Consolidated Condensed Interim Financial Statements (unaudited)

THREE-MONTH PERIOD ENDED

SEPTEMBER 30, 2018

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Three-month periods ended September 30, 2018

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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NEMASKA LITHIUM INC.

MANAGEMENT'S REPORT

Management's responsibility for financial reporting

The accompanying unaudited consolidated condensed interim financial statements have been prepared by Management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Management is responsible for the preparation, integrity and objectivity of the unaudited consolidated condensed interim financial statements and other financial information presented in this Report. Other information included in these unaudited consolidated condensed interim financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited consolidated condensed interim financial statements are presented fairly in all material respects.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is mainly composed of independent directors. The Audit Committee meets periodically with Management and the independent auditors to review accounting, auditing and internal control matters. These unaudited consolidated condensed interim financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements. The Corporation's Management refers the reader to consult the Form 52- 109F2 certification of annual filings deposited on SEDAR along with these unaudited consolidated condensed interim financial statements.

/s/ Guy Bourassa
Guy Bourassa, President and CEO

/s/ Steve Nadeau
Steve Nadeau, Chief Financial Officer

SEPTEMBER 30, 2018 AND JUNE 30, 2018

(expressed in thousand of Canadian dollars)

	Note	**September 30, 2018**	June 30, 2018
			(Restated - Note 3)
ASSETS		$	$
Current Assets:			
Cash and cash equivalents		**421,066**	371,193
Inventory		**879**	868
Sales tax receivable		**3,910**	2,984
Grants and other receivables	4	**2,726**	8,054
Mining rights and tax credits receivable related to resources		**380**	380
Prepaid expenses		**1,583**	341
		430,544	383,820
Non-current Assets:			
Restricted cash and In-trust deposits	5	**502,770**	44,603
Deferred financing cost, prepaid interest and deposits to suppliers		**55**	26,958
Investments	6	**5,757**	10,359
Property, plant and equipment	7	**256,703**	176,060
Intangible assets	8	**10,811**	10,853
		776,096	268,833
TOTAL ASSETS		**1,206,640**	652,653
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		**27,045**	18,028
Purchase price balance payable	9	**-**	1,700
Current portion of long term debt	10	**3,707**	-
		30,752	19,728
Non-current liabilities:			
Long-term debt	10	**546,166**	-
Deferred income and mining taxes		**2,249**	2,249
Asset retirement obligations	11	**1,803**	1,053
Contract liabilities	12	**30,455**	29,655
		580,673	32,957
Total liabilities		**611,425**	52,685
Equity:			
Share capital and warrants	13	**662,376**	662,300
Contributed surplus		**17,692**	16,377
Deficit		**(84,853)**	(78,709)
Total equity		**595,215**	599,968
TOTAL LIABILITIES AND EQUITY		**1,206,640**	652,653

The notes on pages 8 to 35 are an integral part of these consolidated condensed interim financial statements.
On behalf of the Board:

'Guy Bourassa', Director *'Michel Baril'*, Director

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

(expressed in thousands of Canadian dollars except for loss per share and weighted average number of shares outstanding)

	Note	**2018**	2017
		$	$
EXPENSES:			
Compensation	14	**754**	1,129
Share-based payments	14	**1,344**	346
Rent, office expense and other expenses		**110**	46
Depreciation and amortization expense	7, 8	**224**	66
Registration, listing fees and shareholders' information		**135**	34
Promotion and advertising		**14**	20
Representation, missions and trade shows		**178**	289
Consultants fees		**410**	47
Professional fees		**199**	132
Operating loss		**3,368**	2,109
OTHER ITEMS:			
Finance income		**(1,898)**	(86)
Finance expense		**18**	7
Loss on foreign exchange		**3**	480
Change in fair value of the investments	6	**4,602**	(158)
		2,725	243
Net loss and comprehensive loss for the period		**6,093**	2,352
Basic and diluted loss per share		**0.007**	0.006
Basic and diluted weighted average number of shares outstanding		**846,124,555**	377,120,744

The notes on pages 8 to 35 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(expressed in thousands of Canadian dollars)

	Share capital and warrants	Contributed surplus	Deficit	**Total**
	$	$	$	$
Balance, as at June 30, 2018	**662,300**	**16,377**	**(78,709)**	**599,968**
EQUITY FINANCING:				
Exercise of options	76	(29)	-	**47**
Share issuance cost	-	-	(51)	**(51)**
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives (Note 14)	-	1,344	-	**1,344**
	662,376	**17,692**	**(78,760)**	**601,308**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**-**	**-**	**(6,093)**	**(6,093)**
Balance, as at September 30, 2018	**662,376**	**17,692**	**(84,853)**	**595,215**

	Share capital and warrants	Contribute d surplus	Deficit	**Total**
	$	$	$	$
Balance, as at June 30, 2017	**192,210**	**10,605**	**(48,366)**	**154,449**
EQUITY FINANCING:				
Exercise of options	269	(103)	-	**166**
Share issuance costs	-	-	(445)	**(445)**
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives (Note 14)	-	346	-	**346**
	192,479	**10,848**	**(48,811)**	**154,516**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**-**	**-**	**(2,352)**	**(2,352)**
Balance, as at September 30, 2017	**192,479**	**10,848**	**(51,162)**	**152,164**

The notes on pages 8 to 35 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(expressed in thousands of Canadian dollars)

	September 30, 2018	September 30, 2017
	$	$
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES:		
Net loss and comprehensive loss for the period	**(6,093)**	(2,352)
Adjustments for:		
Share-based payments	**1,344**	346
Depreciation and amortization expense and loss on disposal	**224**	66
Change of the investment recorded at fair value	**4,602**	(158)
(Gain) loss on foreign exchange	**(538)**	491
Net change in non-cash operating working capital	**(3,842)**	1,728
	(4,303)	121
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	**47**	166
Proceeds from stream credit facility	**97,620**	-
Financing cost related to stream credit facility	**(3,400)**	-
Proceeds from secured bonds	**454,300**	-
Financing costs related to secured bonds	**(129)**	-
Share issuance expenses	**(51)**	(445)
Payment of purchase price balance payable	**(1,700)**	-
Proceeds from contract liabilities	**-**	1,000
	546,687	731
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Change in deposit to suppliers for property, plant and equipment	**-**	(8,588)
Addition to restricted cash and in-trust deposit	**(456,754)**	-
Addition to property, plant and equipment	**(35,632)**	(16,756)
Addition to intangible assets	**(125)**	(265)
Addition to mining and mineral properties	**-**	(4)
	(492,511)	(25,613)
Net increase (decrease) in cash and cash equivalents	**49,873**	(24,771)
Cash and cash equivalents, beginning of the period	**371,193**	66,567
Cash and cash equivalents, end of the period	**421,066**	41,796

Additional information related to cash flows (see Note 16).

