
New liabilities and modifications of leases	1,617	955
Lease write off	(14)	-
Principal repayment	(307)	(488)
<b>Ending balance</b>	<b>2,372</b>	<b>1,076</b>
Current portion	354	295
Non-current portion	2,018	781



## 8. BORROWINGS

	For the nine-month period ended September 30, 2021	For the year ended December 31, 2020
	\$	\$
Opening balance	1,793	4,502
New borrowing	2,162	3,803
Repayments	(1,950)	(2,419)
Issue costs	-	(21)
Accretion of issue costs	9	25
Interest capitalized	-	209
Debts settled in exchange of Royalty	-	(4,306)
<b>Ending balance</b>	<b>2,014</b>	<b>1,793</b>
Current portion	204	1,793
Non-current portion	1,810	-

During the three and nine-month periods ended September 30, 2021, the Company has paid interests to its lenders for a total of \$21 and \$81, respectively (three and nine-month periods ended September 30, 2020: \$41 and \$112).

On January 29, 2021, the Company financed the purchase of a land located in Bécancour, Québec, through a financing agreement with the vendor, for a total of \$1,137. The financed portion bears interest at 8% per annum and shall be repaid by December 2025. The Company may pay the balance of principal, in whole or in part, at any time without penalty.

During March 2021, the Company received \$1,350 as part of a repayable contribution agreement with the Canada Economic Development for Quebec Regions. This contribution agreement bears no interest and will be repayable in 60 equal monthly installments starting September 2023. The loan was measured at the present value of all future payments discounted using a 5.50% interest rate, thus resulting in a loan valued at \$1,025. The difference between the carrying value of the contribution and the discounted loan value was recognized as a grant of \$325.

On June 30, 2021, the Company fully reimbursed its loan of \$1,802 with Investissement Québec, a related party.

## 9. ASSET RETIREMENT OBLIGATION

	For the nine-month period ended September 30, 2021	For the year ended December 31, 2020
	\$	\$
Opening balance	621	621
New obligations	294	-
Accretion expense	2	-
<b>Ending balance</b>	<b>917</b>	<b>621</b>

The asset retirement obligation that arose during the nine-month period ended September 30, 2021, represents the present value of the estimated amount of undiscounted cash flows required to satisfy the asset retirement obligation in respect of the Matawinie Mine. The estimation was made using a percentage of completion of the total budgeted cost of rehabilitation. The Company has determined the fair value of its rehabilitation obligation by using a discount rate of 3.63%, assuming reclamation work would be completed in 28 years. The liabilities accrete to their future value until the obligations are due. The estimated rehabilitation obligation will increase as the construction of the Matawinie Mine progresses.



## 10. EQUITY

### 10.1 SHARE CAPITAL

#### Authorized share capital

Unlimited number of common shares voting and participating, with no par value.

	For the nine-month period ended September 30, 2021	For the year ended December 31, 2020
Shares issued at the start of the period	27,299,332	26,178,281
Shares issued from placements	11,479,977	-
Exercise of warrants	7,821,700	872,291
Exercise of options	406,201	145,000
Shares issued for interest payment	76,635	-
Share based compensation	-	103,760
<b>Shares issued at the end of period</b>	<b>47,083,845</b>	<b>27,299,332</b>

On January 20, 2021, the Company concluded an underwritten public offering agreement for 1,034,500 common shares, at a price of \$14.50 per share for gross proceeds of \$15M. The buyers exercised their option to purchase an additional 155,175 common shares representing 15% of the number of common shares issued. The total gross proceeds obtained from this public offering agreement sum up to \$17.25M.

On February 12, 2021, the Company closed a private placement equity financing totaling \$5.8M and the Company issued a total of 396,552 common shares at a price of \$14.50 per share. Of this amount, Investissement Québec, acting as mandatory for the government of Québec, subscribed for 317,241 common shares, and Pallinghurst, a related party, subscribed for the remainder of the common shares.

On March 24, 2021, the Company performed a ten-to-one share consolidation of the Company's issued equity instruments including common shares, warrants and options. All information with respect to shares and share-based instruments and related per share amounts have been retrospectively adjusted on a 1:10 basis accordingly.

On June 23, 2021, the Company concluded an underwritten public offering agreement for 7,000,000 common shares, at a price of \$9.22 (US\$7.50) per share for gross proceeds of \$64.5M (US\$52.5M). The buyers exercised their option to purchase an additional 915,000 common shares. The total gross proceeds obtained from this public offering agreement sum up to \$72.9M (US\$59.4M). Of this amount, Pallinghurst purchased 66,666 common shares.

On July 23, 2021, the Company closed a private placement equity financing with Investissement Québec, acting as mandatory for the government of Québec, and issued a total of 1,978,750 common shares at a price of \$9.25 per share for total proceeds of \$18.3M. This financing was complemented in the context of the underwritten public offering agreement closed on June 23, 2021.

