



NOUVEAU MONDE GRAPHITE

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

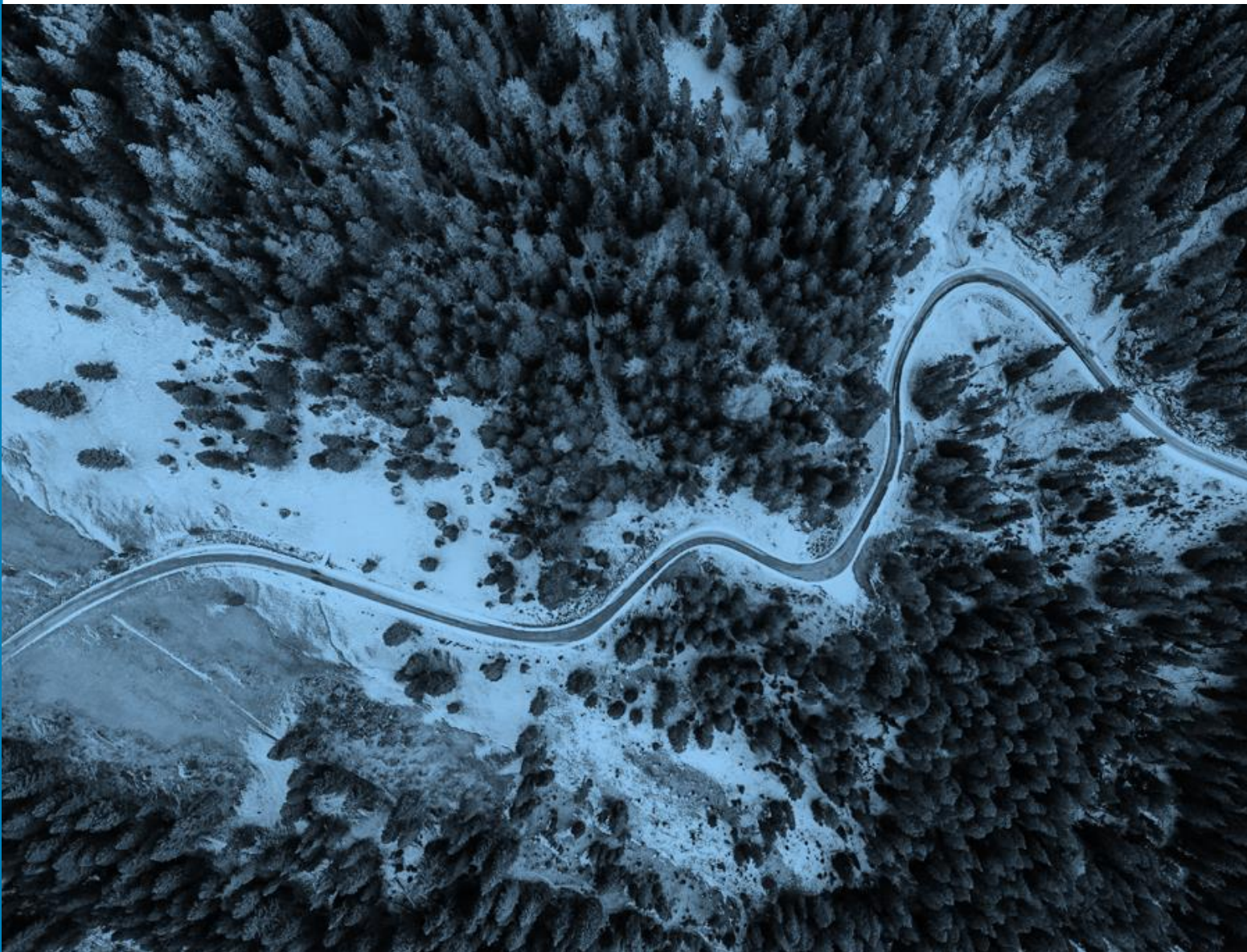


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MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis dated May 29, 2019 has been prepared according to *Regulation 51-102 of the continuous disclosure requirements* and approved by the Company's Board of Directors.

