NOUVEAU MONDE GRAPHITE

POWERING THE CLEAN ENERGY TRANSITION

From Natural Graphite to Active Anode Material

ADVANCING A NORTH AMERICAN FIRST

2023 ANNUAL REPORT

+ Local responsible production
+ Full vertical integration with guaranteed traceability
+ Battery materials tailored to specs
+ Carbon neutrality & industry-leading ESG practices

About

This Annual Report covers Nouveau Monde Graphite Inc.'s ("NMG", the "Company" or "we") activities review and financial reporting for the year ended December 31, 2023, with additional information up to March 26, 2024.

Corporate Structure

NMG was established on December 31, 2012, under the *Canada Business Corporations Act*. NMG's registered office is located at 481 Brassard Street, Saint-Michel-des-Saints, Québec, Canada, J0K 3B0.

The Company's shares are listed under the symbol NMG on the New York Stock Exchange ("NYSE"), NOU on the TSX Venture Exchange ("TSX.V"), and NM9A on the Frankfurt Stock Exchange ("FSE").

All monetary amounts included in this report are expressed in Canadian dollars ("CAD"), the Company's reporting and functional currency, unless otherwise noted.

NMG at a Glance

POWERING THE CLEAN ENERGY TRANSITION

Nouveau Monde Graphite is an integrated company developing responsible mining and advanced manufacturing operations to supply the global economy with carbon-neutral active anode material to power electric vehicles ("EV") and renewable energy storage systems.

+ Vision — **Drive the transition to a decarbonized and just future through sustainable graphite-based solutions.**

+ Mission — **Produce the greenest advanced graphite materials with a carbon-neutral footprint for a sustainable world.**

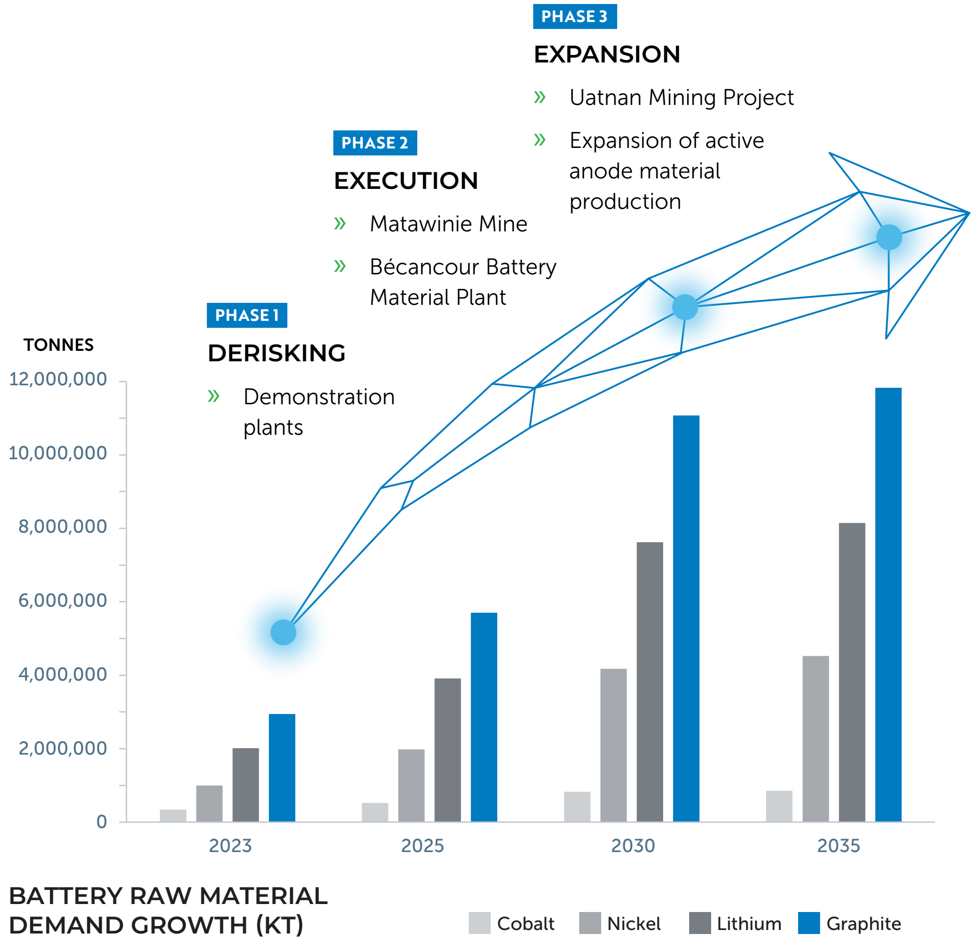
+ Values — **Caring, responsibility, openness, integrity, and entrepreneurial spirit.**

Based in Québec, Canada, NMG is focused on leveraging our world-class mineral assets and proprietary technology portfolio to develop what is projected to be North America's first, largest, and fully integrated natural graphite production.

Our team of over 100 talented employees from diverse backgrounds are actively engaged in supporting operations at our Phase-1 facilities, while preparing to bring the Phase-2 Matawinie Mine and Bécancour Battery Material to commercial success. Our recent acquisition of the Uatnan Mining Project provides a solid foundation for expansion beyond, as demand for active anode materials rises.

At the market's doorstep, our business strategy is underpinned by our premier graphite deposits, proprietary advanced manufacturing ecotechnologies, a mobilized and experienced team, clean hydroelectricity powering our operations, and a resolute environmental, social and governance ("ESG") mindset.

> We are carrying out a phased-development plan to derisk our projects, advance toward commercialization, and prepare a roadmap for growth.



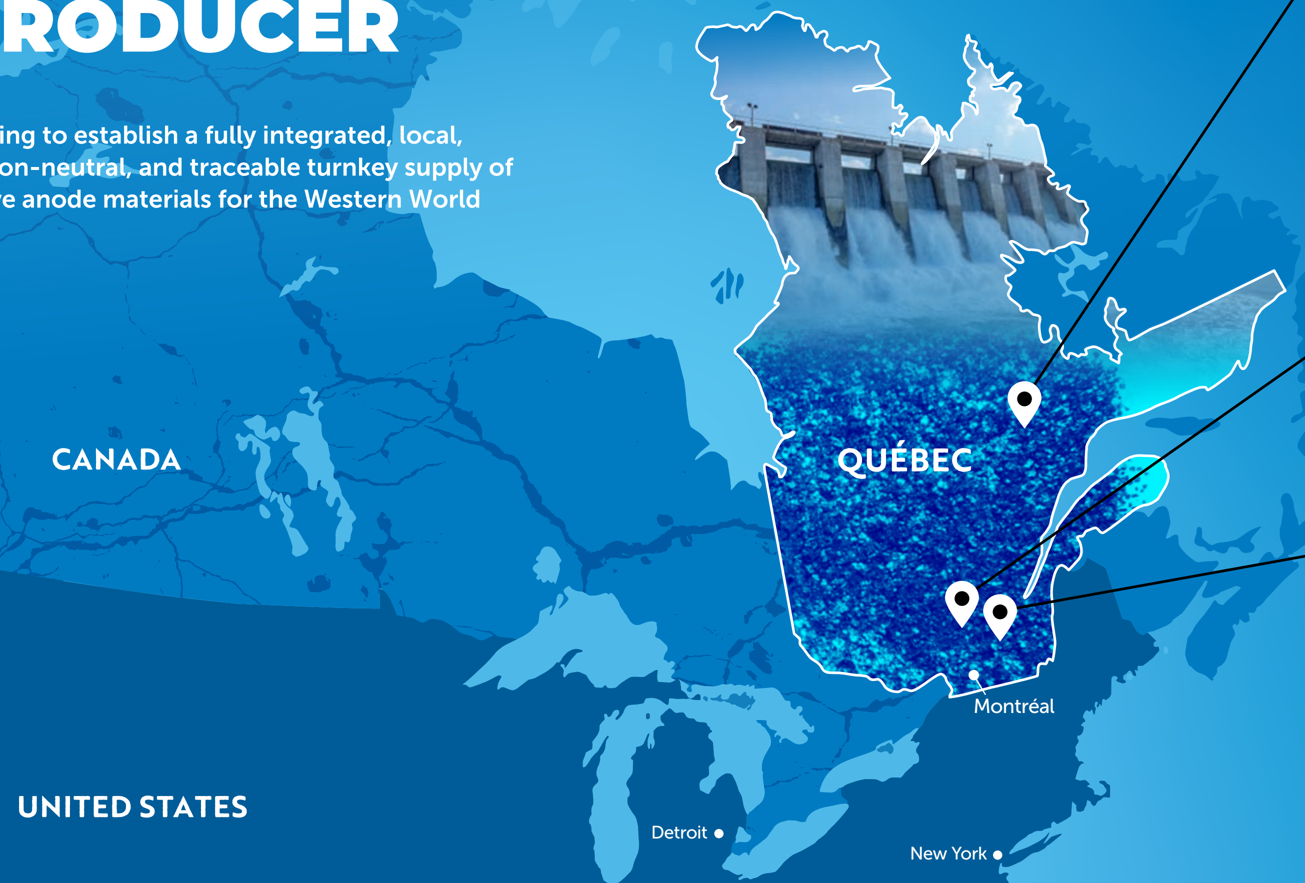
BATTERY RAW MATERIAL DEMAND GROWTH (KT)

Source: Benchmark Mineral Intelligence, February 2024

On Our Way to Becoming

NORTH AMERICA'S LARGEST INTEGRATED NATURAL GRAPHITE PRODUCER

Striving to establish a fully integrated, local, carbon-neutral, and traceable turnkey supply of active anode materials for the Western World



Uatnan
Mine & Concentrator

Mining project in development

PHASE 3 Contemplated production of 500,000 tpa of graphite concentrate

Matawinie
Mine & Concentrator

PHASE 1 Operating

PHASE 2 Planned production of 103,000 tpa of graphite concentrate

Bécancour
Battery material plant

PHASE 1 Operating

PHASE 2 Planned production of 43,000 tpa of active anode material

FROM ORE TO BATTERY MATERIALS

Matawinie Mine

At the Matawinie Mine, located 120 km north of Montréal, we are advancing the development of our wholly-owned flagship Matawinie graphite property to produce an average of 103,328 tonnes per annum ("tpa") of graphite concentrate over the 25-year life of mine. Large, quality mineral reserves coupled with a skilled workforce, existing infrastructure, proximity to urban centers, and a dynamic regional ecosystem provide a strong foundation for this operation.