The notes on pages 8 to 35 are an integral part of these consolidated condensed interim financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS:

Nemaska Lithium Inc. (the "Corporation") is a company domiciled in Canada and incorporated under the *Canada Business Corporations Act*. Its shares are listed on the Toronto Stock Exchange under the symbol NMX since July 8, 2016 and on the American stock exchange Over-the-Counter QX ("OTCQX") under the symbol NMKEF. The Corporation has three wholly-owned subsidiaries, which are Nemaska Lithium Shawinigan Transformation Inc., Nemaska Lithium Whabouchi Mine Inc. and Nemaska Lithium P1P Inc. All subsidiaries are domiciled in Canada and are incorporated under the *Canada Business Corporations Act*.

The address of the head office of the Corporation is 450, rue de la Gare-du-Palais, 1st floor, Québec (Québec), Canada G1K 3X2 and its web site is www.nemaskalithium.com.

The mining property Whabouchi, has economically recoverable ore reserves, pursuant to a NI-43-101 technical report feasibility study on the Whabouchi lithium mine and the Shawinigan electrochemical plant with an effective date of November 7, 2017 and filed on SEDAR on February 21, 2018 (the "2018 Feasibility Study") prepared by Met-Chem-, (a division of the DRA Americas Inc.). The Corporation is currently in the development and construction stages in respect of its Whabouchi mining property and Shawinigan electrochemical plant (the "Commercial Project"). At the date of this report, Management believes that it has secured the required financing to complete the construction of the Commercial Project. However, a portion of the US$350 million Secured Bonds and the second payment of US$75 million related to the Streaming Facility Agreement, will only be available once certain conditions are met (See Note 10). Should the Corporation not be able to draw from these facilities, or in the event that these facilities are insufficient to complete construction and commissioning of the mine, the Corporation will need to raise further financing. There is no guarantee that the Company could raise such additional financing.

The 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.

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These unaudited consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with those accounting policies followed by the Corporation in the most recent audited consolidated annual financial statements except where noted below. These unaudited consolidated condensed interim financial statements have been prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited consolidated condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited consolidated annual financial statements and the notes thereto for the year ended June 30, 2018.

2. BASIS OF PREPARATION (CONTINUED):

(A) STATEMENT OF COMPLIANCE (CONTINUED):

On November 13, 2018, the Board of Directors approved for issuance these unaudited consolidated condensed interim financial statements.

(B) BASIS OF MEASUREMENT:

The unaudited consolidated financial statements have been prepared on the historical cost basis, except for investment which are recorded at fair value.

These unaudited consolidated condensed interim 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 unaudited consolidated condensed interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of the unaudited consolidated condensed interim 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 period in which the estimates are revised and in any future years affected.

In preparing these unaudited consolidated condensed interim financial statements, the significant judgments made by Management in applying the Corporation's accounting policies and the key sources of estimation uncertainty include those described in the Corporation's consolidated audited annual consolidated financial statements for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES:

These unaudited 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, 2018, unless otherwise specified hereunder.

***Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2)**

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Corporation adopted the amendments to IFRS 2 in its financial statements for the annual period that began on July 1, 2018. The adoption of the amendments to IFRS 2 did not have an impact on the consolidated financial statements.

IFRS 9 *Financial Instruments*

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets, including impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

Classification and Measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on the three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured on two categories: amortized costs or FVTPL. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

The following table summarizes the classification impacts upon adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in significant changes in measurement or the carrying amount of financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

IFRS 9 *Financial Instruments* (continued)

Asset/Liability	Classification under IAS 39	Classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash and In-trust deposits	Loans and receivables	Amortized cost
Investments	Fair value through other comprehensive income	Fair value through profit and loss
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Purchase price balance payable	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Impairment

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (“ECL”) model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments.

The ECL model applied to financial assets required judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. The ECL models applied did not have a material impact on receivables of the Corporation.

Impairment losses, if incurred, would be recorded in the Corporation administration expenses in the consolidated condensed interim statement of net loss comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated condensed interim statement of net loss comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

IFRS 9 *Financial Instruments* (continued)

The Corporation adopted IFRS 9 in its financial statements for the annual period that began on July 1, 2018. The adoption of IFRS 9 requires that change in fair value of investments be recorded in the consolidated statement of net loss. Under the previous accounting policy, the Corporation recorded the change in fair value of its investments in the consolidated statements of comprehensive loss unless an investment declined below its carrying amount, in which case the Corporation undertook an assessment of whether the impairment is significant or prolonged, and if so, recognized the impairment loss in the consolidated statement of net loss. The adoption of the IFRS 9 did not have an impact on the consolidated financial statements, as the change in fair value of the investments was already recorded in the consolidated statement of net loss because the Corporation assessed that the change in fair value was significant.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Corporation adopted IFRS 15 in its financial statements for the annual period that began on July 1, 2018. IFRS 15 impacts the amount recognized as deferred revenues with the counterpart recorded in property, plant and equipment, because under the deferred revenue agreements, the Corporation received advance payments in consideration for future commitments to deliver lithium products at contracted price. Under the previous accounting policy, the Corporation presented these advances as deferred revenues in the consolidated statements of financial position and no interest were accrued on the long-term advances received. The Corporation concluded that the contracted price is discounted to take into consideration a significant financing component that should be accounted for separately under IFRS 15 and, as a result, both deferred revenues and financial expenses capitalized to property, plant and equipment should increase. In addition, nomenclature for deferred revenue is revised to contract liabilities.

As a result of the adoption of IFRS 15, the Corporation retrospectively increased contract liabilities and property, plant and equipment by $1,301 as at June 30, 2017 and by $4,297 as at June 30, 2018 and the capitalized finance expenses on contract liabilities for the year ended June 30, 2018 by 2,996 for the financial expenses on the advances received. The increase to property, plant and equipment is based on the fact that these agreements were signed by the Corporation to finance the Phase 1 Plant and Commercial plant Project.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED):

The following new standards and interpretations are not yet effective and have not been applied in preparing these unaudited consolidated condensed interim financial statements:

IFRS 16 *Leases*

On January 13, 2016, the IASB issued IFRS 16 *Leases*.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on July 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

IFRIC 23 *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*.

The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The interpretation is applicable for the annual period beginning on or after July 1, 2019. Earlier application is permitted.

The Interpretation requires an entity to:

- contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Corporation intends to adopt the Interpretation in its financial statements for the annual period beginning on July 1, 2019. The extent of the impact of adoption of the Interpretation has not yet been determined.