This MD&A should be read in conjunction with Nouveau Monde Graphite Inc.'s consolidated financial statements dated March 31, 2019. The Company's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS"). The monetary presentation currency is the Canadian dollar (\$ CAD) and all the amounts in the MD&A are in Canadian dollars, unless indicated otherwise.

1.0 DATE

This MD&A report is for the three-month ended March 31, 2019 with additional information up to May 29, 2019.

2.0 CAUTION REGARDING PROSPECTIVE INFORMATION

Certain statements in this document, which are not supported by historical facts, are of a prospective nature, which means that they involve risks, uncertainties and elements which could make actual results differ from the results predicted or implied by these same prospective elements. There are many factors that could cause such differences, including the instability in market prices of metals, the impact of fluctuations in interest rates and foreign currency exchange rates, poorly estimated reserves, risks to the environment (more stringent regulations), unexpected geological situations, adverse mining conditions, political risks arising from mining in developing countries, regulation and government policy changes (laws or policies), failure to obtain necessary permits and approvals from government authorities, and any other risks associated with the operation and development.

Although Nouveau Monde Graphite Inc. (the "Company" or "Nouveau Monde" or "NMG") believes that the assumptions arising from the prospective statements are reasonable, it

is strongly recommended not to place undue reliance on these statements, which are valid only until the time of this writing. However, in accordance with the provisions of the prospective information contained in Article 5.8 of Regulation 51-102, the Company agrees to disclose and discuss in the subsequent management reports, all significant variances between actual results and information or future financial outlook previously communicated.

3.0 BUSINESS DESCRIPTION AND CONTINUITY OF OPERATIONS

Nouveau Monde Graphite Inc. (the “Company”), was established December 31, 2012, under the Canada Business Corporations Act. The Company specializes in exploration and evaluation of mineral properties located in Quebec.

On February 7, 2017, Nouveau Monde Mining Enterprises Inc. changed the name of the Company to “Nouveau Monde Graphite Inc.”

The Company’s shares are listed under the symbol NOU on the TSX Venture Exchange. The address of the Company’s registered office is 331 Brassard, Saint-Michel-des-Saints, Quebec, Canada.

As at March 31, 2019, the Company had a negative working capital of \$3,015,757 had an accumulated deficit of \$22,881,038 and incurred a loss of \$1,295,133 for the period ended. Working capital included current tax credits receivable of \$1,339,098 and cash and cash equivalents of \$742,958.

With the financing completed in April 2019 (described in section 15), management believes that the Company has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company’s ability to continue future operations and fund its exploration and development activities is dependent on management’s ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, a combination of strategic partnership, project debt finance, offtake financing, royalty financing and other capital markets alternatives. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the past, there can be no assurance it will be

able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

Although management has taken steps to verify the ownership rights in mining properties in which the Company holds an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the title property for the Company. The title may be subject to unregistered prior agreements and may not comply with regulatory requirements.

4.0 BUSINESS OBJECTIVES AND HIGHLIGHTS

The mission of the Company is to become a major low-cost producer of anode material for lithium-ion batteries and other value-added graphite products with the industry's lowest environmental footprint, driving sustainable development in the Upper-Matawinie region. The company wants to proceed with the complete electrification of its activities, which will make it the first fully electrified open-pit mine. The Company is engaged in developing her flagship property, the Matawinie property.

The Matawinie property includes 209 mining claims covering 11,300 hectares, in which the Company owns a 100% interest. The property is located approximately 150 km north of Montreal, Quebec, Canada using the existing public network. The Tony claim block is located in the Saint-Michel-des-Saints area. The Tony claims block, including the West Zone, is easily accessible using existing forest roads and is close to high quality infrastructure, including paved roads and high voltage power lines, which are needed for industrial activities. The community of Saint-Michel-des-Saints, as well as surrounding communities, includes an abundance of skilled labour available following the end of many forestry activities.