In reinventing traditional practices to limit potential impacts and plan beyond the life of mine, NMG has developed the Matawinie Mine with environmental and social considerations at the forefront. Active collaboration with the Atikamekw First Nation and local community, combined with a commitment to become fully electric and integrate innovative practices position Matawinie as **a model for the future of mining**.

The project has been reviewed and approved by governmental authorities. We have since launched preliminary construction to build our dedicated 8-km access road, key environmental infrastructure, and the industrial platform for the concentrator. Detailed engineering, procurement activities, construction planning, and electrification development advance in parallel.

Bécancour Battery Material Plant

The planned Bécancour Battery Material Plant in Bécancour, Québec, approximately 150 km northeast of Montréal, on the Saint Lawrence River, constitutes **NMG's comprehensive advanced manufacturing platform for graphite refining**. This facility is set to provide the marketplace with about 43,000 tpa of active anode material plus other specialty products.

The majority of the Matawinie Mine's production will be used as feedstock for this plant, hence capitalizing on operational efficiency, product traceability, and greater margins from NMG's vertically integrated business model. Value-added transformation for active anode material is perfected in close collaboration with customers to match their unique battery specifications for optimal performance.

NMG's 200,000-m^2 site, in the heart of the Québec Government "battery valley", benefits from robust industrial infrastructure, access to clean and affordable hydroelectricity, a direct supply of required chemicals, a regional pool of skilled workforce as well as a multi-modal logistical base (international port, railway and expressway) in proximity to U.S. and European markets.

Engineering, process optimization, permitting, procurement, and stakeholder engagement are underway in preparation for construction.

Uatnan Mining Project

Leveraging the large Lac Guéret deposit, now wholly-owned by NMG, the Uatnan Mining Project strengthens our long-term vision to be a dominant force in the supply of carbon-neutral active anode material for the Western market. Intended as NMG's Phase 3 expansion, it is being planned with a focus on battery material feedstock to support our current commercial discussions and booming market conditions[1].

Updated operational parameters for this property, including responsible mining practices, now target the production of approximately 500,000 tpa of graphite concentrate over a 24-year life of mine. The Uatnan Mining Project is currently one of the **largest projected natural graphite projects in development in the world**.

As we develop our relationship with the Innu First Nation of Pessamit, the community and local stakeholders, NMG will prepare for subsequent studies. True to our values, we are committed to a responsible, sustainable, and inclusive process to bring the Uatnan Mining Project from opportunity to engineering, construction and commercial production.


Matawinie


Bécancour


Uatnan

1 Benchmark Mineral Intelligence, January 2024

Exceptional Resources

From plant operations and R&D to administration, environmental management, and engineering, **our team unites diverse knowledge, capabilities, and profiles** to drive our operations forward. We consider our employees to be our greatest asset because they help advance our projects, bolster innovation, and elevate our vision.

The Matawinie and Lac Guéret deposits, the two largest graphite properties in North America, constitute a solid footing for our production model. With combined pit-constrained **mineral resources of nearly 186 Mt**[2], these assets underpin long-term production capacity and high-quality graphite concentrate.

Among the greenest grid in the world[3], Québec's **clean, affordable, and reliable hydroelectricity** provides a sustainable and attractive framework for our production. Hydropower is an exceptional linchpin for cost-competitive operations in our energy-intensive sector as well as for implementing our climate action strategy.

Technologies

Thanks to proprietary transformation processes, NMG produces up to 99.99%-pure active anode material. From simple milling and flotation circuits at our Phase-1 Matawinie concentrator yielding 97%-pure flakes in a variety of sizes to our patent-pending thermochemical purification technology that avoids using hydrofluoric acid in favor of high temperatures, we have placed **clean processes** and products' environmental footprint at the center of our business model.

Each step of our integrated value chain is engineered to enhance the materials' properties, provide the capacity to tailor products to a variety of specifications, and align with market's requirements for high-performing graphite solutions. Our dedicated battery laboratory facility provides in-house capacity, flexibility, and speediness in testing advanced materials and specifications for customers.

Recognizing the rapid pace of cleantech development and striving to elevate the environmental and ethical DNA of its products, NMG maintains **a wide portfolio of R&D projects**. Elite research and close collaboration with academia, governments, technology transfer centers, and industry partners complement the efforts of our own R&D and Engineering teams.

2 Matawinie's current mineral resource estimate, effective as of March 19, 2020, and Uatnan's current mineral resource estimate, effective January 10, 2023

3 Hydro-Québec, 2023

ESG Compass

We recognize the responsibility and unique privilege of developing mineral resources. In partnership with First Nations, communities, and key stakeholders, we strive to be a model in the development of responsible mining operations and advanced material manufacturing to drive greater sustainability into our sector and the industries we serve.

We seek to prevent, minimize, and manage environmental, occupational health and safety, and social risks that may arise from our activities while proactively advancing initiatives for a positive impact. This caring approach guides our decisions, behaviors, policies, and operations to safeguard people, communities, and the environment's wellbeing.

NMG aspires to create social and environmental value while driving the transition to a green future. We support **open dialogue with stakeholders** from all horizons, promote opportunities for Indigenous peoples and businesses, and foster partnered development with local communities.

Responsible mining practices, such as dry-stacking and co-disposal of tailings, backfilling, progressive restoration, proactive biodiversity initiatives and water stewardship, greener manufacturing technologies and innovation are embedded into our business model.

We are committed to adopting clean energy sources and technologies at every level as they become available. Electrification is NMG's central mechanism for decarbonizing our operations and products. Thanks to our agreement with Caterpillar Inc. ("Caterpillar"), we are on track to becoming **the world's first all-electric open-pit mine**.

We regard diversity and robust governance as important drivers of strategy, creative thinking, and business performance. Throughout our value chain, business ecosystem, and communities, we are committed to a holistic approach to managing our business, operations, and relationships.

From our Leadership

BOARD OF DIRECTORS

To guide NMG's corporate development and growth, we have recruited industry-recognized directors responsible to uphold the Company's long-term vision with stakeholders in mind, weighing in on business orientation and performance, capital strategy, oversight of risks and opportunities, and ESG integration.

1 **Arne H Frandsen**
Chairman

2 **Daniel Buron**
Lead Independent Director

3 **Stephanie Anderson**
Director

4 **Eric Desaulniers**
Director, President and Chief Executive Officer

5 **Dr. Jürgen Köhler**
Director

6 **Nathalie Pilon**
Director

7 **James Scarlett**
Director

8 **Andrew Willis**
Director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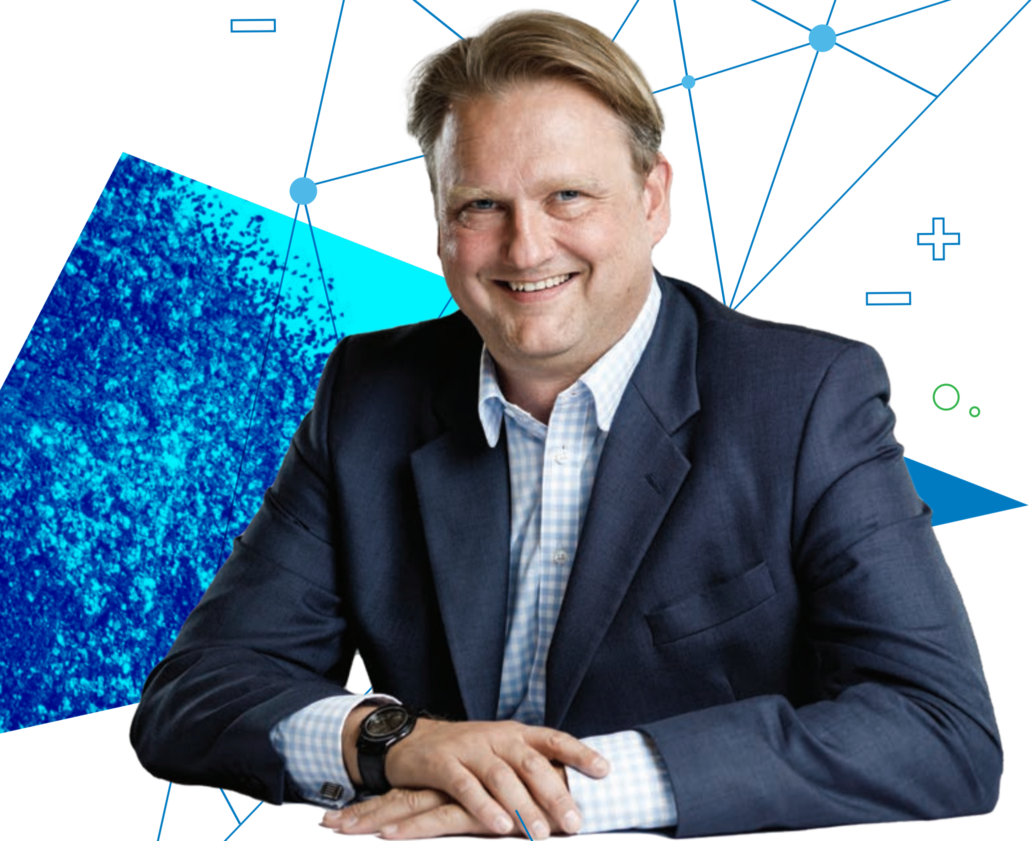


Arne H Frandsen
Chairman

MESSAGE FROM THE CHAIR

Acceleration is the best word to describe NMG's activities in 2023, as well as industry progress around the globe. Modernizing geopolitics, EV penetration, battery manufacturing capacity, trade rivalries, and climate change all shifted into a higher gear.