4. GRANTS AND OTHER RECEIVABLES:

On February 16, 2015, the Corporation entered into an agreement with the federally-funded Sustainable Development Technology Canada program for a $12,870 non-repayable grant for construction and operation of its Phase 1 Plant. The Corporation received in four tranches a total amount of $11,583, the first one was received in January 2016, the second in June 2016, the third one in December 2017 and the fourth one in September 2018. The 10% retention on amounts disbursed amounting to $1,287 should be received during the 2019 calendar year. The retained amount of $1,287 is not included in the "Grants and other receivables" in the consolidated condensed interim financial statements of financial position as at September 30, 2018 because the Corporation has not yet fulfilled all its obligations in respect of this amount and will record it in due course.

On March 11, 2015, the Corporation signed an agreement with the Ministère de l'Énergie et des Ressources Naturelles du Québec, which entitles the Corporation to receive a $3,000 non-repayable grant as part of the Technoclimat program. The Corporation received the first tranche of $300 in May 2015, a second tranche of $450 in March 2016 and a third tranche of $900 on November 30, 2017. The 15% retention on amounts disbursed amounting to $450 should be received during the 2019 calendar year. The retained amount of $450 is not yet included in the "Grants and other receivables" in the consolidated condensed interim financial statements of financial position as at September 30, 2018 because the Corporation has not yet fulfilled all its obligations in respect of this amount and will record it in due course.

As at September 30, 2018, an amount of $900 was recorded as grants receivable ($3,632 as at June 30, 2018). This amount was received on October 23, 2018.

During the year ended June 30, 2018, the Corporation was awarded a grant of $5,000 from Transition Énergétique du Québec in relation to the construction of the electric line for its Whabouchi mine site. During the three-month period ended September 30, 2018, an amount of $2,500 was received while an amount of $1,250 as grant receivable ($3,750 as at June 30, 2018) is still to be received by the Corporation. The remaining amount of $1,250 will be recorded and claimed as soon as the final milestone has been met.

As at September 30, 2018, an amount of $576 of accrued interest on cash equivalents is included as other receivables ($671 as at June 30, 2018).

5. RESTRICTED CASH AND IN-TRUST DEPOSIT:

	Period ended September 30, 2018	Year ended June 30, 2018
Cost overrun account:		
Project cost overrun account (Note 10 (A))	**40,152**	40,000
In-trust deposits:		
In-trust deposit related to restoration cost (Note 11)	**6,905**	4,603
In-trust deposit related to the Secured Bond (Note 10 (A))	**455,713**	-
	502,770	44,603

RESTRICTED CASH:

COST OVERRUN ACCOUNT:

As at September 30, 2018, the Corporation has a project cost overrun facility (see Note 10 (A)) of $40,152 ($40,000 as at June 30, 2018), which includes $152 of interest revenue.

IN-TRUST DEPOSITS:

As at September 30, 2018 a total amount of $6,905 was held In-Trust for the restoration cost ($4,603 as at June 30, 2018). (see Note 11).

As at September 30, 2018 a total amount of $455,713 was held in an In-Trust account from financing activities (nil as at June 30, 2018), constituted by the capital portion of $454,300 (US$350,000) recorded as long-term debt (See Note 10 (A)), minus foreign exchange loss of $1,225, plus the interest portion of $2,638 (US$2,038) which was recorded against capitalised interest to property, plant and equipment (see Note 7) as the in-trust account must be used in the construction of the commercial plant.

6. INVESTMENTS:

Monarques Gold Corporation ("MQR")

As at September 30, 2018, the Corporation owns 15,849,455 shares in Monarques Gold Corporation ("MQR"). The closing price of MQR's shares on the TSX Venture Stock Exchange as at September 30, 2018 was $0.155 ($0.275 as at June 30, 2018), representing a total fair value of $2,457 ($4,359 as at June 30, 2018). The change in fair value of $1,902 has been recorded in the consolidated interim statements of net loss and comprehensive loss.

Vision Lithium Inc. ("VLI")

As at September 30, 2018, the Corporation owns 15,000,000 shares in Vision Lithium Inc ("VLI"). The closing price of VLI's shares on the TSX Venture Stock Exchange as at September 30, 2018 was $0.22 ($0.40 as at June 30, 2018), representing a total fair value of $3,300 ($6,000 as at June 30, 2018). The change in fair value of $2,700 has been recorded in the consolidated interim statements of net loss and comprehensive loss.

6. INVESTMENTS (CONTINUED):

Northvolth Promissory Note

On August 20, 2018, the Corporation signed an agreement providing for the supply of up to 5,000 metric tonnes but no less than 3,500 metric tonnes per year of lithium hydroxide to Northvolt AB ("Northvolt") for an initial five-year supply period upon the start of commercial production at both the Shawinigan Plant and Northvolt's projected Skellefteå factory in Sweden (the "N Factory"). Under this agreement, Northvolt has delivered to the Corporation a EUR 10M promissory note. The promissory note is convertible at the Corporation's option into voting shares of Northvolt conditional to the completion of a public offering by Northvolt or redeemed at cost plus an agreed-upon interest rate once all the conditions related to the agreement are fulfilled.

As at September 30, 2018, the Corporation assessed the fair value of the promissory note to be nil due to the fact that several conditions are not yet met by the Corporation and the uncertainty surrounding the completion of these conditions.

(VOLUNTARY PAGE BREAK)

7. PROPERTY, PLANT AND EQUIPMENT:

	Land	Vehicle	Office and computer	Phase 1 Plant	UNDER CONSTRUCTION Whabouchi mine and concentrator	Shawinigan site	Mineral property (Note a)	**Total**
	$	$	$	$	$	$	$	**$**
COST								
Balance as at June 30, 2017 (Restated – Note 3)	100	93	676	22,360	48,853	14,944	24,757	**111,783**
Additions during the year	-	-	343	15,811	38,085	14,552	2	**68,793**
Asset retirement obligations (see Note 11)	-	-	-	-	1,053	-	-	**1,053**
Grants applied to work in process	-	-	-	(1,611)	(3,750)	-	-	**(5,361)**
Capitalized depreciation (see Note b below)	-	-	-	-	-	14,008	-	**14,008**
Capitalized interest	-	-	-	-	1,436	2,839		**4,275**
Capitalized finance expenses on contract liabilities	-	-	-	-	-	2,996	-	**2,996**
Transfer	-	-	-	-	-	616	(616)	**-**
Balance as at June 30, 2018 (Restated – Note 3)	**100**	**93**	**1,019**	**36,560**	**85,677**	**49,955**	**24,143**	**197,547**
Additions during the period	-	61	-	2,347	20,126	24,146	-	**46,679**
Asset retirement obligations (see Note 11)	-	-	-	-	750	-	-	**750**
Unsecured obligation	-	-	-	-	-	-	20,499	**20,499**
Capitalized depreciation (see Note b below)	-	-	-	-	-	1,126	-	**1,126**
Capitalized interest and financing cost	-	-	-	-	4,066	7,823	83	**11,972**
Capitalized finance expenses on contract liabilities	-	-	-	-	-	800	-	**800**
Balance as at September 30, 2018	**100**	**154**	**1,019**	**38,906**	**110,619**	**83,850**	**44,725**	**279,373**
DEPRECIATION								
Balance as at June 30, 2017	**-**	**33**	**158**	**7,069**	**-**	-	-	**7,260**
Depreciation for the year (see Note b below)	-	20	199	14,008	-	-	-	**14,227**
Balance as at June 30, 2018	**-**	**53**	**357**	**21,077**	**-**	**-**	**-**	**21,487**
Depreciation for the period	-	5	52	1,126	-	-	-	**1,183**
Balance as at September 30, 2018		**58**	**409**	**22,203**	**-**	**-**	**-**	**22,670**
CARRYING AMOUNTS								
As at June 30, 2018	**100**	**40**	**662**	**15,483**	**85,677**	**49,955**	**24,143**	**176,060**
As at September 30, 2018	**100**	**96**	**610**	**16,703**	**110,619**	**83,850**	**44,725**	**256,703**