### 10.2 SHARE-BASED PAYMENTS

The Board of Directors determines the price and the number of options which may be allocated to each director, officer, employee and consultant as well as all other terms and conditions of the option, subject to the rules of the TSXV. The plan has a policy that caps the maximum number of options that can be granted to 10% of the total outstanding shares of the Company.

All share-based payments will be settled in equity. The Company has no legal or contractual obligation to repurchase or settle the options in cash.



**10. EQUITY** (continued)

**10.2 SHARE-BASED PAYMENTS** (continued)

The Company's share options are as follows:

	For the nine-month period ended September 30, 2021		For the year ended December 31, 2020	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Opening balance	2,400,000	3.20	1,582,500	2.80
Granted	720,000	16.11	1,192,500	3.64
Exercised	(406,201)	3.14	(145,000)	3.05
Expired	(36,300)	7.00	(230,000)	2.66
Cancelled	(10,000)	16.84	-	-
<b>Ending balance</b>	<b>2,667,499</b>	<b>6.59</b>	<b>2,400,000</b>	<b>3.20</b>
Options that can be exercised	2,315,000	6.73	2,000,000	3.37

During the nine-month period ended September 30, 2021, the weighted average share price at the date of exercise was \$17.05

The weighted average fair value of the share options granted in the nine-month period ended September 30, 2021, were estimated using the Black-Scholes option pricing model based on the following average assumptions:

- Stock price when granted: \$16.11
- Expected life: 5 years
- Expected volatility: 68%
- Risk-free rate: 0.80%
- Expected dividend: nil

**11. EXPLORATION AND EVALUATION EXPENSES**

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2021 \$	September 30, 2020 \$	September 30, 2021 \$	September 30, 2020 \$
Wages and benefits	974	428	2,563	1,417
Share-based compensation	172	1	376	192
Engineering	32	890	1,834	3,110
Professional fees	3	38	130	370
Materials, consumables, and supplies	401	510	880	1,152
Subcontracting	493	341	1,134	1,114
Geology and drilling	21	104	135	298
Utilities	139	4	311	238
Depreciation and amortization	57	89	164	275
Other	55	49	131	216
Grants	-	(164)	(36)	(164)
Tax credits	(217)	(425)	(485)	(1,223)
<b>Exploration and evaluation expenses</b>	<b>2,130</b>	<b>1,865</b>	<b>7,137</b>	<b>6,995</b>

The exploration and evaluation expenses relate to the Matawinie Mine in Quebec. The wages and benefits are net of the grants received as part of the Canada Emergency Wage Subsidy program of nil and \$473 for the three and nine-month periods ended September 30, 2021, respectively (three and nine-month periods ended September 30, 2020: \$334 and \$507).

**12. BATTERY MATERIAL PLANT PROJECT EXPENSES**

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Wages and benefits	191	139	503	437
Engineering	1,069	549	1,627	1,870
Professional fees	255	441	677	637
Materials, consumables, and supplies	117	26	418	33
Subcontracting	52	71	141	305
Depreciation and amortization	42	-	127	-
Other	7	(20)	23	38
Grants	(719)	(394)	(1,311)	(1,264)
<b>Battery Material Plant project expenses</b>	<b>1,014</b>	<b>812</b>	<b>2,205</b>	<b>2,056</b>

The wages and benefits are net of the grants received as part of the Canada Emergency Wage Subsidy program of nil and \$81 for the three and nine-month periods ended September 30, 2021, respectively (three and nine-month periods ended September 30, 2020: \$54 and \$101).

**13. GENERAL AND ADMINISTRATIVE EXPENSES**

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Wages and benefits	1,137	765	3,330	1,614
Share-based compensation	293	292	6,028	445
Professional fees	144	184	2,348	683
Consulting fees	461	37	896	112
Travelling, representation and convention	206	87	411	263
Office and administration	3,201	181	4,669	547
Stock exchange, authorities, and communication	71	33	831	72
Depreciation and amortization	170	209	535	623
Other financial fees	9	(19)	26	40
<b>General and administrative expenses</b>	<b>5,692</b>	<b>1,769</b>	<b>19,074</b>	<b>4,399</b>

Included in the office and administration expenses are \$1.2M in connection with the settlement of a litigation in September 2021.