A large part of the Tony claims block is subject to a 2% net smelter return ("NSR") royalty agreement which can be bought back by the Corporation from 3457265 Canada Inc. and Éric Desaulniers, president and CEO of the Company, with a total of two (2) lump sum payments of \$1,000,000 (one payment for each tranche of 1 %).

2018 ACHIEVEMENTS AND RECENT DEVELOPMENTS

- The construction and commissioning of a demonstration plant with the capacity to produce 1,000 tonnes of natural flake graphite concentrate per

year. In the last quarter, the Company produced its first tons of bagged graphite products, demonstrating the ability to provide a concentrate of exceptional quality in an operational context that is quite comparable to the planned commercial plant.

- The completion of a Feasibility Study, completed in accordance with the National Instrument (NI) 43-101 guidelines, detailing a mining operation with the goal of producing 100,000 tonnes of graphite concentrate per year for more than 25 years (see press release dated October 25, 2018).
- A significant increase of the West Zone Mineral Resources of the Tony Block resulting in an Indicated Resource of 95.8M tonnes at 4.28% Cg (see press release dated June 27, 2018).
- The signing of a license and a collaboration agreement with Hydro-Québec concerning the graphite's transformation process for its use in Li-ion batteries (see press release dated May 17, 2018).
- As regards the community relations, efforts to this end continued, resulting in the signing of a framework agreement with the Conseil des Atikamekw de Manawan and the Conseil de la Nation Atikamekw (see press release of April 12, 2018) and the signing of an agreement in principle with the municipality of Saint-Michel-des-Saints (see press release dated August 24, 2018). Throughout the year, NMG participated and organized many community events, including the open house held on December 8, 2018. Important milestone in the consultations held as part of the environmental and social impact assessment, more than 400 people participated in this event with the experts to carry out this study. A survey conducted in November with 300 respondents in the region indicates that 83% of respondents give a positive score to the project (see press release dated December 18, 2018).

2019 OBJECTIVES

- Establish marketing partnerships and commence graphite concentrate sales in the first half of the year. Product certification of graphite concentrate with key customers is anticipated during 2019 and 2020 through production from the demonstration plant.
- The filing of an environmental and social impact assessment with the ministerial authorities during the first quarter to begin the process of obtaining licences for the commercial operation. (completed)

- Construction and commissioning of a purified spherical graphite production demonstration plant targeting the Li-ion battery market with the support of strategic partnerships. The purification capacity can also be used to purify flakes of different sizes to penetrate lucrative niche markets.
- Publication of a Preliminary Economic Study on commercial production of 30,000 tonnes per year of purified value added spherical graphite.
- Completion of the detailed engineering phase for a pilot plant capable of producing value added expandable graphite with the support of strategic partners. This involves upscaling the process Nouveau Monde used to fabricate expandable graphite products in a laboratory setting.
- The start of the detailed engineering of the commercial mining project. In order to accomplish this, we will continue to integrate highly qualified staff into our development team to begin planning for construction, which is scheduled to begin in 2020.
- Ongoing dialogue with stakeholders and intensification of our information and mobilization actions with citizens and stakeholders, especially in the environment field, to implement a project that respects the host community and aims for a low environmental footprint

STAKEHOLDERS RELATION AND SUSTAINABILITY

The Upper Matawinie region has a recreational and forestry vocation. Its reputation is well established due to its natural attractions which include large spaces, forests, rivers, lakes and landscapes. The community has been severely affected by the closing of the two largest employers in the forest industry over the past decade. The community is slowly recovering but understands the need to diversify the local economy which cannot rely solely on the lumber and timber industry as it did for over a century. The Company considers this context in the design and planning of the operation.

Since 2015, the Company has held more than 50 information and exchange meetings, four of them were open to the public. Two major findings emerge. Some cottage owners and vacationers have expressed concerns, particularly with the anticipated environmental impacts, while most of the local organizations, first nation and residents are favourable to the project mainly because of the long-term economic revitalization possibilities, on condition the environment and community is respected.

