Consolidated Condensed Interim Financial Statements (unaudited)

THREE-MONTH & NINE MONTH PERIOD ENDED

MARCH 31, 2019

450 Gare-du-Palais Street, 1st Floor
Quebec, Quebec G1K 3X2
418-704-6038

www.nemaskalithium.com

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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*	/s/ *Steve Nadeau*
Guy Bourassa, President and CEO	Steve Nadeau, Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(expressed in thousand - Unaudited)

	Note	As at, March 31, 2019	As at, June 30, 2018
			(Restated - Note 3)
ASSETS		$	$
Current Assets:			
Cash and cash equivalents		262,329	371,193
Inventory		1,474	868
Sales tax receivable		10,907	2,984
Grants and other receivables	4	675	8,054
Mining rights and tax credits receivable related to resources		380	380
Prepaid expenses		2,979	341
		278,744	383,820
Non-current Assets:			
Restricted cash and in-trust deposits	5	522,019	44,603
Deferred financing cost, prepaid interest and deposits to suppliers		68	26,958
Investments	6	6,947	10,359
Property, plant and equipment	7	447,114	176,060
Intangible assets	8	11,203	10,853
		987,351	268,833
TOTAL ASSETS		1,266,095	652,653
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		86,753	18,028
Purchase price balance payable	9	—	1,700
Current portion of long-term debt	10	3,416	—
		90,169	19,728
Non-current liabilities:			
Long-term debt	10	573,009	—
Deferred income and mining taxes		2,249	2,249
Asset retirement obligations	11	2,418	1,053
Contract liabilities	12	15,588	29,655
		593,264	32,957
Total liabilities		683,433	52,685
Equity:			
Share capital and warrants	13	662,700	662,300
Contributed surplus		20,324	16,377
Deficit		(100,362)	(78,709)
Total equity		582,662	599,968
TOTAL LIABILITIES AND EQUITY		1,266,095	652,653

Reporting entity and nature of operations (Note 1)

The notes on pages 8 to 37 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

(expressed in thousands except for loss per share - Unaudited)

	Note	Three - month periods ended March 31		Nine - month periods ended March 31	
		2019	2018	2019	2018
		$	$	$	$
EXPENSES:					
Compensation	14	1,050	1,085	2,801	3,422
Share-based expenses	14	1,393	342	4,079	965
Rent, office expense and other expenses		414	112	687	285
Depreciation and amortization expense		150	68	521	200
Registration, listing fees and shareholders' information		79	96	430	137
Promotion and advertising		19	11	98	55
Representation, missions and trade shows		213	195	641	692
Consultants fees		463	87	1,581	193
Professional fees		1,834	403	2,293	796
Operating loss		5,615	2,399	13,131	6,745
OTHER ITEMS:					
Finance income		(2,000)	(74)	(6,555)	(255)
Finance expense		264	5	285	18
Termination cost of a contract liability	12	10,414		10,414	
Loss on foreign exchange		(239)	(240)	932	171
Profit on disposition of a mining property			(7,811)		(7,811)
Change in fair value of the investments	6	(964)	1,229	3,412	2,021
		7,475	(6,891)	8,488	(5,856)
Net loss and comprehensive loss for the period		13,090	(4,492)	21,619	889
Basic and diluted loss per share		0.015	(0.014)	0.026	(0.002)
Basic and diluted weighted average number of shares		847,514	413,806	847,584	411,625

The notes on pages 8 to 37 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in thousands - Unaudited)

	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	400	(132)	—	**268**
Share issuance cost	—	—	(34)	**(34)**
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives (Note 14)	—	4,079	—	**4,079**
	662,700	**20,324**	**(78,743)**	**604,281**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**—**	**—**	**(21,619)**	**(21,619)**
Balance, as at March 31, 2019	**662,700**	**20,324**	**(100,362)**	**582,662**

	Share capital and warrants	Contributed surplus	Deficit	Total
	$	$	$	$
Balance, as at June 30, 2017	**192,210**	**10,605**	**(48,366)**	**154,449**
EQUITY FINANCING:				
Exercise of options	911	(334)	—	**577**
Exercise of warrants and broker units	15,036			**15,036**
Share issuance costs	—	—	(445)	**(445)**
OPTIONS AND WARRANTS:				
Granted to employees, officers, directors, consultants or I.R. representatives (Note 14)	—	965	—	**965**
	208,157	**11,236**	**(48,811)**	**170,582**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**—**	**—**	**(889)**	**(889)**
Balance, as at March 31, 2018	**208,157**	**11,236**	**(49,700)**	**169,693**

The notes on pages 8 to 37 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(expressed in thousands - Unaudited)