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED):

Note a: Mineral Property

The Whabouchi lithium mine is subject to royalty payments once the project starts commercial production (see Note 18 (A)).

Note b: Depreciation of Phase 1 Plant

The equipment in the Phase 1 Plant is depreciated over an estimated life of 36 months of operation. The depreciation of the Phase 1 Plant equipment has been capitalized to the commercial plant project and will continue to be capitalized until commercial production begins.

8. INTANGIBLE ASSETS:

	Intellectual properties	Software	**Total**
	$	$	**$**
COST			
Balance as at June 30, 2017	8,361	627	**8,988**
Additions during the year	439	1,506	**1,945**
Balance as at June 30, 2018	8,800	2,133	**10,933**
Additions during the period	96	29	**125**
Balance as at September 30, 2018	**8,896**	**2,162**	**11,058**
DEPRECIATION			
Balance as at June 30, 2017	-	-	**-**
Depreciation for the year	-	80	**80**
Balance as at June 30, 2018	**-**	80	**80**
Depreciation for the period	-	167	**167**
Balance as at September 30, 2018		**247**	**247**
CARRYING AMOUNTS			
As at June 30, 2018	**8,800**	**2,053**	**10,853**
As at September 30, 2018	**8,896**	**1,915**	**10,811**

9. PURCHASE PRICE BALANCE PAYABLE:

The Corporation has a purchase price balance payable towards the Société de développement de Shawinigan Inc. in the amount of $2,000 in relation to the acquisition of the land and selected buildings located in Shawinigan, Québec, Canada. A first payment of $300 was paid in March 2017 and the final balance was paid on August, 23, 2018. As at September 30, 2018, the purchase price balance payable amounted to nil ($1,700 as at June 30, 2018).

10. LONG TERM DEBT:

	Period ended September 30, 2018	Year ended June 30, 2018
	$	$
Secured Bonds (see Note 10 (A))	436,663	-
Stream Facility Agreement (see Note 10 (B))	92,711	-
Unsecured obligation (see Note 10 (C))	16,792	-
	546,166	-

During the year ended June 30, 2018, the Corporation secured a $1.1 billion financing package. On April 12, 2018, the Corporation entered into a US$150 million streaming agreement (the "Streaming Facility Agreement") with Orion Mine Finance II LP ("Orion"), which contains certain conditions described below, and on May 30, 2018, the Corporation issued (i) equity financing totalling $454 million (Note 13 (A)) and (ii) a US$350 million senior secured callable bonds (the "Secured Bonds"), which contains certain conditions described below.

(A) SECURED BONDS:

	Period ended September 30, 2018	Year ended June 30, 2018
	$	$
Balance, at inception (US$350 million)	**454,300**	-
Foreign exchange impact	**(1,225)**	-
Balance, end of period	**453,075**	-
Financing costs	**(16,794)**	-
Amortized financing costs capitalized to property, plant and equipment	**382**	-
	436,663	-

The Secured Bonds issued in the aggregate principal amount of US$350 million ($456 million) are USD-denominated with a maturity date of May 30, 2023, unless called by the Corporation prior to maturity, and bear interest at a rate of 11.25% per annum. Interest is payable quarterly and in arrears on the relevant interest payment dates in February, May, August and November of each year, commencing on August 30, 2018.

As at June 30, 2018, an amount equal to the gross proceeds of the Secured Bonds, together with the first three-month interest payment obligation of $12,690 (US$9,844), had been placed into a USD escrow account pending the satisfaction of certain conditions precedent by the Corporation on or prior to August 30, 2018 (the "Long Stop Date"). The USD escrow account had been pledged in favour of the Bondholders. The Secured Bonds would have been repurchased, with accrued interest, from the escrow account in the event that the Corporation would have not, prior to the Long Stop Date, met some requisite conditions precedent.

On August 29, 2018, the Corporation confirmed that it had satisfied the conditions required before the Long Stop Date pursuant to its Secured Bonds and recorded a long-term debt of $454,300 (US$350,000) in its statement of financial position and an in-trust deposit of the same amount because there was no more legal obligation to repurchase the bonds and to compensate it with the cash in the in-trust account.

10. LONG TERM DEBT (CONTINUED):

(A) SECURED BONDS (CONTINUED):

However, additional conditions precedent are required to be met by the Corporation in order to obtain the permission to drawdown on the Secured Bonds from the trust account. The Corporation has to satisfy various customary conditions precedent prior to each drawdown request for funds. The Corporation is required to make a minimum of three drawdowns until June 2021. As at September 30, 2018, the Corporation had not yet met the conditions to drawdown.

The bonds are secured by the universality of the Corporation's tangible and intangible assets, present and future and also, by the universality of its subsidiaries' tangible and intangible assets, present and future.

Also, there is a condition in the Secured Bond for the Corporation to maintain $40 million in a restricted bank account as a project cost overrun facility, for which the Corporation will have to meet some conditions in order to get approvals to use these funds. The unutilized portion of this $40 million at the end of the Commercial Project construction will be made available to the Corporation once the independent engineer has issued the final report, confirming the completion of the construction as per the bond terms. In the meantime, this deposit is presented as restricted cash in the consolidated statements of financial position.

In relation to the Secured Bonds, the Corporation incurred, as at September 30, 2018, financing costs amounting to $16,794 and recorded them against the Secured Bonds in the consolidated statements of financial position.