Remaining at the forefront of the clear energy movement, NMG crystallized its commercial engagement and growth mindset, to further propel its success. NMG's unique value proposition, as a North American, fully-integrated natural graphite developer, offers an opportunity to meet the highly anticipated and long-awaited demand for graphite, now more than ever before.

CRITICAL MINERALS: THE CORNERSTONE OF DECARBONIZATION, INNOVATION AND ENERGY STABILITY

From energy autonomy to national security and technological innovation, critical minerals are at the forefront of influencing today's macro trends and underpin countless strategic developments in global economies The race for securing these minerals is only expected to intensify.

Governments worldwide are implementing rigorous industrial strategies and trade frameworks that will ease the historic commercialization and control of these invaluable resources.

THE GEOPOLITICS OF GRAPHITE AND THE RISE OF NORTH AMERICAN AUTONOMY

China's recent restrictions on graphite exports underscore a pivotal moment for North American self-reliance. With China at the helm, accounting for 77% of global natural graphite production[4] and over 95% of spherical graphite refining[5], the ripple effect is inevitable.

The concurrent issuance by the U.S. Government of limitations on battery material sourcing from foreign entities of concern ("FEOC") – China, North Korea, Iran, and Russia – in order to qualify for EV tax credits under their Inflation Reduction Act ("IRA"), sent a clear signal that supply chains would need to be reconfigured to adapt to North American centric manufacturing.

Western battery and EV manufacturers now face a critical juncture as they reconcile with China's tightening grip on supplies – a move likely to force the disconnect in graphite prices and market dynamics outside the Asian giant's sphere. Now is the time for onshoring and friendshoring.

4 US Geological Survey, January 2024
5 Benchmark Mineral Intelligence, February 2024

NMG: PIONEERING A LOCAL AND SUSTAINABLE ALTERNATIVE FOR THE EV SECTOR

Here lies the opportunity: Québec and Canada have rapidly become the preferred destination for sourcing and manufacturing battery materials – the optimum location for a North American hub for the battery supply chain, and in NMG's backyard. This is due to historic private and public investments, GM-Posco and Ford's cathode material plants, numerous battery cell production facilities, including Volkswagen and Northvolt, and Québec's international recognition as the top jurisdiction on Bloomberg NEF's Global Lithium-Ion Battery Supply Chain Ranking[6].

Amidst the backdrop of soaring EV sales, equating to a 31% increase in global EV sales in 2023[7], NMG stands poised to optimize the opportunity presented by an ever-escalating demand. Our trajectory towards becoming North America's leading, fully-integrated natural graphite producer is not just timely; it complements the collective goals of greater national autonomy and sustainability.

After months and years of relentless commercial engagement and product qualification efforts, we reached a transformational milestone: multiyear offtake agreements with global leaders Panasonic Energy and GM, accompanied by equity participation and further committed investments.

Our Québec-based Matawinie Mine and Bécancour Battery Material Plant are set to be at the forefront of establishing local, carbon-neutral, ESG-led and IRA-compliant supply chains for North American EV battery production – a critical, timely pivot away from dependency on overseas resources.

NMG has been cemented as a pioneer in the ongoing transition in energy and commerce models, a driving force towards a cleaner, more accountable future. We are proud to collaborate with our employees, local communities, First Nations, clients and stakeholders to redefine what it means to be a leader in the natural graphite and active anode material industry.

NMG is proudly spearheading the charge towards a more resilient and sustainable market landscape.

May 2024 propel us even further down the path of future proofing our planet.

Sincerely,

Arne H Frandsen
Chair of the Board of Directors

6 BloombergNEF, February 2024
7 Rho Motion, January 2024

MANAGEMENT TEAM

With a proven track record and innovative mindset, NMG leadership combines the right skillset of strategic management and in-house technical knowledge. Our extended team is dedicated to elevating the Company's performance at every level.

TOP ROW, FROM LEFT TO RIGHT

1 **Philippe Legault**
Vice President, Human Resources

2 **Marc Jasmin**
Director, Investor Relations

3 **Jean Cayouette**
Vice President, Metallurgy & Process

4 **Josée Gagnon**
Vice President, Legal Affairs & Corporate Secretary

5 **Anoop Singh**
Vice President, Mining Projects

6 **Eric Desaulniers**
Founder, President & Chief Executive Officer

7 **Patrice Boulanger**
Vice President, Sales, Marketing & Business Development

BOTTOM ROW, FROM LEFT TO RIGHT

8 **Julie Paquet**
Vice President, Communications & ESG Strategy

9 **Charles-Olivier Tarte**
Chief Financial Officer

10 **Stéphane Imbeault**
Vice President, Bécancour Project

11 **Martine Paradis**
Vice President, Environment & Sustainable Infrastructure

12 **Bernard Perron**
Chief Operating Officer

MESSAGE FROM THE PRESIDENT & CEO

Record-breaking global spending on the clean energy transition – US$1.8 trillion investment[8] – speaks volumes about the imperative necessity Western economies face in securing the minerals and advanced materials required to power new technologies.

Pressure is multifaceted. Sourcing is becoming more competitive, but also more conscious, ethical and environmental. Clean energy calls for clean materials.

NMG is at the heart of this exciting and imperative global shift.

Impactful Collaboration for a Cohesive New Economy

The surge in demand from battery and EV manufacturers underscores the accelerated growth trajectory of the zero-emission vehicle market.

The sector saw the largest share of global investments from the clean energy transition with total spending leaping to US$634 billion in 2023[9] as EVs reached a crucial adoption tipping point in 23 countries[10]. What we are observing now is not a trend – it is the complete overhaul of an industry.

EV and battery manufacturers are now teaming up with mining and processing industries to secure the raw materials needed for their production.

Our foresight in tapping into this transformation cannot be overstated.

With an astute focus on tier-1 EV and battery manufacturers, we set to establish long-term partnerships underpinned by a common ESG vision and a "North America-first" integration approach. Our multiyear offtake agreements wtih Panasonic Energy[11] and GM[12] signal strong commercial relations and a new business approach to manufacturing.

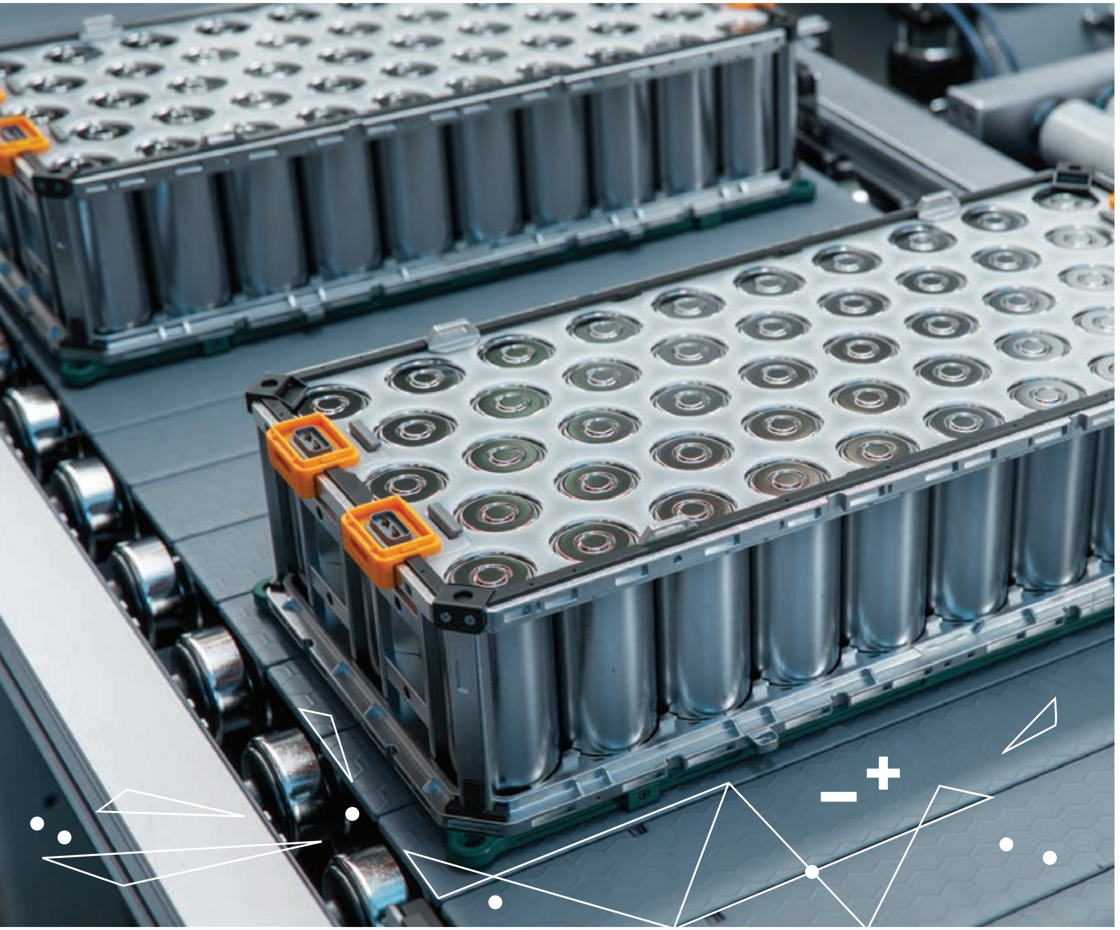
Technology development is central to ensuring commercial success in this space. In close collaboration with customers and through iterations, we perfect high-quality, tailored products according to manufacturers' unique battery chemistries. Our agility, technological testing facilities, knowledgeable personnel, and dedicated resources played a central part in establishing these partnerships.