The Company is open to constructive dialogue to address any concerns or expectations from the local organizations, first nation and residents. In May 2017, a stakeholder committee was established that aims to build and maintain trust with stakeholders throughout the mining development process and to integrate concerns and expectations

in the project design. Since the creation of the committee, many meetings have been held to allow members to demystify the mining concepts and take ownership of the project while making some recommendations on the subject. An open house at the demonstration plant was also held in December 2018. More than 400 residents took part in this event. Open house offered them the opportunity to meet with many experts get answers their questions as part of the Environmental and Social Impact Assessment and meet with the Company employees.

On December 18, 2018, the Company published a survey conducted by the firm Léger in which 83% of respondents give a positive score to the project while 9% of respondents consider that the project is quite negative (4%) or very negative (5%) for the region. This survey, conducted from November 9 to 25, before the open house day held by NMG on Saturday, December 8, shows that 84% of respondents believe that Nouveau Monde has made enough efforts to keep the population informed of the evolution of the project.

Among the respondents, almost all agree that the project will have economic benefits for municipalities and businesses in Haute-Matawinie (92%). To a lesser extent, they also believe that the project can be integrated into the territory by slightly modifying their quality of life (74%) and the quality of the environment (66%),” reads the research report.

This survey also illustrates that the elements the respondents are the most sensitive to are, in order of importance: economic benefits, employment opportunities followed by surface water quality and aquatic fauna.

On April 23, 2019, the Company announced, along with the Conseil des Atikamekw de Manawan ("CDAM") and the Conseil de la Nation Atikamekw ("CNA"), the signing of a Pre-Development Agreement ("PDA") for the Matawinie Project. The PDA outlines the respective rights and interests of all parties with respect to pre-development activities, including those related to the demonstration plant, and provides a guideline for negotiating an Impact and Benefit Agreement ("IBA") for the Matawinie Project.

CDAM and CNA and NMG support the development of the demonstration plant in a manner that respects the environment, sustainability principles, culture and lifestyle of the Atikamekw Nation. As part of the PDA, Nouveau Monde will provide training, employment and business opportunities to members of the Atikamekw Nation, as well as establish a joint training fund with the CDAM and the CNA.

All signatories to the PDA are committed to developing a positive and mutually beneficial relationship based on trust and mutual respect and reconciling their respective interests in relation to the Matawinie Project envisioned by Nouveau Monde. Accordingly, the PDA

sets out the principles that will govern the discussions and negotiations leading to the conclusion of the IBA for the Matawinie Project.

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

On April 11, 2019, the Company announced that it has filed its Environmental and Social Impact Assessment (“ESIA”) for the Matawinie Project with the *Ministère de l’Environnement et de la Lutte contre les changements climatiques* (“MELCC”)

The filing of the ESIA is an important step in the permitting of the project by the ministerial authorities, which will render its decision by decree. This study was conducted according to the principles of sustainable development and in accordance with the MELCC Environmental Impact Assessment and Review Procedure. This includes the eligibility analysis following the filing of the ESIA, a public information period, environmental analysis by departmental experts and, if requested, a public hearing mandate entrusted to the Bureau des audiences publiques sur l’environnement (“BAPE”).

The ESIA highlights the social and environmental benefits and impacts of the Matawinie project and proposes mitigating measures to reduce negative impacts while improving benefits. Since 2015, Nouveau Monde has engaged in collaborative discussion with the local community and key stakeholders, including the Atikamekw community of Manawan. In parallel, several in-depth studies were carried-out in order to better understand the local environment and accordingly propose a project that addresses the identified issues.

Several innovative mining initiatives have been integrated into the Matawinie project design including:

- The desire to operate an all-electric mine. To this end, Nouveau Monde will continue the technological and economic validation of this concept in partnership with various major mining equipment manufacturers;
- The management of tailings and waste rock by co-disposal, thus avoiding the use of tailing ponds, and dams and the environmental risks associated with them;
- Prioritize in-pit backfilling of tailings and waste rock to limit the project’s footprint;
- The gradual restoration of the mining site throughout the period of operation of the project;
- Mining operations schedules respecting the occasional land users present in the sector;
- Maximization of local and regional socio-economic benefits by supporting local training and hiring as well as prioritizing local business partnerships, including with the community of Manawan.