The interest expense in relation with the Secured Bonds are capitalized to property, plant and equipment as they are part of the financing obtained in order to directly finance the construction of the commercial project and amounted to $12,661 for the three-month period ended September 30, 2018 (nil in 2017).

(B) STREAMING FACILITY AGREEMENT:

	Period ended September 30, 2018	Year ended June 30, 2018
	$	$
Stream Facility (US$75 million)	**97,620**	-
Interest expenses	**1,447**	-
Foreign exchange impact	**(532)**	-
Sub-total	**98,535**	-
Financing costs	**(5,859)**	-
Amortized financing costs capitalized to property, plant and equipment	**35**	
	92,711	-

In April 2018, the Corporation signed a Streaming Facility Agreement with Orion where the Corporation will, in exchange of US$150 million (in two tranches of US$75 millions each), sell to Orion 14.5% of its production of lithium hydroxide, lithium carbonate produced at the Shawinigan plant and sales of concentrate above the initial 300,000 tonnes expressed on a lithium carbonate equivalent ("LCE") basis (collectively, "Stream Products") at an agreed discount price.

10. LONG TERM DEBT (CONTINUED):

(B) STREAMING FACILITY AGREEMENT (CONTINUED):

Orion's purchase price paid to the Corporation under the Streaming Facility Agreement will be 40% of the sales proceeds of such Stream Products. The Corporation will act as Orion's agent in the sale of the Stream Products to third-party off-takers.

Through this arrangement, Orion will receive 60% of the sales proceeds from such Stream Products, which will result in Orion receiving a net portion of approximately 8.7% of the Stream Products sales. The maximum amount of Stream Products deliverable per year will not exceed the equivalent of 5,000 tonnes of Stream Products.

On August 23, 2018, the Corporation received the first tranche payment of US$75 million from Orion.

The second US$75 million tranche will be payable by Orion upon the satisfaction of certain technical and other customary conditions that can be satisfied until December 31, 2019. According to the current construction schedule and current budget, the Corporation expects to request this second payment in the last quarter of the current fiscal year.

The Company determined that the Streaming Facility Agreement is in substance a financial liability with an embedded derivative related to the variation of the lithium price over the project. The two financial instruments need to be presented separately on initial recognition, based on their relative fair value. Subsequently, the financial derivative will be measured at fair value at each reporting period with the change in fair value recorded in the consolidated statement of comprehensive net loss. The Corporation elected to present the debt host at amortized cost using the effective interest method and an effective rate of 17%.

The fair value of the financial derivative on initial recognition was deemed to be nil, so all the US$75 million received has been accounted for as long-term debt. There was no change in the fair value of the embedded derivative between initial recognition and September 30, 2018

For the three-month period ended September 30, 2018, the Company capitalized $1,447 (2017 - nil) of interest to Whabouchi mine and concentrator and Shawinigan site as a borrowing cost incurred during the development of the Commercial project.

In relation to this Streaming Facility Agreement, the Corporation incurred, as at September 30, 2018, financing fees amounting to $5,859 and recorded them against the long-term debt in the consolidated statements of financial position.

The Streaming Facility is secured by the universality of the Corporation’s tangible and intangible assets, present and future; and also, by the universality of the subsidiaries’ tangible and intangible assets, present and future.

10. LONG TERM DEBT (CONTINUED):

(C) UNSECURED OBLIGATION:

In November 2014, the Corporation entered into an impact and benefits agreement (the "Chinuchi Agreement") for the Whabouchi Project with the Cree Nation of Nemaska, the Grand Council of the Crees (Eeyou Istchee) and the Cree Regional Authority (together the "Cree Parties"). 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 Project. It provides for training, employment and business opportunities for the Cree during the Whabouchi Project construction, operation and closure, and sets out the principles of social, cultural and environmental respect under which the project is 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 Cree mining policy and the mining industry's best practices.

The official date for the commencement of construction was established to be August 30, 2018 (the "Official Start of Construction"), which triggered a liability of $20.5 million pursuant to the terms of the Chinuchi Agreement. Under the terms of this agreement, the Corporation will pay interest at a rate of 4.75% per annum quarterly in arrears on the principal balance amount of the liability. Principal repayments will be made quarterly, in arrears, starting on the first day of the following quarter of the Official Start of Construction. For the period ended September 30, 2018, interest of $83 was capitalized to the mineral property (Note 7).

The following table sets out the fixed amount obligation as set out in the Chinuchi Agreement:

	Period ended September 30, 2018	Year ended June 30, 2018
	$	$
Current portion of the fixed amount obligation	3,707	-
Non-current portion of the fixed amount obligation	16,792	-
	20,499	**-**

The fixed amount will be repayable in 25 installments, plus the interest accrued and payable, with each payment to be made quarterly, in arrears, on the first day following the quarter, starting October 1, 2018.

11. ASSETS RETIREMENT OBLIGATIONS:

Asset retirement obligations represent legal and contractual obligations related to the potential decommissioning of the Corporation's assets. The Corporation operates its business with a view to protecting public health and the environment.

The Corporation's has recorded asset retirement obligation for costs associated with mine reclamation and closure activities at the Whabouchi Project, on the basis of best estimates of future costs, based on information available on the reporting date. Best estimates of future costs are the amount the Corporation would reasonably pay to settle its obligation on the site closing date. Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. Such estimates are subject to change based on amendments to laws and regulations or as new events occur.

As at September 30, 2018, estimated inflation-adjusted discounted cash flows required asset retirement obligations of $1,803 ($1,053 as at June 30, 2018), using a 2.36% (1% as at June 30, 2018) inflation rate and a 2.20% (1.00% as at June 30, 2018) discount rate and assuming that the disbursements would be made in 2052. The undiscounted amount of this liability was estimated using the expected value method which is based on the restoration plan, which included contingency factor, for inflation-adjusted costs increasing to $3,746. This amount reflects the estimate of the costs related to the decommissioning of the actual assets at the Whabouchi Mine site, which is based on the approved restoration plan for a total expected cost of $9,206.

Following the approval of the restoration plan by the Ministère de l'Énergie et des Ressources Naturelles, 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, as at September 30, 2018, the Corporation has made payments totalling $6,905 covering for 75% of the restoration estimated costs. The remaining payment of $2,302, covering the remaining 25% of the restoration estimated costs, will be payable in September 2019.