	Three - month periods ended March 31		Nine - month periods ended March 31	
	2019	2018	2019	2018
	$	$	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES:				
Net loss and comprehensive loss for the period	(13,090)	5,558	(21,619)	(889)
Adjustments for:				
Share-based expenses	1,393	342	4,079	965
Depreciation and amortization expense	150	67	521	200
Gain on disposal of investment	—	(7,811)	—	(7,811)
Change in fair value of the investment	(964)	163	3,412	2,021
Loss on foreign exchange	(101)	—	1,012	—
Net change in non-cash operating working capital (Note 16)	(18,921)	890	(28,657)	1,767
	(31,533)	**(791)**	(41,252)	**(3,747)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of shares	135	1,653	268	15,613
Proceeds from stream credit facility	—	—	97,620	—
Financing cost related to credit facilities	(31)	—	(4,193)	—
Proceeds from secured bonds credit facility	—	—	454,300	—
Deferred financing cost	—	(1,140)	—	(1,140)
Share issuance expenses	—	—	(34)	(445)
Payment of unsecured obligation	(854)	—	(1,145)	—
Proceeds from grant	1,250	—	7,382	5,515
Payment of purchase price balance payable	—	—	(1,700)	1,000
	500	**513**	552,498	**20,543**
CASH FLOWS USED IN INVESTING ACTIVITES:				
Proceed of sale of a mining property	—	250	—	250
Addition to restricted cash and in-trust deposit	—	—	(456,602)	(4,603)
Addition to property, plant and equipment	(60,293)	(12,517)	(139,589)	(56,789)
Interest paid and capitalized to property, plant and equipment	(12,769)	—	(26,067)	—
Addition to intangible assets	(186)	(398)	(688)	(969)
Addition to mining and mineral properties	—	—	—	(2)
	(73,248)	**(12,665)**	(622,946)	**(62,113)**
Net decrease in cash and cash equivalents	(104,281)	**(12,943)**	(111,700)	**(45,317)**
Unrealized foreign exchange gain on cash held in foreign currencies	(1,859)	—	2,836	—
Cash and cash equivalents, beginning of the period	368,469	34,193	371,193	66,567
Cash and cash equivalents, end of the period	262,329	21,250	262,329	21,250

Additional information related to cash flows (Note 16).

The notes on pages 8 to 37 are an integral part of these consolidated condensed interim financial statements.

(expressed in thousands, unless otherwise stated - Unaudited)

1. REPORTING ENTITY AND NATURE OF OPERATIONS:

Nemaska Lithium Inc. (the "Corporation") is a corporate entity 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 four wholly-owned subsidiaries, which are Nemaska Lithium Shawinigan Transformation Inc., Nemaska Lithium Whabouchi Mine Inc., Nemaska Lithium P1P Inc. and 11331850 Canada 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 Whabouchi mining property has economically recoverable ore reserves, pursuant to a NI-43-101 technical report (feasibility study) regarding 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 (together the "Commercial Project"). The construction and purchasing of equipment at both the Whabouchi mine (and concentrator) and the Shawinigan site are progressing based on the funds available to the Corporation. As at March 31, 2019, $190,1 million of capital expenditures have been incurred for the Whabouchi mine and concentrator and $111,4 million for the Shawinigan electrochemical plant. At this stage of construction, a cost-to-complete reassessment was performed to reflect the current level of detailed engineering and the terms of finalized agreements as well as the reception of numerous firm quotes for equipment and installation. Considering the advancement of the project and following the reassessment performed, the Corporation has a better understanding on the remaining scope of the project, estimated budget and current market conditions. The revised overall project cost reflects a more precise outlook on installation costs and other key variables to the completion of the Commercial Project. The Corporation estimated as at February 13, 2019 that additional net funds of about $375 million (the "Additional Net Funds") would be required to enable the Corporation to complete construction and this estimate was also confirmed by an independent audit performed by BBA in April 2019.

In April 2018 and May 2018, the Corporation secured the project financing package, which includes the secured bonds for proceeds of US$350 million and a US$150M streaming facility agreement of which US$75 million payment remains to be received (Note 5 Restricted cash and in-trust deposits and Note 10 - Long term debt). The Corporation needs to meet certain conditions in order to have access to the remaining funds, which are for more clarity the US$350 million related to the secured bonds and the US $75 million related to the streaming facility. In accordance with the agreements, the Corporation needs to meet the cost-to-complete test that is defined in the Bond Terms before being entitled to draw from the above proceeds raised pursuant to the bonds issue or receive the second payment of the stream facility. As additional funds are required to complete construction and commissioning, and/or in the event that the above credit facilities should become unavailable to complete such construction and commissioning of the Commercial Project, the Corporation will need to halt the project. Considering the February 2019 estimated cost to complete the Commercial Project, the above financings are therefore subject to the Corporation being able to successfully close on a timely manner the Additional Net Funds required for the Commercial Project. On this matter, the Corporation is evaluating several options and alternatives, including but not limited to common stock, preference shares, debt instruments permitted under the stream and the senior secured bonds, other sources of funds and M&A alternatives, that would enable existing and/or new shareholders and/or project partners to participate in the required Additional Net Funds financing.

(expressed in thousands, unless otherwise stated - Unaudited)

1. REPORTING ENTITY AND NATURE OF OPERATIONS (CONTINUED):

The Corporation is subject to a number of risks and uncertainties and there is no guarantee that the Corporation will raise such required Additional Net Funds to provide sufficient liquidity to complete the Commercial Project and therefore provide access to the US$350 million in-trust and to the second US$75M tranche payment of the streaming facility. If the Corporation is unable to close the Additional Net Funds that are required to meet the cost-to-complete test for the Commercial Project, the Corporation would become in default of the facilities covenants and the secured bonds proceeds along with the second tranche of the stream could become unaccessible; the Corporation could then be in a position where it could have to pay significant penalties and have to reimburse the first tranche of the streaming facility.

The preparation of the consolidated 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 future periods affected. Considering the additional financing required to meet the cost-to-complete test for the Commercial Project, management re-assessed whether their evaluation of the recoverability of assets and the valuation of the embedded derivatives and the liquidity requirements for the payments under the Streaming Facility needed to be adjusted. As at the date of these unaudited consolidated condensed interim financial statements, management concluded that no adjustments were deemed necessary. These assessments may have to be revalued in the future based on the then facts and circumstances or following the issuance of the updated NI 43-101 technical report (2019 feasibility study update).

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.

On May 15, 2019, 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 and share based payment 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, unless otherwise stated.

