

**Early Warning Report  
Form 62-103F1**

***Required Disclosure under the Early Warning Requirements***

**Item 1 – Security and Reporting Issuer**

- 1.1 ***State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.***

This report relates to a convertible bond (the "**Convertible Bond**") and to common shares ("**Common Shares**") of Nouveau Monde Graphite Inc. (the "**Issuer**"). The Issuer's head office is located at 481, rue Brassard, Saint-Michel-des-Saints, Québec, J0K 3B0.

- 1.2 ***State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.***

The transaction that triggered this report (the "**Transaction**") is the conversion, in two tranches, of the total principal amount of C\$15,000,000 of the Convertible Bond into 7,500,000 Common Shares, as well as the election by the Issuer to settle the accrued and unpaid interest owing under the Convertible Bond of C\$1,900,463 by issuing an additional 220,471 Common Shares.

**Item 2 – Identity of the Acquiror**

- 2.1 ***State the name and address of the acquiror.***

Pallinghurst Graphite International Limited (the "**Acquiror**")  
2nd Floor, 23-25 Le Pollet  
St Peter Port, Guernsey  
GY1 1WQ

- 2.2 ***State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.***

On October 15, 2021, the Acquiror partially converted the Convertible Bond to acquire 1,875,000 Common Shares and transferred 1,875,000 Common Shares to the shareholders of the Acquiror. On October 18, 2021, the Acquiror converted the remaining aggregate principal amount of the Convertible Bond to acquire 5,625,000 Common Shares.

- 2.3 ***State the names of any joint actors.***

Not applicable.

**Item 3 – Interest in Securities of the Reporting Issuer**

- 3.1 ***State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.***

The Acquiror has acquired a net total of 5,845,471 Common Shares representing approximately 11.9% of the class of Common Shares before giving effect to this Transaction.

Immediately before the Transaction, the Acquiror owned 5,618,908 Common Shares through its subsidiary, Pallinghurst Graphite Limited and 76,635 Common Shares directly, such Common Shares representing in the aggregate, approximately 12.1% of the class of Common Shares immediately prior to the Transaction.

Immediately following the Transaction the Acquiror owns 5,618,908 Common Shares through its subsidiary, Pallinghurst Graphite Limited and 5,922,106 Common Shares directly, such Common Shares representing in the aggregate, approximately 21% of the class of Common Shares immediately after the Transaction.

- 3.2 ***State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.***

The Acquiror has acquired beneficial ownership and control over the Common Shares.

- 3.3 ***If the transaction involved a securities lending arrangement, state that fact.***

Not applicable.

- 3.4 ***State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.***

See Section 3.1.

- 3.5 ***State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which***

- (a) ***the acquiror, either alone or together with any joint actors, has ownership and control,***

See Item 3.1 above.

- (b) ***the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and***

Not applicable.

- (c) ***the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.***

Not applicable.

- 3.6 ***If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.***

Not applicable.

- 3.7 ***If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.***

Not applicable.

***State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.***

Not applicable.

- 3.8 ***If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.***

Not applicable.

#### **Item 4 – Consideration Paid**

- 4.1 ***State the value, in Canadian dollars, of any consideration paid or received per security and in total.***

The Acquiror has acquired the Common Shares at a conversion price of C\$2.00 per Common Share on conversion of C\$15,000,000 principal amount of the Convertible Bond in two separate tranches. Additionally, the Acquiror has acquired Common Shares in settlement of interest owing under the Convertible Bond at an effective price of C\$8.62 per Common Share. The Acquiror transferred 1,875,000 Common Shares to its investors following the first tranche conversion at a deemed price per Common Share of C\$9.36, for aggregate deemed consideration of approximately C\$14.2 million.

- 4.2 ***In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.***

See Item 3.1 and Item 4.1 above.

- 4.3 ***If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.***

Not applicable.

#### **Item 5 – Purpose of the Transaction**

- 5.1 ***State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer.***

The Acquiror acquired the Common Shares for the purpose of offering its investor shareholders the direct opportunity to invest in the Issuer and to increase its ownership of Common Shares of the Issuer.

- 5.2 ***Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:***

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;***
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;***
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;***
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;***

Prior to these transactions, the Acquiror was entitled to appoint two directors to the Board of the Issuer. Following these transactions, the Acquiror is entitled to nominate three directors to the Board of the Issuer so long as its pro rata interest in the Common Shares is at least 20.0%.

- (e) a material change in the present capitalization or dividend policy of the reporting issuer;***
- (f) a material change in the reporting issuer's business or corporate structure;***
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;***
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;***
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;***
- (j) a solicitation of proxies from securityholders; and***

**(k) an action similar to any of those enumerated above.**

The Issuer and Pallinghurst Graphite Limited entered into an Amended and Restated Investment Agreement dated August 28, 2020 (the "**AR Investment Agreement**"), and which was subsequently assigned to, and assumed by, the Acquiror.

In accordance with applicable securities laws and subject to the terms of the AR Investment Agreement, the Acquiror may, from time to time and at any time, acquire additional shares and/or other equity, debt or other securities or instruments (collectively, "**Securities**") of the Issuer in the open market or otherwise, and reserves the right to dispose of any or all of its Securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the Securities, the whole depending on market conditions, the business and prospects of the Issuer and other relevant factors.

Except as otherwise disclosed herein, the Acquiror currently has no plans or proposal which would relate to or would result in any of the matters described in Items 5.2(a)-(k) above. However, as part of its ongoing evaluation of this investment and investment alternatives, the Acquiror may consider such matters and, subject to applicable law and the terms of the AR Investment Agreement, may formulate a plan with respect to such matters and, from time to time, may hold discussions with or make formal proposals to management or the board of directors of the Issuer, other shareholders of the Issuer or other third parties regarding such matters.

**Item 6 – Agreements, Arrangements, Commitments or Understandings with Respect to Securities of the Reporting Issuer**

***Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.***

See Item 5.2(a) and (d).

**Item 7 – Change in Material Fact**

***If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.***

Not applicable.

**Item 8 – Exemption**

***If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.***

Not applicable.

**Item 9 – Certification**

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

**Certificate**

The certificate must state the following:

I as the agent filing this report on behalf of the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated October 19, 2021.

(signed) "*Andrew Willis*"

SIGNATURE

Andrew Willis

Name

Director

Title