**14. NET FINANCIAL COSTS**

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Unrealized foreign exchange loss (gain)	(490)	6	(1,011)	14
Interest income	(117)	(8)	(214)	(31)
Interest expense on lease liabilities	28	5	86	21
Accretion and interest on borrowings and bond	688	321	2,037	558
Accretion of debt issue costs	-	21	9	21
Loss on disposal of investment	-	16	-	22
<b>Net financial costs</b>	<b>109</b>	<b>361</b>	<b>907</b>	<b>605</b>



## 15. ADDITIONAL CASH FLOW INFORMATION

	For the nine-month periods ended	
	September 30, 2021	September 30, 2020
	\$	\$
Grants receivable	(635)	(252)
Deferred grants	(1,511)	2,216
Mining tax credits	(485)	(1,223)
Sales taxes receivable	(892)	66
Prepaid expenses	(4,400)	132
Accounts payable and accrued liabilities	1,047	(953)
<b>Total net change in working capital</b>	<b>(6,876)</b>	<b>(14)</b>
<b>Items not affecting cash</b>		
Property and equipment included in accounts payable and accrued liabilities.	6,263	173
Share issue costs included in accounts payables and accrued liabilities	258	-
Shares issued for interest payment	797	-

## 16. RELATED PARTY TRANSACTIONS

During the three and nine-month periods ended September 30, 2021, share-based compensation expenses for directors and officers totalled \$123 and \$5.7M (three and nine-month periods ended September 30, 2020: \$290).

In January 2021, the Company issued 76,635 shares in repayment of accrued interests of \$797 on the convertible bond due to Pallinghurst.

Pallinghurst purchased 237,932 common shares as part of the financing closed on January 20, 2021, 79,311 common shares as part of the financing closed on February 12, 2021 and 66,666 common shares as part of the financing closed on June 23, 2021 (see note 10.1).

During the three and nine-month periods ended September 30, 2021, the Company had accrued interests payable to Pallinghurst of \$622 and \$1,781 (three and nine-month periods ended September 30, 2020: \$26) (note 19).

Investissement Québec, acting as mandatory for the Government of Quebec, purchased 317,241 common shares as part of the financing closed on February 12, 2021 and purchased all of the 1,978,750 common shares issued as part of the financing closed on July 23, 2021.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair value

Certain of the Company's accounting policies and disclosures require the determination of fair value. Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal, and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods. Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy contained in the Company's financial instrument accounting policy. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

For all financial assets and liabilities, their net carrying amount is a reasonable approximation of fair value given their relatively short maturities.

### Financial Risks

The Company is exposed to various financial risks resulting from its operations. The Company does not enter into derivative financial instruments for speculative purposes.



Notes to the condensed consolidated interim financial statements  
(Amounts expressed in thousands of Canadian dollars, except per share amounts - unaudited)

The main financial risks to which the Company is exposed as well as its policies for managing such risk are detailed below:

#### Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration, evaluation, and development expenditure programs. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets or other alternative forms of financing is hindered, whether because of a downturn in stock market conditions generally or related to matters specific to the Company. The Company has historically generated cash flow primarily from its financing activities.

As at September 30, 2021, all of the Company's short-term liabilities totalled \$15,488 (\$10,587 as at December 31, 2020), have contractual maturities of less than one year and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

With the financing completed in the nine-month period ended September 30, 2021, and the exercise of warrants during the same period, management believes that the Company has sufficient funds to meet its obligation and planned expenditures for the ensuing twelve months as they fall due (see note 1).

	Carrying amount	Contractual cash flows	Remainder of the year	Year 2022	As at September 30, 2021	
					Year 2023	2024 and Onward
Account payables and accrued liabilities	15,576	15,576	15,576	-	-	-
Lease liabilities	2,372	2,979	257	427	410	1,885
Borrowings	2,014	2,044	49	208	225	1,562
Convertible bond	14,647	19,628	646	2,427	16,555	-

#### Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company's credit risk is primarily related to receivables and cash. The receivables consist mainly of the refund of the goods and services tax receivable from the governments of Canada and Quebec, as well as tax credits receivable from the Government of Quebec. The Company mitigates credit risk by maintaining cash with Canadian chartered banks.

#### Currency risk

Given that most of the Company's expenditures are in Canadian dollars, the currency risk exposure is limited by maintaining most of its cash in Canadian dollars. The Company periodically carries a portion of its accounts payable and accrued liabilities in US dollars and Euros and is subject to currency risk on these balances. However, the Company considers this risk to be minimal.

The balances of cash in currencies are as follows as at September 30, 2021 and December 31, 2020.

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Cash in US dollar	13,113	-
Canadian dollar equivalents	16,707	-

## 18. COMMITMENTS

In the normal course of business, the Company enters into contracts that give rise to commitments. As at September 30, 2021, the Company had issued \$8,202 of purchase orders for the acquisition of PPE and \$2,704 in relation to the operations.



NOUVEAU MONDE GRAPHITE INC.

Notes to the condensed consolidated interim financial statements  
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## 19. SUBSEQUENT EVENTS

In October 2021, the Company issued 7,500,000 common shares following the conversion of all outstanding convertible bond held by Pallinghurst group. In addition, and pursuant to the terms of the convertible bond, the Company has elected to settle the accrued and unpaid interest of \$1,900,463 by issuing an additional 220,471 common shares at \$8.62 per share.