Our commercial strategy bolsters our business plan thanks to our anchor customers' equity commitment to our pioneering projects, their high-quality credit profile that resonates with lenders, goverments and shareholders, as well as their governance participation to ensure robust financial and corporate stewardship.

Eric Desaulniers
Founder, President & Chief Executive Officer

8 BloombergNEF, January 2024
9 BloombergNEF, January 2024
10 Bloomberg, August 2023
11 Panasonic Energy Co., Ltd. ("Panasonic Energy"), a wholly owned subsidiary of Panasonic Holdings Corporation ("Panasonic")
12 General Motors Holdings LLC, a wholly owned subsidiary of General Motors Co. (collectively, "GM")

Securing a major part of NMG's production represents a powerful endorsement of our role in supplying critical materials for up to half a million EVs and powering decarbonization.



NMG's Strategic Fortitude and Leading Practices Amidst Global Megatrends

With the promising projection of about 9.3 TWh of global battery production capacity by 2030[13], NMG is unequivocally aligned with the industry's growth. Active anode material might be the latest and hottest commodity of the sector, but its supply chain is confronted by significant ESG risks. Our commitment, in turn, is clear: innovation combined with unwaveringly responsible practices.

We are heartened to note that only one natural graphite company is pinpointed for "industry-leading" ESG practices by market monitoring firm Benchmark Mineral Intelligence: NMG[14].

Continued engagement with communities, First Nations and local stakeholders is part of our ethos. This year, we intensified stakeholder engagement activities in Bécancour and deployed energies in the Manicouagan region for the Uatnan Mining Project. Our engagement in regional development is directed at fostering long-term relationships and creating shared value through training, employment, business opportunities, and collaboration.

Striving to elevate our environmental stewardship, we pursued operational efforts and implemented new initiatives with a focus on electrification, biodiversity, carbon neutrality, battery material R&D and safe activities. The unprecedented 2023 spring snowmelt tested our infrastructure, providing us with critical data and insights into our adaptability to climate change effects. Our response speaks to our readiness, resilience, and innovation.

Similarly, our Phase-1 operations provide us with a valuable sprinboard for our commercial operations through such real-condition testing, continued sample production for client qualification and endless learning to optimize our products' specs and our processes' efficiency. With our sights set on kick-starting our Phase 2, we are continuing the engineering, pre-construction and project financing towards the final investment decision ("FID").

Looking Ahead

As we advance forward, I am confident that our integrated and ESG-driven business model is attuned to the dynamics of today's global market. We are responsibly producing a key enabler to the clean energy transition. We are strengthening resilience, local capacity, and technological capital. We are empowering workers, communities, First Nations and businesses to participate in this novel economy.

With the continued support of our employees, partners, customers, suppliers, and stakeholders, we shall not only meet the benchmarks – we intend to redefine them.

Onwards,
En avant,
Wapita Nikanik,
nik8nosada,
Nikanitetau

Eric Desaulniers
Founder, President & Chief Executive Officer

13 Benchmark Mineral Intelligence, December 2023
14 Benchmark Mineral Intelligence, November 2023

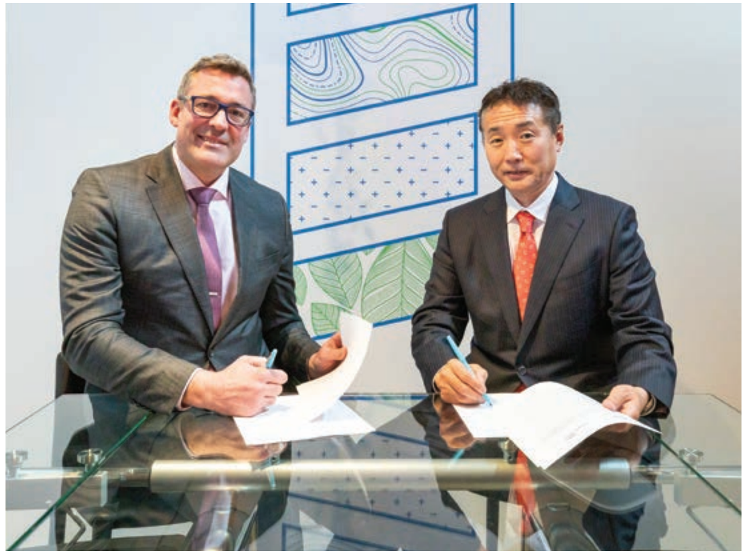
Year in Review

A SOLID FOUNDATION FOR GROWTH

+ Multiyear offtakes and strategic equity investment from anchor customers at the center of the North American EV market, Panasonic Energy and GM

- Approximately 85% of NMG's planned Phase-2 fully integrated production of active anode material now reserved.
- Investment-grade anchor customers engaged in the development of a local, ESG-driven and reliable North American supply chain.
- Aggregate combined investment of US$50 million by Panasonic and GM, and private placement of US$37.5 million by Mitsui[15] and Pallinghurst[16] to advance our development toward commercial operations[17].
- Demonstration of strong long-term bankability underpinnings to support project financing; significant milestone toward a full funding solution for NMG's Phase 2 with intended future investment by anchor customers of up to US$275 million.

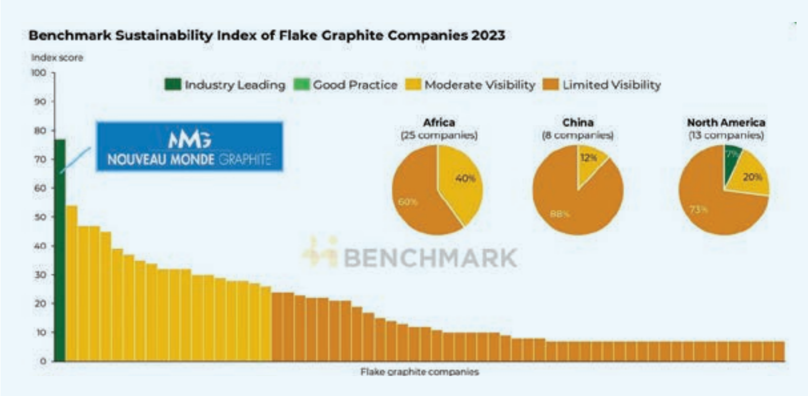
15 Mitsui & Co., Ltd ("Mitsui")
16 Pallinghurst Bond Limited ("Pallinghurst")
17 Subject to the vote of the NMG shareholders in accordance with MI-61-101 and regulatory approvals



Acquisition of the Lac Guéret graphite deposit set to underpin NMG's planned Phase-3 expansion, for the development of the Uatnan Mining Project

- Targeted production of approximately 500,000 tonnes of graphite concentrate per annum over a 24-year life of mine, making it one of the World's largest graphite projects being developped.
- Ability to service customers for decades to come with battery-grade graphite extracted and refined with the exclusive use of hydropower, positioning the Company as an attractive, ESG-driven, and strategic source.
- Positioning NMG as a leading graphite producer with 100% ownership of North America's two largest and most advanced projected natural graphite operations.
- Completion of a preliminary economic assessment for the Uatnan Mining Project demonstrating attractive economics, engagement efforts to foster relationships with the Innu First Nation of Pessamit and local stakeholders, as well as preparation of a detailed workplan covering the next development stages.

A VALUES-DRIVEN COMPANY



Recognition of our robust ESG credentials: NMG tops Benchmark Mineral Intelligence's Sustainability Index as the only natural graphite producer in the "Industry Leading" category ahead of all Western, African, and Chinese producers.

Reinforced focus on the safe conduct of operational and construction activities, the advancement of robust management systems and the training and empowerment of our people to protect the environment, as well as the health and safety of employees, contractors, and communities.

Continued engagement with communities, First Nations, and stakeholders to inform the development of NMG's projects, bolster R&D efforts and industrial collaboration, and create shared value.

Investment in the local workforce through paid on-the-job educational programs, in First Nations and communities via structuring partnerships, and in global decarbonization through biodiversity initiatives and carbon offset projects.

Advancement of ESG targets to continually elevate NMG's stewardship of material issues such as diversity and inclusion, environmental management, Indigenous collaboration, climate action, biodiversity and responsibility towards our supply chain.

DISCIPLINED EXECUTION OF OUR BUSINESS PLAN

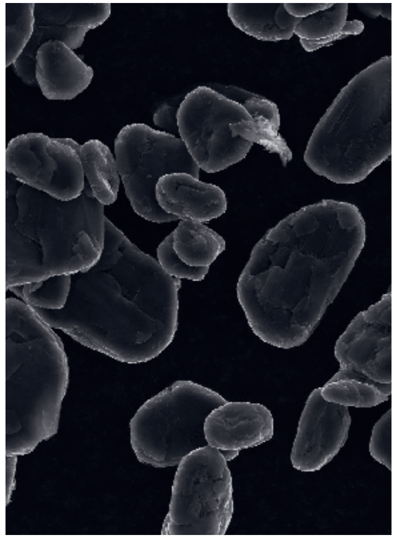
Active engagement with additional potential tier-1 customers in the EV and battery sector with the production of battery-grade samples, site visits, quality checks, commercial discussions and environmental diligence reviews.