(expressed in thousands, unless otherwise stated - Unaudited)

2. BASIS OF PREPARATION (CONTINUED):

(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 ,except for the following:

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Corporation uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at initial recognition and at the end of each reporting period. Refer to Note 19 for further details on the methods and assumptions utilized.

Impairment and reversal of impairment assessment of non-financial assets

Key sources of estimation uncertainty

Management's assumptions and estimates of future cash flows used in the Corporation's impairment assessment of non-financial assets are subject to risk and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Corporation's control.

If an indication of impairment or reversal of a previous impairment charge exists, an estimate of the CGU's recoverable amount is calculated. The recoverable amount is based on the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU") using a discounted cash flow method taking into account assumptions that would be made by market participants, unless there is a market price available based on a recent purchase or sale of a mine integrated with an industrial complex. Cash flows cover periods up to the date that mining is expected to cease, which depends on a number of variables including recoverable mineral reserves and resources, expansion plans and the forecasted selling prices for such production.

Judgments made in relation to accounting policies

Both internal and external sources of information are required to be considered when determining whether there is any indication of impairment or that a previous impairment has reversed. Judgment is required around adverse changes in the business climate which may be indicators for impairment such as a significant decline in the asset's market value, decline in resources and/or reserves as a result of geological re-assessment or change in timing of extraction of resources and/or reserves which would result in a change in the discounted cash flow obtained from the site, and lower metal or product prices or higher input cost prices than would have been expected since the most recent valuation of the site. Judgment is also required when considering whether significant positive changes in any of these items indicate a previous impairment may have reversed.

Judgment is required to determine whether there are indications that the carrying amount of the Commercial Project is unlikely to be recovered in full from successful development of the project or by sale. Judgment is also required when considering whether significant positive changes indicate that a previous impairment of assets may have reversed.

(expressed in thousands, unless otherwise stated - Unaudited)

2. BASIS OF PREPARATION (CONTINUED):

(D) USE OF ESTIMATES AND JUDGMENTS (CONTINUED):

Going concern

The assessment of the Corporation's ability to fund its future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The Corporation believes that it will be able to fund its capital expenditures requirements and meet its cash flow requirements for the next 12-months. This determination, however, could be impacted by future economic, financial and competitive factors as well as other future events that are beyond the Corporation's control. If the Corporation is not able to raise the Additional Net Funds required to complete the construction and commissioning of the Commercial Project, the Corporation will be in default of its long term debt facilities and the lenders could exercise their rights to demand repayment of the balances owed; thereafter, there could be doubt about the Corporation's ability to continue as a going concern and its capacity to realize the carrying value of its assets and repay its existing and future obligations as they generally become due. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

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 Expenses Transactions **(Amendments to IFRS 2)**

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Expense*, clarifying how to account for certain types of share-based expenses 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 expenses; share-based expense transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based expense 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.

(expressed in thousands, unless otherwise stated - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

IFRS 9 *Financial Instruments (continued)*

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.

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
Embedded derivative	Fair value through profit and loss	Fair value through profit and loss

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 and 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 and comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or to the carrying amount of the financial asset at the date the impairment is reversed as long as it does not exceed what the amortized cost would have been, had the impairment not been recognized, after the reversal.

(expressed in thousands, unless otherwise stated - Unaudited)

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.

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

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

(expressed in thousands, unless otherwise stated - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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.

(expressed in thousands, unless otherwise stated - Unaudited)

4. GRANTS AND OTHER RECEIVABLES:

	Period Ended March 31, 2019	Year Ended June 30, 2018
	$	$
Grants receivable (see table below)	—	7,382
Other receivables	54	96
Accrued interest	621	576
	675	8,054

Grantors	Granted	Received	Balance available	Period Ended March 31, 2019	Year Ended June 30, 2018
	$	$	$	$	$
Sustainable Development Technology Canada program (SDTC)	12,870	11,583	1,287	—	2,732
Technoclimat program	3,000	2,550	450	—	900
Transition Energétique du Québec (TEQ)	5,000	3,750	1,250	—	3,750
	20,870	**17,883**	**2,987**	**—**	**7,382**

The difference between the total grants balance available and the grants receivable for the nine month period ended March 31, 2019 is not included in the Grants and other receivable because the Corporation has not yet fulfilled all its obligations in respect of these grant agreements and will record the balances still available when earned.

(expressed in thousands, unless otherwise stated - Unaudited)

5. RESTRICTED CASH AND IN-TRUST DEPOSIT:

	Period Ended March 31, 2019	Year Ended June 30, 2018
	$	$
Project cost overrun account (Note 10 (A))	**40,000**	40,000
In-trust deposit related to restoration cost (Note 11)	**6,905**	4,603
In-trust deposit related to Secured Bonds (350MUSD) (Note 10)	454,300	—
Foreign exchange impact	13,405	—
Interest portion which was recorded against capitalized interest and financing cost to property, plant and equipment as the in-trust account must be used in the construction of the commercial plant. (note 7)	7,409	—
	475,114	—
	522,019	44,603

6. INVESTMENTS:

Issuer	Symbol	Number of shares	Closing price March 31, 2019	Closing price June 30, 2018	Fair value March 31, 2019	Fair value June 30, 2018	Change in fair value March 31, 2019	Change in fair value March 31, 2018
			$	$	$	$	$	$
Monarques Gold Corporation	MQR	15,849,455	0.320	0.275	5,072	4,359	713	79
Vision Lithium Inc.	VLI	15,000,000	0.125	0.400	1,875	6,000	(4,125)	(2,100)
Total					**6,947**	10,359	**(3,412)**	(2,021)

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 €10 million 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 redeemable at cost plus an agreed-upon interest rate once all the conditions related to the agreement are fulfilled.