The asset retirement obligations changed as follows:

	Period ended September 30, 2018	Year ended June 30, 2018
	$	$
Balance, beginning of period	**1,053**	-
Increase in liability	**747**	1,045
Accretion expense	**3**	8
	1,803	1,053

12. CONTRACT LIABILITIES:

	Period ended September 30, 2018	Year ended June 30, 2018
(A) Johnson Matthey agreement		(Restated – Note 3)
Opening balance	**14,391**	11,939
Addition	**-**	1,000
Financial expense	**388**	1,452
Ending Balance	**14,779**	14,391
(B) FMC Corporation agreement		
Opening balance	**15,264**	13,720
Financial expense	**412**	1,544
Ending Balance	**15,676**	15,264
	30,455	29,655

(A) In May 2016, the Corporation signed an agreement with Johnson Matthey Battery Materials Ltd ("JMBM") in the amount of $12,000 in exchange for services and products of the same value from the Corporation Phase 1 Plant. As at September 30, 2018, the full amount was received ($12,000 as at June 30, 2018). In the event of a default regarding the agreement between the Corporation and JMBM, the Corporation would need to reimburse the $12,000; unless the Corporation and JMBM agree on other mutual terms. In accordance with IFRS 15, the Corporation calculated, as at September 30, 2018, financial expense amounting to $2,779 using an effective interest rate of 11.25%, which represent the financing component of the amount previously received from JMBM. The financing component is as an increase to the contract liabilities in the consolidated statements of financial position. Consequently, the Corporation capitalized this amount in the property, plant and equipment (see Note 7). The financing component is capitalized because it is part of the commercial plant project.

The contract liability with JMBM is secured by the universality of tangible assets, present and future, of the Corporation's subsidiary Nemaska Lithium P1P Inc.

The contract liability with FMC Corporation is secured by part of the inventories of the Corporation's, once in production.

12. CONTRACT LIABILITIES (CONTINUED):

(B) On April 3, 2017, the Corporation (via its wholly owned subsidiary Nemaska Lithium Shawinigan Transformation Inc.) received from FMC Corporation ("FMC") an amount of $13,358 (US$10,000), 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. In the event of a default regarding the agreement between the Corporation and FMC, the Corporation would need to reimburse a total of US$10,000, unless the Corporation and FMC are able to agree on other mutual terms. In relation with this agreement, the Corporation calculated, as at September 30, 2018, financial expense amounting to $2,318 using an effective interest rate of 11.25%, which represent the financing component of the amount previously received from FMC. The financing component is recorded as an increase to the contract liabilities in the consolidated statements of financial position. Consequently, the Corporation capitalized this amount in the property, plant and equipment (see Note 7). The financing component is capitalized because they are part of the financing obtained in order to directly finance the construction of the commercial plant project.

As the completion in May 2018 of the project financing has significantly delayed the construction of its electrochemical plant, the Corporation is not in position to start delivering lithium carbonate according to the schedule in the Supply Agreement concluded with FMC. However, the parties are actively negotiating a revised schedule as well as arrangements to see that (in specs) lithium carbonate be nonetheless supplied to FMC from alternative sources under the responsibility of the Corporation, with a view to providing FMC with product while minimizing the Corporation's exposure until its electrochemical plant is in operation.

In the course of these negotiations, the Corporation had advised FMC that, in the event no agreement is reached between the parties, the Corporation might have no other option but terminating the Supply Agreement pursuant to its terms by reimbursing the US$10 million and by paying a penalty of the same amount. FMC disputes the Corporation's entitlement to terminate the Agreement in that fashion and, accordingly, filed for ICC arbitration (as per the Supply Agreement's terms) principally to have this termination right declared inapplicable, with a view to securing supply from the Corporation.

On September 25, 2018, the parties agreed on the final wording of a draft amended and restated supply agreement and, accordingly, also agreed to suspend the arbitration process under the expectation that the parties will agree on arrangements regarding alternative supply sources in the very near future.

13. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS:

(A) COMMON SHARES AND WARRANTS:

Authorized:

Unlimited number of common shares without par value

Changes in the Corporation's share capital and warrants were as follows:

	Number of warrants	Number of shares	Amount
			$
Balance as at June 30, 2017	49,117,698	376,986,505	192,210
Issuance of shares	-	443,729,011	453,776
Exercise of options	-	1,651,750	1,279
Exercise of broker units	-	3,849,197	4,771
Exercise of warrants	(19,842,875)	19,842,875	10,264
Balance as at June 30, 2018	**29,274,823**	**846,059,338**	**662,300**
Exercise of options	-	375,000	76
Balance as at September 30, 2018	**29,274,823**	**846,434,338**	**662,376**

Period ended September 30, 2018:

Between July 1, 2018 and September 30, 2018, 375,000 options were exercised by consultants at prices per share of $0.125 for a total amount of $47, which resulted in the issuance of 375,000 common shares. As a result of the options exercised, an amount of $29 was reclassified from contributed surplus to the share capital.

Year ended June 30, 2018:

Between July 1, 2017 and June 30, 2018, 1,651,750 options were exercised by officers, employees, consultants and a former board member at prices per share varying between $0.10 and $1.20 while shareholders exercised 19,842,875 warrants at an average price per share of $0.48 and brokers exercised 2,864,518 broker units, which resulted in the issuance of 3,849,197 common shares at an average price of $1.42 per share for an aggregate total issuance of 25,343,822 common shares for a total value of $16,313. As a result of the options exercised, an amount of $4,560 was reclassified from contributed surplus to the share capital and warrants.

On May 30, 2018, the Corporation completed, through a syndicate of underwriters, a Public Offering on a bought deal basis, pursuant to a prospectus supplement dated May 23, 2018 in connection with the short form base shelf prospectus of the Corporation dated March 29, 2018. This resulted in the issuance of 280,000,000 common shares at a price of $1.00 per share for aggregate gross proceeds of $280,000.

Furthermore, on May 30, 2018, the Corporation completed contemporaneously a Private Placement with Ressources Québec Inc. pursuant to which the Corporation issued 80,000,000 common shares at a price of $1.00 per share for aggregate gross proceeds of $80,000.

13. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

(A) COMMON SHARES AND WARRANTS (CONTINUED):

Year ended June 30, 2018 (continued):

Finally, on May 30, 2018, following the closing of a Public Offering, the Private Placement with Ressources Québec and the Secured Bonds financing (Note 10), these closing resulted in the conversion of 83,729,011 subscription receipts that were issued to Softbank on April 5, 2018 into 83,729,011 common shares at a price of $1.12 per share the for aggregate gross proceeds of $93,776.

In relation to these equity financings that occurred during the year, the Corporation paid financing fees amounting to $18,271 recorded in deficit in the consolidated statements of changes in shareholders' equity.

(B) COMMON SHARES PURCHASE OPTIONS:

The shareholders of the Corporation approved a share option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors and suppliers of the Corporation share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant. The acquisition conditions of share purchase options are without restriction, except for grant of share purchase options to some suppliers, namely investors' relation representatives, which are acquired at 25% each quarter.