- Offering a voluntary acquisition program to the landowners located within a radius of 1 km of the projected open pit boundary.

By incorporating these mitigating measures into the ESIA, Nouveau Monde is limiting the main impacts of the project to the mine site, thereby preserving the current ambiance of the community of Saint-Michel-des-Saints and Saint-Zénon as well as the tourist sites and natural attributes of the Upper Matawinie region.

AGREEMENTS WITH HYDRO-QUÉBEC

On May 17, 2018, the Company & Hydro-Québec (“HQ”) announced the signing of a licence and research and development agreements respecting the processing of graphite for use in lithium-ion batteries. This collaboration will enable NMG to commercialize battery material technologies developed by HQ over the past 30 years, helping to position Québec strategically in the lithium-ion battery market.

The agreement provides for HQ to assist NMG in setting up a small-scale process in its demonstration plant in Saint-Michel-des-Saints, starting by the end of this year. The success of this small-scale process will lead the Company to eventually build an anode material fabrication plant with a capacity of up to 100,000 tonnes per year. This anode material fabrication plant is in addition to and complements the Company’s mining project. The Company will support in part the needs for graphite of the anode material fabrication plant. To support these projected 100 000 tonnes per year, NMG intends to enter into supply agreements with other graphite suppliers. Some high-level samples testing are already being conducted to determine the compatibility of graphite coming from another supplier, further sampling testing will be done.

DEMONSTRATION PLANT

On September 18, 2018, the Company announced the successful mechanical commissioning of its demonstration plant (“DP”). The DP will produce 2,000 tonnes of graphite concentrate over a two-year period and will be supplied by the mineralization of the West Zone deposit of NMG’s Matawinie graphite property. In accordance with his permits, the Company plan to dismantle the installation following this period.

On December 17, 2018, the Company announced its latest graphite concentrate results. From November 29 to December 5, 2018, the DP operated during five (5) days for a total of 43 non-consecutive hours. During that period, 140 tonnes of ore from the West Zone deposit, with an average total carbon (“Ct”) content of 4.5%, was processed. This corresponds to a throughput of approximately 3.3 tonnes per hour (“tph”), which is close to the design throughput of 3.5 tph. This resulted in an output of 6 tonnes of graphite

concentrate of which 5.1 tonnes were bagged for distribution to potential customers. The natural flake graphite concentrate reached an average purity content of 96.6% Ct with a recovery rate achieving 95.3% Ct.

The DP is an important milestone in NMG's strategy as it will serve to:

- Qualify NMG graphite products and establish a sales record;
- Test and improve processes for commercial operation optimization;
- Test new innovative technologies of mining waste management and site restoration;
- Start employee training and local future workforce reach-out program.

The graphite products offered to customers are the following :

- NMG Flake +50
- NMG Flake +80
- NMG Flake +150
- NMG Fine Flake

All grades between 94-98% Cg (as per technical requirements).

Other custom products are available.

FEASIBILITY STUDY

On October 25 2018, the Corporation announced the results of a feasibility study ("FS") covering the West Zone deposit of the Tony claim block, part of its Matawinie graphite property.

The feasibility study has been performed by Met-Chem/DRA. The Montreal engineering firm lead the study and the integration in conformity with the Regulation 43-101 Standards of Disclosure for Mineral Projects (NI43-101). SNC-Lavalin Inc., ABB Inc. and SGS Canada Inc. are also be beseched for this feasibility study.

All costs are in Canadian Dollars unless otherwise specified.