As at March 31, 2019 and June 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.

(expressed in thousands, unless otherwise stated - Unaudited)

7. PROPERTY, PLANT AND EQUIPMENT:

					UNDER CONSTRUCTION			
	Land	Vehicle	Office and computer	Phase 1 Plant	Whabouchi mine and concentrator	Shawinigan site	Mineral property	**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 (Note 11)	—	—	—	—	1,053	—	—	**1,053**
Grants applied to work in process	—	—	—	(1,611)	(3,750)	—	—	**(5,361)**
Capitalized depreciation (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	—	112	39	7,574	104,776	91,242	—	**203,743**
Asset retirement obligations (Note 11)	—	—	—	—	1,365	—	—	**1,365**
Unsecured obligation	—	—	—	—	—	—	20,498	**20,498**
Capitalized depreciation (Note b below)	—	—	—	—	—	9,387	—	**9,387**
Capitalized interest and financing cost, net of interest income on in-trust deposit	—	—	—	—	4,622	38,211	552	**43,385**
Capitalized finance expenses on contract liabilities (Note 12)	—	—	—	—	—	2,246	—	**2,246**
Balance as at March 31, 2019	**100**	**205**	**1,058**	**44,134**	**196,440**	**191,041**	**45,193**	**478,171**
Depreciation								
Balance as at June 30, 2017	—	33	158	7,069	—	—	—	**7,260**
Depreciation for the year (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	—	26	157	9,387	—	—	—	**9,570**
Balance as at March 31, 2019	**—**	**79**	**514**	**30,464**	**—**	**—**	**—**	**31,057**
Carrying amounts								
As at June 30, 2018	**100**	**40**	**662**	**15,483**	**85,677**	**49,955**	**24,143**	**176,060**
As at March 31, 2019	**100**	**126**	**544**	**13,670**	**196,440**	**191,041**	**45,193**	**447,114**

(expressed in thousands, unless otherwise stated - Unaudited)

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 (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 Shawinigan site commercial plant project and will continue to be capitalized until commercial production begins.

Impairment of non-financial assets

Due to the assessment announced on February 13, 2019 that Additional Net Funds of about $375 million is required to enable the Corporation to complete construction and commissioning of the Commercial Project and to the fact that the carrying amount of the Corporation's net assets exceeds its market capitalization as at March 31, 2019, the Corporation concluded that the assets of the Commercial Project had to be tested for an impairment. The Corporation concluded that the Whabouchi mine and the Shawinigan electrochemical plant are included in the same cash generating unit (“CGU”) with a total net carrying amount of approximately $269 million as at March 31, 2019. It was determined that there is no active market for the spodumene concentrate that will be produced at the Whabouchi mine mostly because: i) steady, reliable and good quality hard rock homogeneous Li2O 6% spodumene concentrate is hard to find and that the main producers are located in Australia; ii) almost all of the buyers of spodumene concentrate and conversion facilities are located in mainland China; and iii) the prices for spodumene concentrate are most often not publicly available and the commodity is not listed on any metal exchange, as is the case for gold or copper for example.

The measurement basis that was used to determine the recoverable amount is fair value less costs to sell.

The Corporation concluded that the recoverable amount of the CGU was higher than its carrying amount as at March 31, 2019. As a result, no impairment was recognized.

The recoverable amount of the CGU was determined by using an estimated future cash flow projections with an average sale price of US$14,000 per ton of lithium hydroxide, an inflation rate of 2% on all costs and an after-tax discount rate of 18.75% that reflects current market assessments of the time value of money and the risks specific to these assets.

The assumptions used above for the estimated future cash flows are based on management’s best estimates as at March 31, 2019 and may change significantly in the future, based on potential changes in the lithium industry such as the price of lithium hydroxide, currency fluctuations between the Canadian and US dollars, interest rates, inflation rate, the Corporation's potential requirement to pay significant penalties and have to reimburse the first tranche of the streaming facility should the Corporation become in default of the facilities covenants and any other event beyond management’s control that may affect the global economy. The estimated recoverable amounts may therefore differ significantly from actual future recoverable amounts.

As at March 31, 2019, the Corporation also determined that there were no material events or changes in circumstances indicating that the carrying amount of its other non-current assets may not be recoverable. As such, no other impairment losses were recognized during the nine-month period ended March 31, 2019 (nil in 2018).

(expressed in thousands, unless otherwise stated - Unaudited)

8. INTANGIBLE ASSETS:

	Intellectual property	Software	**Total**
	$	$	**$**
Cost			
Balance as at June 30, 2017	8,361	628	**8,989**
Additions during the year	439	1,505	**1,944**
Balance as at June 30, 2018	8,800	2,133	**10,933**
Additions during the period	467	221	**688**
Balance as at March 31, 2019	**9,267**	**2,354**	**11,621**
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	—	338	**338**
Balance as at March 31, 2019	**0**	**418**	**418**
Carrying amounts			
As at June 30, 2018	**8,800**	**2,053**	**10,853**
Balance as at March 31, 2019	**9,267**	**1,936**	**11,203**

9. PURCHASE PRICE BALANCE PAYABLE:

The Corporation had 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 March 31, 2019, the purchase price balance payable amounted to nil ($1,700 as at June 30, 2018).