The Plan provides that the maximum number of common shares of the Corporation that may be reserved for issuance under the Plan shall not be greater than 10% of the issued shares of the Corporation being outstanding from time to time. The aggregate number of share options granted to any one individual cannot exceed 5% of the outstanding common shares at the time of vesting and may not exceed 2% of the outstanding common shares for suppliers, namely consultants and investors relation representatives. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted. In the case an optionee leaves the Corporation, his options normally expire no later than one year following his departure, subject to the conditions established under the common share purchase option plan.

The vesting period of the share purchase options varies from immediately to up to 36 months, and the life of such options varies from two to five years.

13. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

(B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to employees, officers, directors, consultants and investors relation ("I.R.") representatives

The status of the Corporation's share purchase option plan for employees, officers, directors, consultants and I.R. representatives as at September 30, 2018 and June 30, 2018, and changes during the periods then ended were as follows:

	Period ended September 30, 2018		Year ended June 30, 2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**34,512,734**	**0.920**	16,956,150	0.70
Granted	**1,925,000**	**1.033**	20,125,000	1.08
Exercised	**(375,000)** (i)	**0.125**	(1,651,750) (ii)	0.50
Expired or cancelled	**(483,334)**	**1.309**	(916,666)	1.26
Outstanding, end of period	**35,579,400**	**0.930**	34,512,734	0.92
Options exercisable at the end of period	**21,497,740**	**0.822**	20,630,242	0.79

The total number of outstanding options represents 4.20% of the issued outstanding shares of the Corporation as at September 30, 2018 (4.08% as at June 30, 2018).

(i) The closing market price of the shares when the options were exercised on September 14, 2018 was $0.68, per share.

(ii) The closing market prices of the shares when the options were exercised on July 31, September 15, September 21, October 24, November 15, December 6, 2017, January 10, April 25, June 8 and June 11, 2018 were $1.25, $1.45, $1.41, $1.77, $1.65, $2.10, $2.19, $1.25, $0.98 and $1.00, respectively, per share.

	Period ended September 30, 2018	Year ended June 30, 2018
	$	$
The weighted average fair value of options granted during the period	**1.03**	0.56

13. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

(B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to employees, officers, directors, consultants and investors relation ("I.R.") representatives (continued)

The following table summarizes information about share purchase options granted and outstanding as at September 30, 2018:

Number of outstanding options	Number of vested options	Weighted average exercise price ($)	Expiry date
200,000	200,000	0.120	October 2018
500,000	500,000	0.125	November 2018
50,000	50,000	0.100	January 2019
150,000	150,000	0.200	January 2019
250,000	250,000	0.400	January 2019
354,500	354,500	0.920	January 2019
50,000	50,000	1.110	January 2019
150,000	150,000	0.100	May 2019
2,538,250	2,538,250	0.200	March 2020
100,000	100,000	0.200	July 2020
1,925,000	1,925,000	0.400	December 2020
4,786,650	4,786,650	0.920	April 2021
100,000	100,000	1.110	April 2021
400,000	266,668	1.100	July 2021
200,000	133,334	1.100	September 2021
300,000	200,000	1.160	September 2021
700,000	466,668	1.380	September 2021
75,000	50,000	1.410	September 2021
500,000	250,001	1.260	October 2021
75,000	37,500	1.320	October 2021
75,000	37,500	1.340	October 2021
75,000	37,500	1.370	January 2022
100,000	50,001	1.440	January 2022
75,000	37,500	1.320	March 2022
300,000	233,334	1.110	May 2022
100,000	33,334	1.190	August 2022
50,000	50,000	1.410	September 2022
100,000	16,667	1.430	October 2022
75,000	12,500	2.320	January 2023
350,000	58,333	2.390	January 2023
75,000	12,500	1.340	March 2023
18,800,000	8,360,000	1.040	May 2023
75,000	-	1.030	June 2023
75,000	-	0.850	July 2023
1,700,000	-	1.040	August 2023
150,000	-	1.040	September 2023
35,579,400	**21,497,740**	**0.93**	

13. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

(B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based payments to employees, officers, directors, consultants and investors relation ("I.R.") representatives (continued)

The fair value of options granted in accordance with the plan to employees, officers, directors, consultants and I.R. representatives was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Period ended September 30, 2018	Year ended June 30, 2018
Expected life of options	**5 years**	5 years
Expected volatility rate	**67%**	67%
Risk-free interest rate	**2.20%**	2.09%
Expected annual dividend rate	**-**	-

Compensation options to brokers

The status of the Corporation's share purchase option plan for brokers and intermediaries as at September 30, 2018 and June 30, 2018, and changes during the periods then ended were respectively as follows:

	Period ended September 30, 2018		Year ended June 30, 2018	
	Number of units	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**735,488**	**1.15**	**3,600,006**	**1.15**
Exercised	**-**	**-**	**(2,864,518) (i)**	**1.15**
Outstanding and exercisable, end of period	**735,488 (ii)**	**1.15**	**735,488 (ii)**	**1.15**

Between July 1, 2016 and June 30, 2017, an aggregate number of 3,600,006 broker units were issued, collectively entitling the holders thereof to purchase an aggregate of up to 3,600,006 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 having an exercise price of $1.50 per common share. 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. As at September 30, 2018 no options were granted or exercised.

(i) Between October 24, 2017 and January 10, 2018, a total of 2,864,518 units was exercised at exercise prices of $1.15 per unit, resulting in the issuance of 3,849,197 common shares while the closing market prices of the shares during the same period were varying between $1.76 and $2.19. These exercises resulted in the Corporation to issue a total of 2,864,518 common shares at a price of $1.15 and 984,679 common shares at a price of $1.50.

(ii) As at September 30, 2018, in addition to the outstanding and exercisable broker units, a total of 447,580 broker warrants allowing the holders to purchase 447,580 common shares are still outstanding at an exercise price of $1.50 per share and having an expiry date of July 8, 2019.

13. SHARE CAPITAL, WARRANTS AND SHARE-BASED PAYMENTS (CONTINUED):

(C) WARRANTS:

The status of the warrants as at September 30, 2018 and June 30, 2018, and changes during the periods then ended were as follows. Each warrant can be converted into one common share of the Corporation:

	Period ended September 30, 2018		Year ended June 30, 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	**29,274,823**	**1,50**	**49,117,698**	**1,10**
Exercised	**-**	**-**	**(19,842,875)** [(i)]	**0,52**
Outstanding, end of period	**29,274,823**	**1,50**	**29,274,823**	**1,50**

[(i)] Between December 6, 2017 and January 15, 2018, a total of 19,842,875 warrants were exercised at an average exercise price of $0.52 per common share, while the closing market prices of the shares during the same period were varying between $2.10 and $2.06.