Advanced discussions with multiple governmental agencies and programs, strategic investors and lenders to optimize the targeted capital structure for the Phase-2 project financing.

Signature of definitive agreements with Caterpillar framing the deployment of technology, testing collaboration, as well as procurement of zero-exhaust emission fleet and infrastructure for the Matawinie Mine.

Appointment of Pomerleau as Construction Manager for the pre-construction stage of our Phase-2 commercial facilities: preparation of a detailed construction sequence and schedule, establishment of a contracting strategy, worksite logistics optimization, as well as the enhancement of health and safety, environment, and quality programs.

Confirmation of a discounted industrial rate and a 77 MW electricity block for our Phase-2 Bécancour Battery Material Plant, tapping into Québec's energy grid among the greenest in the world.



Intel from our Phase-1 operations and technical engagement with anchor customers inform the engineering of the Matawinie Mine and the Bécancour Battery Material Plant: ongoing design, trade-off studies and value engineering, as well as cost optimization.

Securing of financial levers via public and private financing generating close to US$100 million and R&D grants of up to CA$3.6 million.

Management Discussion & Analysis

PREAMBLE

This Management Discussion and Analysis ("MD&A") dated March 27, 2024, has been prepared according to Regulation 51-102 of the continuous disclosure requirements and approved by the Board of Directors of Nouveau Monde Graphite Inc. (the "Company" or "NMG").

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2023, and December 31, 2022, and related notes included therein. The Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"). All monetary amounts included in this MD&A are expressed in thousands of Canadian dollars ("CAD"), the Company's reporting and functional currency, unless otherwise noted.

Period Covered

This MD&A report is for the year ended December 31, 2023, with additional information up to March 27, 2024.

Forward-Looking Statements

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively, "**forward-looking statements**"), which relate to future events or future performance and reflect management's expectations and assumptions regarding the Company's growth, results, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to it. In some cases, forward-looking statements can be identified by words such as "may", "would", "could", "will", "should", "expect", "intend", "aim", "attempt", "anticipate", "believe", "study", "target", "estimate", "forecast", "predict", "outlook", "mission", "aspire", "plan", "schedule", "potential", "progress" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company's future results, the intended construction and commissioning timeline of the Matawinie Mine project (as defined herein) and the Bécancour Battery Material Plant project (as defined herein), the intended operation and performance of the purification demonstration plant, shaping demonstration plant, coating demonstration plant and the concentrator demonstration plant, the intended development of the Matawinie Mine property, the intended development of the Uatnan Mining project (as defined herein), the economic performance and product development efforts, as well as the Company's expected achievement of milestones, including the ability to obtain sufficient financing for the development of the Matawinie Mine project and the Bécancour Battery Material Plant project, including the completion of the FID (as defined herein), the ability to achieve the Company's environmental, social and governance ("**ESG**") initiatives, the closing of the transactions with Pallinghurst and Mitsui, the Company's electrification strategy and its intended results, market trends, the Company's competitive advantages, macroeconomic conditions, the impact of various laws and regulations, the results of the integrated feasibility study, preliminary economic assessment for the Uatnan Mining project and any other feasibility study and preliminary economic assessments and any information as to future plans and outlook for the Company are or involve forward-looking statements.

Forward-looking statements are based on reasonable assumptions that have been made by the Company as at the date of such statements and are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, the actual results of current development, engineering and planning activities, access to capital and future prices of graphite, new mining operation inherent risks, mineral exploration and development activities inherent risks, the uncertainty of processing the Company's technology on a commercial basis and those factors discussed in the section entitled "Risk Factors" in Company's most recent annual information form. Forward-looking statements in this MD&A contain, among other things, disclosure regarding: the Company's development activities and production plans, including the operation of the shaping demonstration plant, the purification demonstration plant, the coating demonstration plant and the concentrator demonstration plant; the construction and commissioning, as applicable, of the Matawinie Mine project and the Bécancour Battery Material Plant project; the development of the Uatnan Mining project, the impact of infectious diseases, global pandemics or any other public health crises, the impact of economic conditions and unforeseen events on the Company's operations; the future outlook, corporate development and strategy of the Company; the Company's projected capital and operating expenditures; the estimates of mineral resources and mineral reserves; the Company's green and sustainable lithium-ion active anode material initiatives; the government regulation of mining operations, environmental regulation and compliance; the realization of the expected economics of the construction and operation of the Matawinie Mine project and the Bécancour Battery Material Plant project; the ability to obtain sufficient financing and the permitting required for the development of the Matawinie Mine project and the Bécancour Battery Material Plant project; and business opportunities that become available to, or are pursued by the Company.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: general business and economic conditions; there being no direct operational impacts resulting from infectious diseases or pandemics; the supply and demand for, deliveries of, and the level and volatility of prices for graphite products; the speculative nature of mineral exploration and development; changes in mineral production performance and increase in costs, exploitation, exploration and new mines' start-up successes; the risk that exploration data may be incomplete and additional work may be required to complete further evaluation, including but not limited to drilling, engineering, and socioeconomic studies and investment; the impact of the inflation of the Company's planned exploration and development activities, the timing of the receipt of necessary regulatory and governmental permits and approvals for the Matawinie Mine project and Bécancour Battery Material Plant project; the availability of financing for the Company's development of its properties and construction of its facilities and installations on reasonable terms; the possibility that the Company may incur additional debt; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; increased costs, delays, suspensions and technical challenges associated with the development, construction and commissioning of the Matawinie Mine project and the Bécancour Battery Material Plant project; the good standing of the Company's title and claims on its properties; the ability to attract and retain skilled staff and maintain positive relationships with the staff; the risk of relying on consultants; development and production timetables; competition and market risks; pricing pressures; the accuracy of the Company's mineral resource and mineral reserve estimates (including, with respect to size, grade and recoverability) as well as the geological, operational and price assumptions on which they are based; the volatile nature of the share price of a resources company and public corporation obligations, currency fluctuations, the fact that certain business improvement initiatives are still in the early stages of evaluation, and additional engineering and other analysis is required to fully assess their impact; the fact that certain of the initiatives described in this MD&A, are still in the early stages and may not materialize; business continuity and crisis management; and such other assumptions and factors as set out herein and in this MD&A.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that may cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements that are included in this MD&A, whether as a result of new information, future events, or otherwise, except in accordance with applicable securities laws.

Technical Information and Cautionary Note to U.S. Investors

Scientific and technical information in this MD&A has been reviewed and approved by Eric Desaulniers, geo, President and CEO for NMG, a Qualified Person as defined by National Instrument 43 101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). Further information about the Matawinie Mine project and the Bécancour Battery Material Plant project, including a description of key assumptions, parameters, methods, and risks, is available in a technical report following NI 43-101 rules and guidelines, titled "NI 43-101 Technical Feasibility Study Report for the Matawinie Mine and Bécancour Battery Material Plant Integrated Graphite Projects", effective July 6, 2022, and available on SEDAR+ and EDGAR (the "**Feasibility Study**"). Further information about the Uatnan Mining project, including a description of key assumptions, parameters, methods, and risks, is available in a technical report following NI 43-101 rules and guidelines, titled "NI 43-101 Technical Report – PEA Report for the Uatnan Mining project", effective January 10, 2023, and available on SEDAR+ and EDGAR (the "**PEA**").

Disclosure regarding Mineral Reserve and Mineral Resource estimates included herein were prepared in accordance with NI 43-101 and applicable mining terms are as defined in accordance with the CIM Definition Standards on Mineral Resources and Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council (the "**CIM Definition Standards**"), as required by NI 43-101. Unless otherwise indicated, all reserve and resource estimates included in this MD&A have been prepared in accordance with the CIM Definition Standards, as required by NI 43-101.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs from the disclosure requirements of the United States Securities and Exchange Commission (the "**SEC**") applicable to U.S. companies. Accordingly, information contained herein may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC reporting and disclosure requirements.

Market and Industry Data

Market and industry data presented throughout this MD&A was obtained from third-party sources and industry reports, publications, websites, and other publicly available information, as well as industry and other data prepared by the Company or on behalf of the Company based on its knowledge of the markets in which the Company operates, including information provided by suppliers, partners, customers and other industry participants.

The Company believes that the market and economic data presented throughout this MD&A is accurate as of the date of publication and, with respect to data prepared by the Company or on behalf of the Company, that estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this MD&A are not guaranteed and the Company does not make any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecasted in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes it to be reliable as of the date of publication, the Company has not independently verified any of the data from third-party sources referred to in this MD&A, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any statistical survey.

THE COMPANY

Corporate Structure

The Company was established on December 31, 2012, under the *Canada Business Corporations Act*. NMG's registered office is located at 481 Brassard Street, Saint-Michel-des-Saints, Québec, Canada, J0K 3B0.

The Company's shares are listed under the symbol NMG on the New York Stock Exchange ("NYSE"), NOU on the TSX Venture Exchange ("TSXV"), and NM9A on the Frankfurt Stock Exchange.

The Company's consolidated financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, the next twelve months.

Management believes that without additional funding, the Company does not have sufficient liquidity to pursue its planned expenditures. These circumstances indicate the existence of material uncertainties that cast substantial doubt upon the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of IFRS applicable to a going concern.