(expressed in thousands, unless otherwise stated - Unaudited)

10. LONG TERM DEBT:

	Period Ended March 31, 2019	Year Ended June 30, 2018
	$	$
Secured Bonds (Note 10 (A))	453,035	—
Stream Facility Agreement (Note 10 (B))	104,037	—
Unsecured obligation (Note 10 (C))	19,353	—
	576,425	—
Current portion of long-term debt	3,416	—
Long-term debt	573,009	—

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 totaling $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 March 31, 2019	Year Ended June 30, 2018
	$	$
Balance, at inception (US$350 million)	454,300	—
Foreign exchange impact	13,405	—
Balance, end of period	467,705	—
Financing costs	(16,794)	—
Amortized financing costs capitalized to property, plant and equipment	2,124	—
	453,035	—

The Secured Bonds issued in the aggregate principal amount of US$350 million ($454,3 million) are USD-denominated with a maturity date of May 30, 2023, unless called by the Corporation prior to maturity, and bear interest at a rate of 11.25% per annum. Interest is payable quarterly and in arrears on the relevant interest payment dates in February, May, August and November of each year, commencing on August 30, 2018. In accordance with the Secured Bonds, the Corporation must maintain a total equity to total asset ratio of at least 30%, a total current assets to total current liabilities ratio of 1:1 and maintain a minimum liquidity of US$ 30 million. The latter minimum liquidity requirements is covered by taking into account the cash and cash equivalents and also the US$350,000 restricted cash related to the Secured Bonds. The covenants related to the secured bonds were met as of March 31, 2019.

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 favor 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.

(expressed in thousands, unless otherwise stated - Unaudited)

10. LONG TERM DEBT (CONTINUED):

(A) SECURED BONDS (CONTINUED):

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.

In order to draw from the trust account, conditions precedent are required to be met. The Corporation has to satisfy various customary conditions precedent prior to each drawdown request for funds, including obtaining from an independent engineer representing the secured bondholders, a "cost to complete test", as defined in the Bonds Terms. The Corporation is required to make a minimum of three drawdowns and can make such requests up until June 2021. In addition to customary conditions to this type of Bonds, the Corporation needs to have invested in the Commercial Project a minimum of $389 million from the equity it raised in May 2018 and also have received and invested the total proceeds of the Stream Facility before it can start making drawdown requests. As at March 31, 2019, the Corporation had not yet met the conditions to drawdown. According to the schedule of disbursement of the Commercial Project, taking into consideration the status of the Commercial Project and the most recent information available to the Corporation, management determined that the Corporation is not, as at March 31, 2019, in a position to satisfy the "cost to complete test" as defined under the Bonds Terms (Note 1).

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 under the Secured Bonds 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 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 $42,833 for the nine-month period ended March 31, 2019 (nil in 2018). As at March 31, 2019, interests payable amounting to $4,385 are recorded in accounts payable and accrued liabilities in the consolidated statements of financial position.

(expressed in thousands, unless otherwise stated - Unaudited)

10. LONG TERM DEBT (CONTINUED):

(B) STREAMING FACILITY AGREEMENT:

	Period Ended March 31, 2019	Year Ended June 30, 2018
	$	$
Stream Facility (US$75 million)	97,620	—
Interest expenses	9,534	—
Foreign exchange impact	2,603	—
Sub-total	109,757	—
Financing costs	(5,860)	—
Amortized financing costs capitalized to property, plant and equipment	140	—
	104,037	—

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 discounted price.

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 must be satisfied before December 31, 2019. Subject to obtaining additional net funds of about $375 million on a timely manner, the Corporation could be in a position to request this second payment before December 31, 2019. However, if there is a significant delay in obtaining the additional net funds that prevents the Corporation to be in a position to satisfy the "cost to complete test" as defined in the Bond Terms, the payment of the second tranche could be delayed or not even obtained by the Corporation and the first tranche could have to be repaid.

The Corporation 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 and the prepayment option. The two financial instruments need to be presented separately on initial recognition, based on their relative fair value. Subsequently, the financial derivative is 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, thus the US$75 million received has been accounted for as long-term debt.

(expressed in thousands, unless otherwise stated - Unaudited)

10. LONG TERM DEBT (CONTINUED):

(B) STREAMING FACILITY AGREEMENT (CONTINUED):

The fair value of the embedded derivative as at March 31, 2019 is nil (Note 19) (June 30, 2018 - nil) and any future change in fair value will be recorded under Change in fair value of embedded derivative in the consolidated statement of comprehensive net loss.

For the nine-month period ended March 31, 2019, the Company capitalized $9,534 (June 30, 2018 - 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 financing fees amounting to $5,860 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. However, this security will be ranked second, after the Secured Bonds once the Corporation will have started to drawdown on them.

(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 Crees 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 $20,498 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, along with related interest, will be made in an estimated 25 quarterly installments, in arrears, starting on the first day of the following quarter of the Official Start of Construction. For the nine-month period ended March 31, 2019, interest of $552 was capitalized to the mineral property (Note 7). As at March 31, 2019, interests payable amounting to $230 are recorded in accounts payable and accrued liabilities in the consolidated statements of financial position. For the nine-month period ended March 31, 2019, the Corporation has made payment of $1,145 plus interest of $323 in relation to this obligation. The Corporation also made during the first week of April 2019 a payment of $1,084, including interest in relation to this obligation.

(expressed in thousands, unless otherwise stated - Unaudited)

10. LONG TERM DEBT (CONTINUED):

(C) UNSECURED OBLIGATION (CONTINUED):

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

	Period Ended March 31, 2019	Year Ended June 30, 2018
	$	$
Unsecured obligation	20,498	—
Payment of unsecured obligation	1,145	—
Balance, end of period	19,353	—
Current portion of the fixed amount obligation	3,416	—
Non-current portion of the fixed amount obligation	15,937	—

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 March 31, 2019, estimated inflation-adjusted discounted cash flows required asset retirement obligations of $2,418 ($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 ($1,463 as at June 30, 2018). 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 March 31, 2019, the Corporation has made payments totalling $6,905 covering for 75% of the restoration estimated costs. The remaining payment of $2,301, covering the remaining 25% of the restoration estimated costs, will be payable in September 2019.