The following lists the highlights provided by the FS:

Project Economics :

- Pre-tax Net Present Value (NPV) of \$ 1.287 million at an 8% discount rate;
- After-tax NPV of \$ 751 million at an 8% discount rate;
- Pre-tax Internal Rate of Return (IRR) of 40.6%;
- After-tax Internal Rate of Return (IRR) of 32.2%;
- Life of Mine (LOM) of 25.5 years;

- Mine Pay Back estimated at 2.2 years (Pre Tax);
- Mine Pay Back estimated at 2.6 years (After Tax);
- Initial Capital Costs (Capex) of \$ 276 million (including contingency of \$ 31.5 million);
- Operating Expenditures (Opex) \$ 499 per tonne of concentrate;
- Average sales price of graphite concentrate at \$ 1,730 USD per tonne;
- USD/CAD conversion rate of 1.307.

Operational Highlights :

- Annual average full production of 100,000 tonnes of graphite concentrate;
- Probable reserve of 59.8 million tonnes at a 4.35% Cg average grade contained in the mineralization;
- Graphite milling recovery above 94%;
- Finished product/ concentrate purity >97% Cg;
- Stripping ratio (LOM) of 1.06:1.

RESOURCE

On June 27, 2018, the Company announced the results of an updated Mineral Resource Estimate for the West Zone Deposit. The Current Resource is based on a newly acquired land package (see July 5, 2017 press release), the properties' Prefeasibility Study (refer to the October 25, 2017 press release), on the diamond drilling program completed in January 2018 (refer to the March 1, 2018, press release), new geotechnical data and hydrogeological modelling as well as future market outlook. The results served as the basis for a Feasibility Study, completed in 2018.

Resource Category	Current resource (June 27, 2018) ⁸			Previous resource (March 2, 2017) ⁸		
	Tonnage (Mt) ^{5,7}	Content (%Cg) ³	Cg (Mt)	Tonnage (Mt) ^{6,7}	Content (%Cg) ³	Cg (Mt)
Indicated	95,8	4,28	4,10	32,9	4,50	1,48
Presumed	14,0	4,19	0,59	0,2	4,84	0,01

CONCENTRATE OFFTAKE AND JOINT MARKETING AGREEMENT

On February 14 2019, the Company announced that they have entered into an Offtake and Joint Marketing Agreement for flake graphite concentrate to be produced at Nouveau Monde's Saint-Michel-des-Saints operation. Traxys is a global commodity trading and logistics company with operations in North and South America, Europe, Africa, the Far East and greater China and India.

Highlights:

- Binding Offtake and Joint Marketing Agreement signed with Traxys.
- For each of the first two years, Traxys will market, for customer product prequalification purposes, 200 tonnes of flake graphite concentrate (400 tonnes in total) from NMG's currently operating Phase 1 Flake Graphite Demonstration Plant (the Demo Term).
- Thereafter, 25,000 tonnes of flake graphite product will be sold through Traxys by Nouveau Monde for each of the first 5 years of NMG's commercial production (the Full-Scale Term).
- Traxys will have the exclusive right to market, distribute and resell the flake graphite products to Traxys' customer base.

5.0 EXPLORATION AND EVALUATION EXPENSES

	Matawinie
	\$
Balance as of January 1, 2019	22,594,704
Geology	36,030
Metallurgy	-
Environmental study	274,828
Feasibility study	111,438
Community Relationship	21,645
Second transformation study	301,554
Demonstration plant	797,092
Other exploration expenses	38,681
Exploration and evaluation expenses total	1,581,268
Net tax credits	(280,098)
Balance as of March 31, 2019	23,895,875

6.0 SELECTED ANNUAL INFORMATION

Annual results for the years ended December 31, 2018, 2017 and 2016

DESCRIPTION	2018	2017	2016
Income	-	-	-
Net Loss	8,059,675	4,425,620	1,963,948
Basic and diluted loss per share	(0,054)	(0,046)	(0,031)
Total Assets as at December 31	37,679,386	22,145,996	8,861,844

7.0 OPERATION RESULTS

During the three-month period ended March 31, 2019, the Company recorded a net loss of \$1,295,133 (\$ 919,190 in 2018) and a net loss per share of \$0.007 (\$0.007 in 2018). The major variances explaining the difference is explained hereunder.