The Company's ability to continue future operations and fund its development and acquisition activities is dependent on management's ability to secure additional financing, which may be completed in a number of ways including, but not limited to, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. 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. In recognition of these circumstances, the Company completed a private placement for aggregate gross proceeds of US$50 million, with General Motors Holding LLC ("GM") and Panasonic Holdings Corporation ("Panasonic") on February 28, 2024.

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.

Value Proposition

NMG is an integrated company developing responsible mining and advanced manufacturing operations to supply the global economy with carbon-neutral active anode material to power electric vehicles ("EV") and renewable energy storage systems. The Company is developing a fully integrated ore-to-battery-material source of graphite-based active anode material in Québec, Canada. With enviable ESG standards and structuring partnerships with anchor customers, NMG is set to become a strategic supplier to the world's leading lithium-ion battery and EV manufacturers, providing high-performing and reliable advanced materials while promoting sustainability and supply chain traceability.

- **Vision** Drive the transition to a decarbonized and just future through sustainable graphite-based solutions.
- **Mission** Provide the greenest advanced graphite materials with a carbon-neutral footprint for a sustainable world.
- **Values** Caring, responsibility, openness, integrity, and entrepreneurial spirit.

Based in Québec, Canada, the Company's activities are focused on the planned Matawinie graphite mine and concentrator (the "Matawinie Mine") and the planned commercial value-added graphite products transformation plant (the "Bécancour Battery Material Plant"), both of which are progressing concurrently towards commercial operations. NMG is also planning the development of the Uatnan mining project (the "Uatnan Mining project") as a subsequent expansion phase. Underpinning these projects are NMG's world-class Matawinie and Lac Guéret graphite deposits, its proprietary technologies, and clean hydroelectricity powering its operations. The Company is developing what is projected to be North America's first and largest fully integrated natural graphite production.

HIGHLIGHTS

- Multiyear offtakes and strategic investments from Panasonic Energy Co., Ltd. ("Panasonic Energy"), a wholly owned subsidiary of Panasonic, and GM, (together the "Anchor Customers") covering approximately 85% of NMG's planned Phase-2 fully integrated production of active anode material.
- Aggregate combined investment of US$50 million by Panasonic and GM, with a private placement of US$37.5M by Mitsui & Co., Ltd ("Mitsui") and Pallinghurst Bond Limited ("Pallinghurst") to surrender and cancel their convertibles notes dated November 8, 2022, upon the vote of the shareholders of NMG in accordance with MI-61-101 and regulatory approvals, to advance NMG's development toward commercial operations.
- Demonstration of strong long-term bankability underpinnings to support NMG's Phase-2 project financing via offtake agreements and intended future investments by the Anchor Customers or their affiliates of up to US$275 million.
- Acquisition of the Lac Guéret property, one of the largest graphite deposits, set to underpin NMG's planned Phase-3 expansion, for the development of the Uatnan Mining project.
- Launch of an innovative training program in green technology industrial processes in partnership with the region's education and industrial partners to secure a local and qualified workforce for the Phase-2 Bécancour Battery Material Plant.
- Active stakeholder engagement including meetings held with over 300 regional companies in recent months to identify local capacity and plan the Company's procurement strategy for the Phase-2 Bécancour Battery Material Plant.
- Appointment of Pomerleau as Construction Manager for the pre-construction stage of Phase-2 commercial facilities and continued engineering for the Matawinie Mine and Bécancour Battery Material Plant towards the final investment decision ("FID").
- Recognition of robust ESG credentials: NMG tops Benchmark Mineral Intelligence's Sustainability Index as the only natural graphite producer in the "Industry Leading" category ahead of all Western, African, and Chinese producers.
- Continued active engagement with additional potential tier-1 customers in the EV and battery sector with the production of battery-grade samples, site visits, quality checks, commercial discussions, and environmental diligence reviews.
- Advanced discussions with multiple governmental agencies and programs, strategic investors and lenders to optimize the targeted capital structure for the Phase-2 project financing.
- North America expected to surpass Asia in the anode market outside China thanks to increased production capacity and structural sourcing partnerships such as NMG's with Panasonic Energy and GM (Benchmark Mineral Intelligence, February 2024).
- EV sales reported to have crossed the adoption tipping point in 23 countries in 2023 with 13.6 million EVs sold globally – a 31% increase – and projected growth of between 20% and 30% for 2024 according to market analysts (Rho Motion and Bloomberg, January 2024).
- Continued focus on the safe and responsible conduct of operational and construction activities; year-end OSHA (as later defined) rate of 3.63 at the Company's facilities and 0 at contractors' work sites, no major environmental incidents, and carbon-neutral year-end balance through verified offsetting of 644 tonnes of CO_2 equivalent via 660 certified carbon credits.
- Period-end cash position of $36.3 million.

BUSINESS LINES

Striving to establish a local, carbon-neutral, and traceable turnkey supply of graphite-based advanced materials for the Western World, the Company is advancing an integrated business operation, from responsible mining to advanced manufacturing. NMG is extracting and processing natural flake graphite to produce active anode material in its demonstration plants, an essential component in lithium-ion batteries used in EVs, energy storage solutions, and consumer technology applications.

The Company is carrying out a phased-development plan for its Matawinie Mine and Bécancour Battery Material Plant (respectively, with the applicable demonstration plants, the "Matawinie Mine project" and "Bécancour Battery Material Plant project") to derisk its projects and advance towards commercial operations. To support growth and meet customers' demand beyond its Phase 2, the Company is planning the development of the Uatnan Mining project targeted as NMG's Phase-3 expansion.

Matawinie Mine project	
Phase 1 – Matawinie Mine Demonstration Plant	
Concentrator Demonstration Plant	In production.
Phase 2 – Matawinie Mine	Groundwork started in 2021 at the construction site while detailed engineering and procurement advance in parallel.

Bécancour Battery Material Plant project	
Phase 1 – Battery Material Demonstration Plants	
Shaping Demonstration Plant	In production.
Purification Demonstration Plant	In production.
Coating Demonstration Plant	Batch testing in view of production ramp-up.
Phase 2 – Bécancour Battery Material Plant	Active engineering based on Anchor Customers' specifications, optimization of operational parameters, and pre-construction planning.

Uatnan Mining project	
Phase 3 – Uatnan Mining project	A preliminary economic assessment ("PEA") completed to update operational parameters; detailed work plan for subsequent studies ready for deployment.

Matawinie Mine project

The Matawinie graphite property includes 176 mining claims covering 9,264 hectares as of the date of this MD&A, in which the Company owns a 100% interest. The Tony Block, or mining property, part of the Matawinie graphite property, is composed of 159 claims totaling 8,266 hectares. The Tony Claim Block is located approximately 120 km as the crow flies north of Montréal, Québec, Canada, in Saint-Michel-des-Saints. This block is easily accessible via the dedicated access road connecting to the local highway and is close to high-quality infrastructure, including paved roads and high-voltage power lines, and the community, which counts skilled laborers and contractors. The project is located in proximity to the Montréal metropolitan area, which also has a considerable pool of nearby labor and suppliers of goods and services.

The Company mandated engineering firm BBA Inc. ("BBA"), with the support of various technical consultants, to carry out an integrated Feasibility Study covering the Phase-2 Matawinie Mine and Bécancour Battery Material Plant projects. Parameters of the previous 2018 feasibility study were updated, including Mineral Resources and Mineral Reserves, operational, and financial metrics. Results of the Feasibility Study were published on July 6, 2022, demonstrating attractive economics.

Project highlights for the Matawinie Mine now include:

» Annual processing rate: 2.55 million metric tonnes
» Average annual graphite concentrate production: 103,328 metric tonnes
» Average recovery: 93%
» Finished product purity: 97% Cg
» Stripping ratio (LOM): 1.16:1

Mineral Resources and Reserves

Since the deposit discovery, a comprehensive exploration program uncovered significant crystalline flake graphite mineralization, ultimately leading to the identification of Mineral Resources and Reserves.

As part of the Feasibility Study, Mineral Resources have been updated and estimated for the West Zone of the mining property. These Mineral Resources are based on 8,274 assay intervals collected from 27,888 m of core drilling and three surface trenches providing 207 channel samples. Proper quality control measures, including the insertion of duplicate, blank, and standard samples, were used throughout the exploration programs and returned within acceptable limits.

CURRENT PIT-CONSTRAINED MINERAL RESOURCE ESTIMATE FOR THE WEST ZONE[1]

Mineral Resource Category[2]	Current Resource (May 20, 2022)[7]		
	Tonnage (Mt)[5,6]	Grade (% Cg)[3]	Contained Graphite (Mt)
Measured	28.5	4.28	1.22
Indicated	101.8	4.26	4.33
Measured + Indicated	**130.3**	**4.26**	**5.55**
Inferred[4]	23.0	4.28	0.98

1. The Mineral Resources provided in this table were estimated by Yann Camus, P.Eng. SGS of Canada Inc. - Geological Services ("SGS Geological Services") using current Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Reserves, Definitions and Guidelines.
2. Mineral Resources that are not Mineral Reserves have not demonstrated economic viability. Additional trenching and/or drilling will be required to convert Inferred and Indicated Mineral Resources to Measured Mineral Resources. There is no certainty that any part of a Mineral Resource will ever be converted into Reserves.
3. All analyses used for the Resource Estimates were performed by ALS Minerals Laboratories and delivered as graphitic carbon ("% Cg"), internal analytical code C-IR18.
4. Inferred Mineral Resources represent material that is considered too speculative to be included in economic evaluations. Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Indicated or Measured Mineral Resources. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category.
5. Current Resource effective May 20, 2022.
6. Mineral Resources are stated at a cut-off grade of 1.78 % Cg.
7. Standards used for this resource update are the same standards produced over the course of the 2018 Feasibility Study (effective as of July 10, 2018, and issued on December 10, 2018) and the Resource Update (results published March 19, 2020). The difference comes mainly from a newly accessible land package along the Hydro-Québec power line.