(expressed in thousands, unless otherwise stated - Unaudited)

11. ASSETS RETIREMENT OBLIGATIONS (CONTINUED):

The asset retirement obligations changed as follows:

	Period Ended March 31, 2019	Period Ended June 30, 2018
	$	$
Balance, beginning of period	1,053	—
Increase in liability	1,289	1,045
Accretion expense	76	8
	2,418	1,053

12. CONTRACT LIABILITIES:

	Period ended March 31, 2019	Year ended June 30, 2018 (Restated – Note 3)
(A) Johnson Matthey agreement	$	$
Opening balance	14,391	11,939
Addition	—	1,000
Financial expense	1,197	1,452
Ending Balance	15,588	14,391
(B) Livent Corporation (previously referred to as FMC Corporation) agreement		
Opening balance	15,264	13,720
Financial expense	1,049	1,544
Termination cost	10,414	—
Contract cancellation	(26,727)	—
Ending Balance	—	15,264
Cumulative Ending Balance	15,588	29,655

(A) In May 2016, the Corporation signed an agreement with Johnson Matthey Plc ("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 March 31, 2019, 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 March 31, 2019, financial expense amounting to $3,587 using an effective interest rate of 11.25%, which represent the financing component of the amount previously received from JMBM. The financing component is 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 (Note 7). The financing component is capitalized because it is part of the Commercial Project.

(expressed in thousands, unless otherwise stated - Unaudited)

12. CONTRACT LIABILITIES (Continued):

On March 27, 2019, the Corporation signed a modified and expanded existing long-term supply agreement for battery grade lithium hydroxide with Johnson Matthey Plc. Under this amended agreement, the Corporation agrees to supply Johnson Matthey, on a take-or-pay basis and through its wholly-owned subsidiary Nemaska Lithium Shawinigan Transformation Inc., a total of 61,000 tonnes of lithium hydroxide produced at the Corporation's commercial plant in Shawinigan, for an initial 10-year supply period scheduled to start in 2021. The Corporation is entitled, if ever necessary, to reschedule the commencement of the supply period within certain parameters set out in the agreement and based on the anticipated commissioning, ramping up and production start date for the Shawinigan plant. The amendment to the agreement did not have any impact on the contract liabilities as at March 31, 2019 but will impact the financing component prospectively.

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.

(B) On April 3, 2017, the Corporation (via its wholly owned subsidiary Nemaska Lithium Shawinigan Transformation Inc.) received from Livent Corporation ("Livent") 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 Livent, the Corporation would need to reimburse a total of US$10,000, unless the Corporation and Livent are able to agree on other mutual terms. In relation with this agreement, the Corporation calculated, as at February 17, 2019, financial expense amounting to $(13,358) using an effective interest rate of 11.25%, which represent the financing component of the amount previously received from Livent. 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 (Note 7). The financing component is capitalized because this supply agreement is directly linked to the commercial plant project.
In the course of these negotiations, the Corporation had advised Livent that, in the event no agreement was to be 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. On February 18, 2019, despite good faith negotiations, the Corporation was unable to reach a mutually satisfactory outcome with Livent. As a result, the Corporation had no choice but to exercise its contractual rights to terminate the Supply Agreement.

An amount of $26,727 was recorded in the current liabilities under accounts payable and accrued liabilities. As at the date of issuance of these unaudited consolidated condensed interim financial statements, this amount has been disbursed into an escrow account, for the benefit of Livent, during the arbitration process or until Livent removes the hypothec security it has over part of the inventories of the Corporation's, once in production.

(expressed in thousands, unless otherwise stated - Unaudited)

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

(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		1,525,000	400
Balance as at March 31, 2019	**29,274.823**	**847,584.338**	**662,700**

Period ended March 31, 2019:

Between July 1, 2018 and March 31, 2019, 1,525,000 options were exercised by employees, consultants and a former board member at prices per share varying between $0.100 and $0.400 for a total amount of $268, which resulted in the issuance of 1,525,000 common shares. As a result of the options exercised, an amount of $132 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 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.

(expressed in thousands, unless otherwise stated - Unaudited)

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

(A) COMMON SHARES AND WARRANTS (CONTINUED):

Year ended June 30, 2018 (continued):

Finally, on May 30, 2018, the closing of a Public Offering of the Private Placement with Ressources Québec and of the Secured Bonds financing (Note 10), 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 for aggregate gross proceeds of $93,776

In relation to these equity financings that occurred during the year ended June 30, 2018, 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 investor relations 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 investor relations 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 can be up to five years.

(expressed in thousands, unless otherwise stated - Unaudited)

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

(B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based expenses 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 March 31, 2019 and June 30, 2018, and changes during the periods then ended were as follows:

	Period Ended March 31, 2019			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		0.700
Granted	4,700,000		1.037	20,125,000		1.080
Exercised	(1,525,000)	(i)	0.176	(1,651,750)	(ii)	0.500
Expired or cancelled	(887,834)		1.142	(916,666)		1.260
Outstanding, end of period	36,799,900		0.950	34,512,734		0.920
Options exercisable at the end of period	23,294,907		0.883	20,630,242		0.790

The total number of outstanding options represents 4.34% of the issued outstanding shares of the Corporation as at March 31, 2019 (4.08% as at June 30, 2018).