	For the three-month period ended		
	2019	2018	Variation
	\$	\$	\$
Employee benefit expenses (a)	340,521	256,241	84,280
Intangible assets amortization (b)	150,334	-	150,334
Deferred income tax expenses (recovery) (c)	250,480	-	250,480

- a) The increase of \$84,280 in wages is due to the increase in headcount.
- b) The intangible assets amortization expense increased by \$150,334 following the signature of the license agreement by which the Company is allowed to use Hydro Quebec's patented technologies.
- c) The deferred income tax expense increased by \$250,480 following the increase of the exploration & evaluation expenses in 2019.

8.0 QUARTERLY REVIEW

Quarterly results

DESCRIPTION	2019-03-31(a)	2018-12-31 (b)	2018-09-30 (c)	2018-06-30
	\$	\$	\$	\$
Income	-	-	-	-
Net Loss	(1,295,133)	(2,282,125)	(3,199,316)	(1,659,042)
Loss per share	(0,007)	(0,013)	(0,021)	(0,012)

DESCRIPTION	2018-03-31	2017-12-31	2017-09-30	2017-06-30
	\$	\$	\$	\$
Income	-	-	-	-
Net Loss	(919,191)	(2,317,355)	(912,714)	(588,031)
Loss per share	(0,007)	(0,021)	(0,010)	(0,007)

- a) The lower loss is mainly explained by the lower volume of activities during the quarter .
- b) The loss is mainly explained by the deferred income tax expenses recorded during the quarter.
- c) The higher loss is mainly due to the increase in the deferred income tax expenses recorded during the quarter.

9.0 LIQUIDITY AND FUNDING

On March 31, 2019, the Company had negative working capital of \$3,015,757 including \$742,958 in cash and cash equivalents.

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash flows provided by (used in)		
Operating activities before the net change in non-cash working capital items	(861,842)	(909,382)
Net change in working capital items	<u>(1,087,671)</u>	<u>(1,173,077)</u>
Operating activities	(1,949,513)	(2,082,459)
Investment activities	(1,111,978)	(2,255,989)
Financing activities	<u>10,000</u>	<u>26,500</u>
Increase (decrease) in cash and cash equivalents	<u>(3,051,491)</u>	<u>(4,311,793)</u>

OPERATING ACTIVITIES

For the three-month period ended March 31, 2019, cash outflows from operating activities totaled \$1,9 million. The Company spent approximately the same in 2019 than in 2018.

INVESTMENT ACTIVITIES

For the three-month period ended March 31, 2019, cash used in investing activities was \$1,1 million, mainly related to the operation of the demo plant, which was \$0,8 million during the period.

FINANCING ACTIVITIES

For the three-month period ended March 31, 2019, the cash receipts related to financing activities amounted to \$10,000 and are due to the cash received from the options exercised.

10.0 RELATED PARTY TRANSACTIONS

The related parties of the Company include related companies and key executives.

	For the three-month period ended	
	2019	2018
	\$	\$
Director and an officer of the Company		
Employee benefit expenses	65,495	58,567
Share-based compensation	-	-
Members of the management of the Company		
Employee benefits expenses	118,524	93,920
Share-based compensation	-	-
Directors of the Company		
Consultation fees	18,000	13,500
Share-based compensation	-	-

- a) The Company paid a salary and social charges of \$65,495 (\$58,567 in 2018) to Eric Desaulniers, president and chief executive officer.
- b) The Company paid a salary and social charges of \$49,369 (\$38,429 in 2018) to Charles-Olivier Tarte, chief financial officer.
- c) The Company paid a salary and social charges of \$69,155 (\$55,491 in 2018) to Karl Trudeau, chief operations officer.

The Company paid director's attendance fees \$18,000 (\$13,500 in 2018).

An amount of \$22,374 remains payable as at March 31, 2019 (\$22,664 as at March 31, 2018).