A combined Mineral Resource of the South-East and South-West zones is also present on the mining property. While these deposits are part of the mining property, they have not been studied to be integrated in the Mineral Reserves or the mine plan.

MATAWINIE MINERAL RESERVES FOR THE WEST ZONE

Category	Tonnage (Mt)	Grade (% Cg)	Contained Graphite (Mt)
Proven	17.3	4.16	0.7
Probable	44.3	4.26	1.9
Proven & Probable	**61.7**	**4.23**	**2.6**

The Qualified Person for the Mineral Reserve Estimate is Jeffrey Cassoff, P.Eng., of BBA Inc.

The effective date of the estimate is July 6, 2022.

Mineral Reserves were estimated using a graphite concentrate average selling price of C$2,135/tonne, and considering a 2% royalty, and selling costs of C$47.92/tonne. An average grade of 97% was considered for the graphite concentrate.

A metallurgical recovery of 93% was used.

A cut-off grade of 2.20% Cg was used.

The strip ratio for the open pit is 1.16 to 1.

The Mineral Reserves are inclusive of mining dilution and ore loss.

The reference point for the Mineral Reserves is the primary crusher.

Totals may not add due to rounding.

Matawinie Mine Demonstration Plant (Phase 1)

Since 2018, the Company has been operating a concentrator demonstration plant in Saint-Michel-des-Saints to support its business strategy and notably to:

- qualify the Company's graphite products and establish a sales record;
- test and improve processes for commercial operations;
- test new innovative technologies of tailings management and site restoration; and
- train employees and promote future employment opportunities to local labor.

Several hundred tonnes of graphite concentrate are being produced on an annual basis with the materials extracted from the West Zone Deposit of the Matawinie graphite property with grades between 94-98% Cg (as per technical requirements). The production serves as the feedstock for the Company's Phase-1 battery material demonstration plants and as samples for potential customers interested in high-purity flake graphite.

Matawinie Mine (Phase 2)

The governmental decree authorizing the project supports the technical feasibility and commercial viability of the Matawinie Mine and provides NMG with the regulatory requirements to build and operate the Phase-2 facilities, subject to additional financing. Through an innovative coordination table set up by the Québec Government, NMG works collaboratively with various authorities to prepare and ease the permitting process for the various construction and operation activities.

- The Company initiated the process to request an amendment to the government decree to clarify certain operating conditions. The main adjustment concerns the maximum authorized tonnage, which would be increased from 100,000 tonnes per annum ("tpa") to a maximum of 106,000 tpa in line with the Feasibility Study, as well as the resulting adjustments to operations.
- NMG held an information and consultation activity earlier this year to present the requested changes and collect feedback from local stakeholders. No issues arose from this activity.
- Complementary studies to model and demonstrate control on air quality, sound levels and dust were completed and submitted to the government.

The detailed engineering and procurement activities for the construction of the mine and concentrator continue to progress with the technical team.

- In line with Anchor Customers' specifications, adjustments have been made to the graphite flotation cleaning circuit to optimize the processing at the Phase-2 Bécancour Battery Material Plant. This improvement positively impacts both metallurgical performance and capital costs.
- Tier-1 supplier Metso Outotec supports engineering deliverables associated with the process equipment chain.
- Engineering led by AtkinsRéalis focused on mechanical, piping, and electrical disciplines, continues to progress.
- Environmental infrastructure is being finalized by SRK Consulting with overburden and co-disposal engineering, plus plans and specifications for water management infrastructure. The water treatment plant is being designed by Mabarex.
- Results from the experimental co-disposal test cells are positive, validating the co-disposal technology developed by NMG.
- The project execution strategy has now been finalized for the upcoming construction of the mine once FID is reached. NMG has selected Pomerleau Inc. ("Pomerleau") as Construction Manager for the pre-construction stage.
- Pomerleau's mandate covers the pre-construction management of the industrial facilities, namely the concentrator, crusher, and associated infrastructure.
- Pomerleau is working closely with NMG's project team to prepare a detailed construction sequence and schedule, to develop the contracting strategy, to optimize worksite logistics, to expand the health and safety, environment, and quality programs, and to integrate planning and engineering into Building Information Modeling (BIM), an advanced technology solution supporting project management for improved project efficiency and cost control.
- Pomerleau will also be contributing to the budget revision, cost optimization, and project control.

NMG started early works in 2021 to prepare the site for the mine industrial platform and the access road connecting the project to the local highway.

- Tree clearing was completed outside the nesting season to limit impacts on avifauna.
- An 8-km access road was completed in December 2021.
- Construction continued in 2022 and 2023 to build environmental infrastructure such as water ditches, a water collection basin, as well as organic and overburden stockpiles, and site preparation for the next phase of civil works.
- Proactive sorting and piling of excavated material helped optimize topsoil, overburden, and rock management.

Permit applications for the next construction phase, namely the concreting of civil infrastructures, placement of overburden materials, and service roads have been submitted. Various mitigation measures, environmental components and sub-project components for the community are being advanced in line with commitments and obligations detailed in the governmental decree and/or permitting requirements.

Wood harvested as part of tree clearing for preliminary works was transformed by regional sawmills and wood product manufacturers to optimize carbon sequestration and local economic benefits. Additional proactive environmental management enabled the advancement of initiatives in support of progressive site reclamation.

- Hydroseeding of the access road borders on a total surface of 4 hectares enables the testing of 24 native species in different mixes, soil conditions, and ground relief. In addition to helping vegetate the site, control potential dust emissions, and minimize erosion, seeding provides insight into the ideal parameters for future site restoration. Over the next three to five years, the zones seeded will be subject to regular monitoring and documentation.

- Through a plantation of 5,000 willows on its Phase-1 mining site, NMG is establishing a circular environmental system. The project allows for the capture and sequestration of carbon by the willows as well as the in-situ production of biomass, organic matter input for vegetation, to support the progressive restoration of the site. Willow's phytoremediation capabilities could also be leveraged to complement the Company's integrated water management system by reducing the volume of treated water.
- NMG continued its active management of on-site resources with a view to progressive reclamation with the deposition of windrows resulting from the stripping of the site to create organic matter. Windrows have started to be laid on site.

As part of its electrification strategy, the Company is committed to having both its heavy equipment used for mining operations and its ore concentration and processing activities become fully electric within the first five years of production. This operating model, which would make it one of the first all-electric open-pit operations in the world, represents a potential reduction of over 300,000 tonnes of CO_2 emissions over the mine's lifespan as well as a significant advantage over peers globally.

On the foundation of their 2021 collaboration agreement and of technical work achieved together over the past two years, NMG and Caterpillar have signed definitive agreements to supply NMG's Matawinie Mine with an integrated solution that covers a zero-exhaust emission fleet, supporting infrastructure, and service. Caterpillar is set to be NMG's supplier of heavy mining equipment, supporting the progressive transition from traditional models to Cat® zero-exhaust emission machines as they become available.

- A calendar is established to deploy Early Learners and/or pilot models, to test equipment in actual terrain and weather, and to map the transition to future zero-exhaust-emission production models.
- Technical teams will work in close collaboration to test the equipment and support technology development. NMG will use these machines in actual mining operations and gather data from on-site utilization in various weather, terrain, and operational conditions.
- For the site's charging infrastructure, modeling and simulating the location of charging stations, equipment operations on site, as well as charging cycles in relation to operational schedules and the mining plan, help optimize site design and technology choices. The simulation of charging needs helps to identify peak power demand and define energy management strategies.
- Depending on the commercialization of Cat® zero-exhaust emission machines, Caterpillar will reserve production slots, which should enable the Company to benefit from timely deliveries and technology enhancements throughout the duration of the contract.
- Caterpillar's Job Site Solutions should help reduce NMG's initial capital intensity for the Matawinie Mine by providing access to equipment through an hourly fee based on usage and includes asset management support to help improve uptime, predictability, and efficiency.

NMG collaborates with the Canadian and Québec governments to inform, accelerate and promote electrification in mining. Through a collaborative endeavor bringing together research and industry leaders, the Company supports the development and testing of electric systems and rapid recharging infrastructure for heavy vehicles adapted to open-pit mining.

- The technological development and conversion of a 40-tonne electric mining service truck is completed with the project partners.
- Testing is ongoing. Data from vehicle testing in different *in situ* operational environments could help optimize the Company's electrification plan.

Furthermore, the Company has mandated Hydro-Québec, the state-owned corporation that produces, transports, and delivers power, to develop, install and operate a 120-kV electrical line that will supply the mine site and help meet its carbon-neutrality target. A dedicated line will connect the Matawinie Mine to Hydro-Québec's hydropower network to enable the full electrification of its operations.

Bécancour Battery Material Plant project

The Company is advancing plans for its Phase-2 Bécancour Battery Material Plant through sample production at Phase-1 facilities, testing of production modules, refinement of process efficiency, technological optimization of advanced manufacturing processes, as well as engineering of its Phase-2 plans in line with Anchor Customers' specifications.

Battery Material Demonstration Plants

Two shaping modules are producing spherical graphite at NMG's Phase-1 facility. Through testing and engagement with potential customers, NMG is refining its process and building a robust model to efficiently produce samples of varying specifications, with short development and optimization duration.

In Bécancour, Québec, the Company's two commercial-scale pilot purification furnaces (Phase 1) – that have a nameplate capacity of 2,000 tpa – are producing spherical purified graphite ("SPG") samples with purity levels of up to +99.99%, above the level required for energy applications.