(i) The closing market price of the shares when the options were exercised on September 14, October 11, October 15, October 19, November 20, 2018 and January 14, 2019 was $0.68, $0.73, $0.78, $0.73, $0.80 and $0.70 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 March 31, 2019	Year Ended June 30, 2018
	$	$
The weighted average fair value of options granted during the period	0.40	0.56

(expressed in thousands, unless otherwise stated - Unaudited)

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

(B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based expenses 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 March 31, 2019:

Number of outstanding options	Number of vested options	Weighted average exercise price ($)	Expiry date
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	333,334	1.100	July 2021
200,000	166,667	1.100	September 2021
300,000	250,000	1.160	September 2021
700,000	583,334	1.380	September 2021
75,000	62,500	1.410	September 2021
500,000	333,334	1.260	October 2021
75,000	50,000	1.320	October 2021
75,000	50,000	1.340	October 2021
75,000	50,000	1.370	January 2022
100,000	66,668	1.440	January 2022
75,000	50,000	1.320	March 2022
300,000	250,001	1.110	May 2022
100,000	50,001	1.190	August 2022
50,000	50,000	1.410	September 2022
100,000	33,334	1.430	October 2022
75,000	25,000	1.340	March 2023
18,800,000	10,970,000	1.040	May 2023
75,000	12,500	1.030	June 2023
75,000	12,500	0.850	July 2023
1,700,000	283,334	1.040	August 2023
75,000	12,500	1.040	September 2023
375,000	—	1.040	October 2023
75,000	—	1.040	November 2023
425,000	—	1.400	November 2023
75,000	—	1.040	December 2023
1,600,000	—	1.040	January 2024
475,000	—	1.040	February 2024
250,000	—	1.040	March 2024
36,799,900	**23,294,907**	**0.950**	

(expressed in thousands, unless otherwise stated - Unaudited)

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

(B) COMMON SHARES PURCHASE OPTIONS (CONTINUED):

Share-based expenses 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 March 31, 2019	Year Ended June 30, 2018
Expected life of options	5 years	5 years
Expected volatility rate	66%	67%
Risk-free interest rate	2.10%	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 March 31, 2019 and June 30, 2018, and changes during the periods then ended were respectively as follows:

	Period Ended March 31, 2019		Year Ended June 30, 2018	
	Number of units	Weighted average exercise price	Number of options	Weighted average exercise
		$		$
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 March 31, 2019 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 March 31, 2019, 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.

(expressed in thousands, unless otherwise stated - Unaudited)

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

(C) WARRANTS:

The status of the warrants as at March 31, 2019 and June 30, 2018, and changes during the periods then ended were as follows. Each outstanding warrant can be converted into one common share of the Corporation until their expiry date of July 8, 2019:

	Period Ended March 31, 2019		Year Ended June 30, 2018		
	Number of warrants	Weighted average exercise	Number of warrants		Weighted average exercise
		$			$
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.

14. COMPENSATION:

	Three - month period ended March 31		Nine - month periods ended March 31	
Wages and fringe benefits expensed:	**2019**	**2018**	**2019**	**2018**
	$	$	$	$
Paid to key management personnel	**393**	546	**945**	1,692
Paid to other staff employees	**514**	498	**1,576**	1,616
Paid to members of the Board of Directors	**143**	41	**280**	114
	1,050	**1,085**	**2,801**	**3,422**

Other informations:				
Wages and fringe benefits capitalized to property, plant and equipment	**3,161**	1,834	**7,408**	4,730
Share-based expenses				
Share-based expenses key personnel	**624**	57	**2,547**	205
Share-based expenses to other staff employees	**769**	285	**1,532**	760
	1,393	342	**4,079**	965

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.

(expressed in thousands, unless otherwise stated - Unaudited)

16. ADDITIONAL INFORMATION RELATED TO CASH FLOWS:

	Three - month period ended March 31		Nine - month periods ended March 31	
	2019	2018	2019	2018
Non-cash items:	$	$	$	$
Changes in accounts payable and accrued liabilities related to property, plant and equipment	37,076	103	64,154	—
Changes in accounts payable and accrued liabilities related to interest on the secured bonds	4,385	—	4,385	—
Changes in accounts payable and accrued liabilities related to interest on the unsecured obligation	230	—	230	—
Changes in accounts payable and accrued liabilities related to financing cost	(1)	—	(900)	—
	41,690	103	67,869	—
Net change in non-cash operating working capital:				
Change in inventory	23	63	(607)	191
Change in sales tax receivable	111	(373)	(7,923)	3,354
Change in other receivables	(691)	(1,881)	7,378	204
Change in prepaid expenses	229	1,115	(2,638)	(27)
Change in account payables and accrued liabilities	(18,593)	1,966	(24,867)	(1,955)
	(18,921)	890	(28,657)	1,767

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 (Note 11).

18. COMMITMENTS:

(A) In September 2009, the Corporation acquired a 100% interest in 18 mining claims included in the Whabouchi property and the vendors kept a 3% Net Smelter Return ("NSR") royalty on the 18 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.

(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 March 31, 2019, the total contractual payments remaining amount to $134.

(expressed in thousands, unless otherwise stated - Unaudited)

18. COMMITMENTS (CONTINUED):

(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 March 31, 2019, the total contractual payments, assuming the lease will not be terminated before the end of the term, amounts to $34.

(E) As at March 31, 2019, the Corporation had issued $171,798 of purchase orders ($166,989 in relation to property, plant and equipment and $4,809 in relation to intangible assets and operating activities). These purchase orders generally include clauses that can allow the Corporation to suspend or delay such purchase orders if certain conditions are met in order to adapt to the then pace of construction and/or operation.