11.0 OFF BALANCE SHEET TRANSACTIONS

There are no off-balance sheet transactions.

12.0 CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company's future minimum operating lease payments for the next year are in the amount of \$108,054.

13.0 CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is full disclosure of the Corporation's critical accounting policies and accounting estimates in note 3 and 4 of the audited consolidated financial statements for the year ended December 31, 2018.

14.0 CAPITAL STRUCTURE

	May 29, 2019
	Number
Common shares	219,437,601
Warrants	52,039,727
Advisory warrants	1,771,665
Options	12,325,000
Brokers options	1,448,425
Total common shares fully diluted	<u>287,022,418</u>

15.0 SUBSEQUENT EVENTS TO MARCH 31, 2019

On April 3, 2019, the Company entered into definitive agreements in connection with a non-brokered private placement with Pallinghurst Graphite Limited, an affiliate of The Pallinghurst Group ("Pallinghurst") for an amount of \$10,298,875 pursuant to which Pallinghurst has agreed to subscribe to 43,825,000 common shares (the "Shares") in the capital of the Corporation, at a price of \$0.235 per Share (the "Offering Price") (the "Pallinghurst Placement").

On April 25, 2019, the Company has completed the non-brokered private placement. No brokerage, investment banking or similar fees were paid by the Corporation for the Pallinghurst Placement and the Shares issued to Pallinghurst are subject to a four (4) months plus one (1) day statutory hold period ending on August 26, 2019. As of the Closing Date, Pallinghurst holds approximately 19.99% of the Shares. In the context of the Pallinghurst Placement, Pallinghurst agreed not to sell its Shares for up to two years following the Closing Date, subject to conditions.

In addition to the Pallinghurst Placement, the Company intends to complete a second private placement to selected existing institutional shareholders and other investors which is expected to close in May 2019 (the “Institutional Placement”). The closing of the Institutional Placement is subject to customary closing conditions including the receipt of all necessary approvals, including the approval of the TSXV. The combined proceeds of the Pallinghurst Placement and the Institutional Placement are expected to be approximately \$22,000,000 (the “Combined Equity Raise”).

On May 28 2019, the Company announce the nomination of Arne H. Frandsen and Christopher Shepherd to its Board of Directors.

Mr. Frandsen is the Co-Managing Partner of The Pallinghurst Group. Mr. Frandsen has a LL.B and Master’s in Law from Copenhagen University. He has over 10 years of investment banking experience with Goldman Sachs and JPMorgan, providing strategic advice and structuring mergers and acquisitions, as well as corporate finance transactions for clients in 30 different countries. In 2005, Mr. Frandsen left investment banking in order to become the Chief Executive Officer of Incwala Resources, one of South Africa’s leading black economic empowerment mining companies. Mr. Frandsen was one of the founders of The Pallinghurst Group in 2006 and has been instrumental in the group’s development. In addition, he is the Chairman of Sedibelo Platinum Mines.

Mr. Shepherd is a Managing Director and the Head of Corporate Finance at The Pallinghurst Group for the last 10 years, spearheading the execution team for the different investments. He is a Chartered Accountant (CA) since 2002 and holds a bachelor's degree in Applied Finance and Commerce from Macquarie University, in Sydney, Australia. Mr. Shepherd has 20 years of experience in private equity, investment banking and accounting, with a focus on the natural resources industry and mining operations.

On May 27, 2019, the Board of Directors grant a total of 1,125,000 stock options to executive officers. These stock options are granted pursuant to the terms and conditions

of the Corporation's stock option plan. Each stock option entitles the holder to purchase one common share of the Company at a price of \$ 0.235 per common share for a period of 5 years from the date of grant.

16.0 ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of May 29,2019. More information about the Company can be also found on SEDAR (www.sedar.com).

May 29,2019

(signed) Eric Desaulniers

Eric Desaulniers
President and Chief Executive Officer

(signed) Charles-Olivier Tarte

Charles-Olivier Tarte, CPA CMA
Chief Financial Officer