The following table summarizes the information relating to the outstanding warrants as at September 30, 2018:

Number of outstanding warrants	Weighted average exercise price	Expiry date
	$	
29,274,823	1.50	July 2019
29,274,823	**1.50**	

14. COMPENSATION:

	Period ended September 30, 2018	Period ended September 30, 2017
Wages and fringe benefits expensed:	**$**	$
Wages and fringe benefits paid to key management personnel	**229**	764
Wages and fringe benefits paid to other staff employees	**470**	327
Fees paid to the members of the Board of Directors	**55**	38
	754	1,129
Wages and fringe benefits capitalized to property, plant and equipment	**1,703**	1,631

During the three-month period ended September 30, 2018, the Corporation incurred $1,344 ($346 in 2017) of share-based payments expenses, of which $1,130 ($nil in 2017) were attributed to key management personnel and nil (nil in 2017) were attributed to the members of the Board of Directors in relation with the share purchase options granted.

15. EARNINGS PER SHARE:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Corporation incurred loss and that their effect would have been anti-dilutive.

16. ADDITIONAL INFORMATION RELATED TO CASH FLOWS:

	2018	2017
Non-cash items:	**$**	$
Changes in accounts payable and accrued liabilities related to property, plant and equipment	**11,047**	76
Changes in accounts payable and accrued liabilities related to interest on the secured bonds	**4,276**	-
Changes in accounts payable and accrued liabilities related to interest on the unsecured obligation	**83**	-
Changes in accounts payable and accrued liabilities related to financing cost	**664**	-
	16 076	76
Net change in non-cash operating working capital:		
Change in inventory	**(11)**	(32)
Change in sales tax receivable	**(926)**	3 172
Change in other receivables	**5,328**	(60)
Change in prepaid expenses	**(1 242)**	(75)
Change in account payables and accrued liabilities	**(6,991)**	(872)
	(3,842)	2,133

17. CONTINGENCIES:

The Corporation's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, their impact and their duration are difficult to determine. At the present time and to the best knowledge of management, the Corporation is in conformity with the laws and regulations. Restoration costs are accrued in the financial statements only when it can be determined that a present obligation exists, resulting from the environmental consequences of the exploration activities performed on the lands, and when it can be reliably estimated. Such obligation is capitalized to the cost of the related assets at that time (see Note 11).

18. COMMITMENTS:

(A) In September 2009, the Corporation acquired a 100% interest in 16 mining claims included in the Whabouchi property and the vendors kept a 3% Net Smelter Return ("NSR") royalty on the 16 claims. The Corporation is also committed to pay another 3% NSR on four of the seven claims acquired by map designation. For an amount of $1,000, a 1% NSR royalty may be purchased once the Corporation has officially declared it is in commercial production. The Whabouchi lithium mine is located on these claims.

18. COMMITMENTS (CONTINUED):

(B) 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.

(C) The Corporation leases office space for a period of four years, from February 1, 2017 to January 31, 2021. The monthly amount of the lease is $6 for the remaining term. As at September 30, 2018, the total contractual payments remaining amount to $171.

(D) The Corporation leases office space for a period of two years, starting October 1, 2018 and up to September 30, 2020, with the option to terminate the lease after 15 months. The monthly amount of the lease is approximately $2 for the remaining term. As at September 30, 2018, the total contractual payments, assuming the lease will not be terminated before the end of the term, amounts to $45.

(E) As at September 30, 2018, the Corporation had issued $140,352 of purchases orders ($135,863 in relation to construction of property, plant and equipment and $4,489 in relation to the operating expenses).

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the current financial assets and liabilities which include cash and cash equivalents, grants and other receivables and accounts payable and accrued liabilities, approximate their fair value due to the short-term nature of these financial instruments.

The carrying amount of the restricted cash and in-trust deposits approximate their fair value due to their nature.

The following table shows the carrying amount and fair value of financial assets and liabilities, and their level in the fair value hierarchy:

	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Secured Bonds	436,663	453,075	-	453,075	-
Stream Facility agreement	92,711	97,620	-	-	97,620
Unsecured obligation	20,499	20,499	-	-	20,499

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

(i) 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:

The Corporation's interest rate risk arises from cash equivalents, restricted cash and in-trust deposits and long-term debt. Cash, restricted cash and in-trust deposits at variable rates expose the Corporation to the risk of variability in cash flows due to changes in interest rates, whereas long-term debt issued at fixed rates expose the Corporation to the risk of variability in fair value due to changes in interest rates. Cash equivalents and restricted cash bear interest at variable rates that can ranged during the period anywhere between 1.73% up to 2.04% per year, depending on the Bank of Canada overnight rate fluctuations. In relation with those items, there is limited exposure to variability in cash flows due to the fact that they are redeemable at any time.

Currency risk:

The Corporation makes certain transactions in foreign currencies mainly in US dollars, euros and Great Britain pound. The balances in the accounts payable and accrued liabilities in these foreign currencies were $4,372 (US$3,415, €27 and ₤1) as at September 30, 2018 and $499 (US$255, €45 and ₤60) as at June 30, 2018. The Corporation also held $454,300 (US$350,000) in an in-trust deposit and has long-term debt amounting to $551,920 (US$425,000) in foreign currencies. Consequently, the Corporation is exposed to foreign exchange fluctuation.

A 5% increase or decrease in the US dollar at the reporting date would have had the effect, assuming all other variables, in particular interest rates, remain constant, to increase (decrease) the value of the financial instruments denominated in US dollar by $4,881 as at September 30, 2018 (nil as at June 30, 2018).

(ii) CREDIT RISK:

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, grants and other receivables and restricted cash and in-trust deposits 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 and restricted cash and in-trust deposits 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 governments.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

RISK EXPOSURE AND MANAGEMENT (CONTINUED)

(iii) LIQUIDITY RISK AND CASH RESTRICTIONS:

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. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at September 30, 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 $421,066 in non-restricted cash and cash equivalents ($371,193 as at June 30, 2018), $3,910 in sales tax receivables ($2,984 as at June 30, 2018), $2,726 in Grants and other receivables ($8,054 as at June 30, 2018) and $380 in mining rights and tax credits receivable ($380 as at June 30, 2018) in order to meet its financial liabilities and future financial liabilities from its commitments.

The following table shows the Corporation's financial liabilities based on the contractual maturities, including any interest payable, as at September 30, 2018:

	Carrying amount	Contractual cashflows	0 to 12 months	12 to 24 months	24 to 36 months	Over 36 months
Trade and other payables	27 045	27 045	27 045	-	-	-
Secured Bonds	453 075	679 259	50 971	50 971	107 605	469 712
Stream facility agreement	97 088	316 875	-	-	13 151	303 724
Unsecured obligation	20 499	23 541	4 689	4 153	3 991	10 708
	597 707	**1 046 720**	**82 705**	**55 124**	**124 747**	**784 144**