(F) The Corporation leases eight apartments for travelers workers from April to June 2019. The total monthly amount is $6 and total remaining is $18.

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	453,035	467,705	—	467,705	—
Stream Facility agreement	104,037	110,186	—	—	110,186
Unsecured obligation	19,353	19,353	—	—	19,353

Valuation techniques

Embedded derivative

Following the announcement of a slower construction pace, the management has incorporated different assumptions, such as the product mix, in its valuation model of the embedded derivative related to the Stream Facility and evaluated that the fair value of the embedded derivative as at March 31, 2019 is nil. The valuation is based on the discounted cash flows at the market rate of interest to determine the present value of the option. Key inputs used in the valuation include the expected future prices of lithium, the expected delivery schedule, the expected mix of products and the credit spread. Valuation of the embedded derivative is therefore classified within Level 3 of the fair value hierarchy.

Under the current accounting standards, the Corporation is required to perform a sensitivity analysis on the impact of delays in the delivery schedule. A one month and three months delay in the expected delivery schedule at the reporting date would increase significantly the outflows towards the end of the project resulting, assuming all other variables remain constant, to credit the value of the embedded derivative and debit the equity by only a nominal amount on a discounted basis as at March 31, 2019 (nil as at June 30, 2018), but which would represent additional undiscounted cash outflows of $16,370 and $56,125, respectively, to be paid under the Stream Facility throughout the life of the Stream Agreement.

(expressed in thousands, unless otherwise stated - Unaudited)

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities at amortized cost (Secured bonds, Stream Facility and Unsecured obligation)

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

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 ,long-term debt and stream facility. 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 and stream facility 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 bears interest at variable rates that can range during the period anywhere between 1.98% and 2.31% per year, depending on the Bank of Canada overnight rate fluctuations.

For example, a 1% increase or decrease in the interest rate at the reporting date would have had the effect, assuming all other variables remain constant, to either decrease or increase the fair value of the financial instruments issued at fixed rates and the equity by $589 as at March 31, 2019 (nil as at June 30, 2018).

In relation with financial instruments issued at variable rates, 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. Consequently, the Corporation is exposed, to a certain level, to foreign exchange fluctuation. For example, a 5% increase or decrease in the US dollar at the reporting date would have had the effect, assuming all other variables remains constant, in particular interest rates, to increase or decrease the value of the financial instruments denominated in US dollar and the equity by $1,743 as at March 31, 2019 ($425 as at June 30, 2018).

	March 31, 2019		June 30, 2018	
	USD Value	CAD Value	USD Value	CAD Value
Cash and Cash Equivalent	44,079	58,903	6,196	8,159
In-trust deposit including interest	355,544	475,114	—	—
Account payables and accrued liabilities	709	947	255	336
Secured bonds	350,000	467,705	—	—
Stream facility agreement	75,000	100,223	—	—

(expressed in thousands, unless otherwise stated - Unaudited)

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

RISK EXPOSURE AND MANAGEMENT (CONTINUED)

(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.

(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 March 31, 2019, 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 $262,329 in non-restricted cash and cash equivalents ($371,193 as at June 30, 2018), $10,907 in sales tax receivables ($2,984 as at June 30, 2018), $675 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 March 31, 2019:

	Carrying Amount	Contractual cashflows	0 to 12 months	12 to 24 months	24 to 36 months	Over 36 months
	$	$	$	$	$	$
Trade and other payables	86,753	86,753	86,753	—	—	—
Secured Bonds	467,705	686,410	42,656	51,188	51,188	541,378
Stream facility agreement	104,037	274,750	—	—	15,750	259,000
Unsecured obligation	19,353	23,541	5,318	4,072	3,910	10,241
	677,848	1,071,454	134,727	55,260	70,848	810,619

(IV) COMMODITY PRICE RISK:

The Corporation is subject to commodity price risk from fluctuations in the market prices for lithium salts and spodumene concentrate. Commodity prices risks are affected by many factors that are outside the Corporation's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of lithium compounds substitutes, inflation, political and economic conditions. The Company has not hedged the price of any commodity at this time.

(expressed in thousands, unless otherwise stated - Unaudited)

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

RISK EXPOSURE AND MANAGEMENT (CONTINUED)

***(IV)* COMMODITY PRICE RISK (CONTINUED):**

The fair value of the embedded derivative related to the stream facility which is accounted for at fair value through profit or loss is impacted by fluctuations of commodity prices.

A 10% increase in the lithium hydroxide price at the reporting date would have had the effect, assuming all other variables remains constant, in particular interest rates, to decrease by $38,118 the total cash flow paid in relation with the Stream Facility and the value effect of the embedded derivative would be nil as at March 31, 2019 (nil as at June 30, 2018).

A 10% decrease in the lithium hydroxide and lithium carbonate prices at the reporting date would have had the effect, assuming all other variables remains constant, in particular interest rates, to increase by $176,091 the total cash flow paid in relation with the Stream Facility and the value effect would be to credit the embedded derivative and debit the equity by $97 as at March 31, 2019 (nil as at June 30, 2018).

20. SUBSEQUENT EVENTS

LEASING

(a) The wholly-owned subsidiary of the Corporation, Nemaska Lithium Whabouchi Mine Inc., signed with Komatsu International (Canada) Inc. a lease agreement for the mining mobile equipment. The monthly payment will be $213 beginning in May 2019. The total capital amount of the lease is $12,001, and the main terms of the lease are for a 60 months term having an annual interest percentage rates varying from 2.49% to 6.10%, depending on the equipment. The lease is guaranteed by the Corporation and is also secured by the leased equipment.