

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of the Corporation

NOUVEAU MONDE GRAPHITE INC. (the “Corporation”)
481 Rue Brassard
Saint-Michel-des-Saints QC, J0K 3B0

2. Date of Material Change

December 17, 2024

3. News Release

A news release, in French and English versions, regarding the material change referred to in this report was issued on December 17, 2024 through the facilities of Business Wire. A copy of the news release has been filed under the Corporation’s profile on SEDAR+ at www.sedarplus.ca.

4. Summary of Material Change

On December 17, 2024, the Corporation, announced an equity investment by Canada Growth Fund Inc. (“CGF”) and the Government of Québec, via its agent Investissement Québec (“IQ”), in the Corporation for an aggregate amount of US\$50 million to continue advancing its development toward commercial operations, subject to regulatory approvals. As the Corporation prepares for a final investment decision (“FID”) regarding its Phase-2 Matawinie Mine and Bécancour Battery Material Plant, the investment is namely set to enable progress on detailed engineering, orders of key long-lead items and support to critical-path activities

5. Full Description of Material Change

5.1 Full Description of Material Change

Each of CGF and IQ has agreed to subscribe for common shares in the capital of NMG (the “Common Shares”), subject to certain conditions contained in the subscription agreements entered into between the Corporation and each of CGF and IQ (the “Subscription Agreements”), for aggregate gross proceeds of US\$50 million (the “Offering”). Pursuant to the Offering, the Corporation will issue 39,682,538 Common Shares at a price of US\$1.26 per Common Share.

For each Common Share so subscribed, the Corporation will issue one share purchase warrant (the “Warrants”) to each of CGF and IQ. The Warrant will entitle the holder

thereof to acquire one Common Share, from FID to the date that is five (5) years from the closing of the Offering, at a price per Common Share of US\$2.38 – the same strike price than the warrants previously issued to General Motors Holdings LLC, a wholly owned subsidiary of General Motors Co. (collectively, “**GM**”) (NYSE: GM), Panasonic Energy Co., Ltd. (“**Panasonic Energy**”), a wholly owned subsidiary of Panasonic Holdings Corporation (“**Panasonic**”) (TYO: 6752), and Mitsui & Co., Ltd. (“**Mitsui**”) (TYO: 8031) in February 2024. The exercise of the Warrants is subject to certain ownership limitations.

In connection with the Offering, the Corporation entered into an investor rights agreement (collectively, the “**Investor Rights Agreements**”) and a registration rights agreement with each of CGF and IQ at the closing of the Offering. Pursuant to the Investor Rights Agreements, each of CGF and IQ will be restricted from selling its respective securities until August 28, 2025. The Investor Rights Agreements also provide each of CGF and IQ with certain rights relating to its investment in the Corporation, including namely certain board nomination and anti-dilution rights.

The Common Shares and the Warrants are subject to a four-month hold period under Canadian securities laws. The Offering is subject to certain standard conditions and regulatory approvals, including the approval of the TSX Venture Exchange and the New York Stock Exchange.

Terms of Warrants

Each Warrant entitles the holder thereof to acquire one Common Share, from FID to the date that is five years from the closing of the Private Placement, at a price per Common Share of US\$2.38. Pursuant to the terms and conditions of the Warrants, each holder cannot exercise Warrants to own more than 19.9% of the issued and outstanding common shares of the Company, unless it obtains, if required at the time of the exercise of the Warrants, the conditional approval of the Canadian exchange on which the shares will then be listed and, as applicable, disinterested shareholder approval.

Related Party Disclosure

This material change report and the information below are provided in accordance with Section 5.2 of *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (“**Regulation 61-101**”).

Immediately after the closing of the Offering, IQ and CGF became “related parties” of the Corporation since they each held Common Shares entitling them to more than 10% of the voting rights attached to all the issued and outstanding voting securities of the Corporation at the time they entered into the Subscription Agreements, and their participation in the Offering, the Investment Agreements and the Registration Rights Agreement, constitutes a “related party transaction” within the meaning of Regulation 61-101 and Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* of the Exchange’s Corporate

Finance Manual. However, the Corporation is relying on the exemptions from formal valuation and minority approval requirements provided for under subsections 5.5(a) and 5.7(1)(a) of Regulation 61-101, respectively, as neither the fair market value of the securities issued in favour of related parties nor the fair market value of the consideration paid for such securities exceeded 25% of the Corporation's market capitalization.

Immediately prior to the Offering, CGF did not own or control, directly or indirectly, any securities of the Corporation. After the Offering, CGF has ownership and control over 19,841,269 Common Shares and 19,841,269 Warrants, representing approximately 13.0% of the issued and outstanding Common Shares of the Corporation, calculated on a partially non basis. Pursuant to the Offering, presuming the exercise of all of the 19,841,269 Warrants of CGF, CGF would acquire ownership and control over 39,682,538 Common Shares, representing approximately 23.1% of the issued and outstanding Common Shares, calculated on a partially diluted basis assuming the full exercise of the Warrants by CGF only.

CGF acquired the Common Shares and the Warrants for investment purposes only and not with a view to materially affecting control of the Corporation. Depending upon market conditions and other factors, including pursuant to certain rights granted to CGF under the investor rights agreement dated as of December 20, 2024, entered into between the Corporation and CGF, CGF may, from time to time, acquire or dispose of additional securities of the Corporation, in the open market, by private agreement or otherwise, or acquire interests in or enter into related financial instruments involving a security of the Corporation.

Immediately prior to the Offering, IQ had beneficial ownership of, or exercised control or direction over (i) 5,795,991 Common Shares, and (ii) US\$12,500,000 principal amount of notes (the “Notes”)¹ convertible into units (the “Units”) each comprised of one Common Share and one Warrant common share, at a conversion price of US\$5.00, representing, on a non-diluted basis, 5.15% of the Common Shares then issued and outstanding, and 9.92% of the issued and outstanding Common Shares on a partially diluted basis, assuming (i) the conversion of the Notes into 2,500,000 Common Shares and 2,500,000 Warrants; (ii) the issuance of 968,245 Common Shares in payment of interest accrued on the Notes prior to the Private Placement; and (iii) the exercise of the 2,500,000 Warrants underlying the Notes IQ beneficially owned, or over which IQ exercised control and direction, only.

¹ The Notes expire on November 8, 2025, and, further to their amendment as of January 1, 2023, bear interest at the greater of the 3-month CME Term SOFR (Secured Overnight Financing Rate) plus 5% and 7%. Interest is payable quarterly on the last business day of each quarter since December 31, 2022, and the Company has the option to pay the interest due in Common Shares subject to the approval of the TSX Venture Exchange, at the market price (as defined in the policies of the Exchange) of the Common Shares, determined at the quarter end on which such interest become payable. Each Unit issuable upon conversion of the Notes will be comprised of one Common Share and one Warrant entitling the holder thereof to purchase one additional Common Share at a price of US\$5.70 per Common Share for a period of 24 months following the conversion.

Following the closing of the Offering, IQ has beneficial ownership of, or exercise control or direction over, (i) 25,637,260 Common Shares; (ii) 19,841,269 Warrants; and (iii) US\$12,500,000 principal amount of Notes representing, on a non-diluted basis, 16.84% of the Common Shares issued and outstanding, and 28.89% of the issued and outstanding Common Shares on a partially diluted basis, assuming (i) the conversion of the Notes into 2,500,000 Common Shares and 2,500,000 common share purchase warrants; (ii) the issuance of 968,245 Common Shares in payment of interest accrued on the Notes prior to the Private Placement; and (iii) the exercise of the Warrants IQ would beneficially own, or over which IQ would exercise control and direction further to the conversion of the Notes, only.

IQ intends to hold its Common Shares, Warrants and Notes for investment purposes and could, subject to certain conditions, including market conditions, increase or decrease its beneficial ownership of (or its control or direction over), Common Shares and convertible securities, including via market purchase, private agreement, new issuance or exercise of convertible securities.

At a meeting of the board of directors of the Corporation held on December 16, 2024, the directors of the Corporation who had the right to vote unanimously approved, based on the recommendation of the Corporation's management and external legal counsel, the issuance of the Common Shares and the Warrants to CGF and IQ. Notably, the directors of the Corporation who had the right to vote on such matters approved the execution of the Subscription Agreements with CGF and IQ, the Investor Rights Agreement with CGF and IQ and the Registration Rights Agreement with CGF and IQ.

The Corporation did not file a material change report in respect of the Offering at least 21 days before the anticipated closing of the Offering, due to the fact that it was conditional upon the execution of the above-mentioned agreements and that this abbreviated period is reasonable and necessary in the circumstances as all the terms and conditions of the Offering and the above-mentioned were not fixed.

6. Reliance on subsection 7.1(2) of Regulation 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For all additional information, please contact:

Me Josée Gagnon

Vice President – Legal Affairs

Telephone: (450) 757-8905 #405

9. Date of Report

December 27, 2024