- On October 27, 2020, NMG announced a five-year agreement with Olin Corporation ("Olin"), which covers the rental of the commercial space for its Phase-1 operations, site services, and the supply of chemical consumables to support the production and development of NMG's advanced graphite materials.
- NMG continues testing its purification process for battery-grade active graphite materials in line with client specifications to establish consistent production at commercial quantities and required quality.
- Production samples continue to demonstrate positive results both at the Company's laboratory and at a leading third-party testing facility.

» In addition, some maintenance work began to improve operational performance and continue process optimization efforts in 2024.

Determined to develop the entire value chain from mine to active anode material to provide a turnkey and traceable source to battery manufacturers, NMG is deploying a coating technology at its Phase-1 facility. The coating of SPG completes the Company's graphite-based product range for the EV and renewable energy sectors.

» Batch testing continues in view of production ramp-up.

Bécancour Battery Material Plant

NMG owns a 200,000 m^2 land in the Bécancour industrial park in Québec, Canada, adjacent to Olin's facility, to build an integrated manufacturing plant, the Phase-2 Bécancour Battery Material Plant, to produce active anode material. Approximately 150 km northeast of Montréal, close to the Saint Lawrence River, the site provides robust local infrastructure with a direct supply of required chemicals, affordable hydroelectricity, skilled workforce, and no environmental limitations for construction. Its multi-modal logistical base includes a major international port, plus rail and highway for both importing raw materials and exporting final products throughout North America and Europe.

» A study of archaeological potential comprised of surveys of historical documentation and on-site work, was completed in 2022 for the land. The study was carried out by the Ndakina Office of Waban-Aki, the Indigenous organization overseeing territorial and environmental protection questions for the Abenaki Councils of Odanak and Wôlinak. No archaeological discoveries were made.

Bécancour is rapidly attracting important industrial players in the battery materials and cell manufacturing space, supported by the Québec Government's battery hub strategy. Important battery material industrial projects are under construction, including GM-Posco, Ford, Nemaska Lithium, and Vale, with a dozen others being planned. NMG's site, at the center of this development zone, represents a strategic and operational asset.

» The Québec Government is propelling the growth of a battery hub in Bécancour and neighboring municipalities with a new $8-million direct investment in infrastructure and research projects through an Innovation Zone.

The Company mandated engineering firm BBA, with the support of various technical consultants, to carry out an integrated Feasibility Study covering the Phase-2 Matawinie Mine and Bécancour Battery Material Plant projects. Results of the Feasibility Study were published on July 6, 2022, demonstrating attractive economics. Regrouping on-site all beneficiation units, the Bécancour Battery Material Plant is designed to receive approximately 63,775 tpa of graphite concentrate from the Matawinie Mine to be transformed into 42,616 tpa of active anode material, 3,007 tpa of purified flakes and 18,384 tpa of by-product fines, a valuable graphite material.

» The Feasibility Study is available on SEDAR+, EDGAR, and the Company's website.

The Company is now updating production parameters and engineering for the Phase-2 Bécancour Battery Material Plant in line with its Anchor Customers' specifications refined with offtake agreement parameters and technical collaboration.

» BBA and other consultants are advancing engineering, performing trade-off studies on equipment, and refining the plant design in order to optimize the commercial plant flowsheet.

» NMG obtained confirmation from Hydro-Québec – the government corporation that produces, transmits, and distributes electricity in Québec – of a 77 MW electricity block for the Phase-2 Bécancour Battery Material Plant.

» Pomerleau is assisting NMG as Construction Manager for the pre-construction stage. Current activities include construction planning and budget revision to refine CAPEX estimates. Pomerleau is also supporting workforce planning, jobsite logistics, cost optimization, revision of the procurement strategy, project control, and the development of health and safety, environment, and quality programs.

» Construction permit demands as well as long-lead items tendering packages are being prepared. An initial tree clearing permit request has been submitted.

Uatnan Mining project

On January 21, 2024, NMG entered into an asset purchase agreement with Mason Resources Inc. ("Mason") for the acquisition of 100% of the Lac Guéret Property, targeted for the development of the Uatnan Mining project. The acquisition is payable in 6,208,210 common shares of NMG and a subsequent payment of $5,000,000 to be made to Mason at the start of commercial production of the contemplated Uatnan Mining project. The transaction closed on January 31, 2024.

This acquisition of another major asset in Québec, Canada, reinforces NMG's fully vertically integrated production model in North America and underpins the Company's expansion plans to become a leading producer of carbon-neutral active anode material for the Western market.

» The asset purchase agreement supersedes and terminates the previously announced investment agreement and option and joint venture agreement between NMG and Mason.

In 2023, NMG published a preliminary economic assessment ("PEA"), according to NI 43-101, for the Uatnan Mining project. The PEA, conducted by engineering firms BBA and GoldMinds Geoservices Inc., showed strong economics for updated operational parameters and production volumes targeting the production of approximately 500,000 tonnes of graphite concentrate per annum over a 24-year life of mine ("LOM").

Property and Mineral Resources

The Uatnan property presently consists of 74 map-designated claims totaling 3,999.52 hectares ("ha"), wholly owned (100%) by NMG. The Uatnan Mining project is located in the Côte-Nord administrative region, Québec, Canada, approximately 220 km as the crow flies, north northwest of the closest community, the city of Baie-Comeau. It is accessible by provincial paved road 389 and Class-1 forestry roads.

Exploration work on the Uatnan property targeted graphite mineralization and consists to date of airborne geophysics, prospecting, ground geophysics, trenching/channel sampling, and core drilling. Exploration work uncovered significant crystalline flake graphite mineralization, ultimately leading to the identification of Mineral Resources and Mineral Reserves (see Mason's press release dated November 9, 2015). Although parameters to determine reasonable prospects for eventual economic extraction were updated, there are no significant changes between the current Mineral Resources and the Mineral Resources last published in 2015.

UATNAN CURRENT PIT-CONSTRAINED MINERAL RESOURCE ESTIMATE

In-Pit Constrained Mineral Resources	Tonnes (Mt)	Grade (% Cg)	Cg (Mt)
Measured 5.75% < Cg < 25%	15.65	15.2	2.38
Measured Cg > 25%	3.35	30.6	1.02
Total Measured	**19.02**	**17.9**	**3.40**
Indicated 5.75% < Cg < 25%	40.29	14.6	5.89
Indicated Cg > 25%	6.33	31.6	2.00
Total Indicated	**46.62**	**16.9**	**7.89**
Indicated + Measured 5.75% < Cg < 25%	55.94	14.8	8.27
Indicated + Measured Cg > 25%	9.70	31.2	3.03
Total Measured + Indicated	**65.64**	**17.2**	**11.30**
Inferred 5.75% < Cg < 25%	*15.35*	*14.9*	*2.28*
Inferred Cg > 25%	*2.47*	*31.8*	*0.79*
Total Inferred	***17.82***	***17.2***	***3.07***

Notes:

The Mineral Resources provided in this table were estimated by M. Rachidi P.Geo., and C. Duplessis, Eng., (QPs) of GoldMinds Geoservices Inc., using current CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, market, or other relevant issues. The quantity and grade of reported Inferred Mineral Resources are uncertain in nature and there has not been sufficient work to define these Inferred Mineral Resources as indicated or Measured Mineral Resources. There is no certainty that any part of a Mineral Resource will ever be converted into Mineral Reserves.

The Mineral Resources presented here were estimated with a block size of 3mE x 3mN x 3mZ. The blocks were interpolated from equal-length composites (3 m) calculated from the mineralized intervals.

The Mineral Resource estimate was completed using the inverse distance to the square methodology utilizing three runs. For run 1, the number of composites was limited to ten with a maximum of two composites from the same drillhole. For runs two and three the number of composites was limited to ten with a maximum of one composite from the same drillhole.

The Measured Mineral Resources classified using a minimum of four drillholes. Indicated resources classified using a minimum of two drillholes. The Inferred Mineral Resources were classified by a minimum of one drillholes.

Tonnage estimates are based on a fixed density of 2.9 t/m^3.

A pit shell to constrain the Mineral Resources was developed using the parameters presented in the PEA. The effective date of the current Mineral Resources is January 10, 2023.

Mineral Resources are stated at a cut-off grade of 5.75% C(g).

Uatnan Mining project (Phase 3)

The Uatnan Mining project optimizes the Mineral Resources and expands the original mining project tenfold with a contemplated production of approximately 500,000 tpa of graphite concentrate, entirely destined for the anode material manufacturing market.

The Uatnan Mining project would be operated as a conventional open pit with a concentrator near the deposit and electricity to be sourced from the Manic-5 hydroelectric power station. In line with NMG's responsible mining approach, plans include progressive site closure with backfilling of the pit with waste rock as much as possible and assessment of fleet electrification.

OPERATIONAL PARAMETERS OF THE UATNAN MINING PROJECT

Operational Parameters	
LOM	24 years
Nominal annual processing rate	3.4 M tonnes
Stripping ratio (LOM)	1.3:1
Average grade (LOM)	17.5% Cg
Average graphite recovery	85%
Average annual graphite concentrate production (LOM)	500,000 tonnes
Finished product purity	94% Cg

Cautionary Note: The PEA is preliminary in nature and includes Inferred Mineral Resources, considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not Mineral Reserves have not demonstrated economic viability. Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Indicated or Measured Mineral Resources. There is no certainty that the resources development, production, and economic forecasts on which the PEA is based will be realized.

The design of the Uatnan Mining project has been tailored to the needs of the battery and EV market, orienting production volumes for beneficiation to produce active anode material. The PEA shows strong economics for NMG's updated operational parameters and production volumes.

ECONOMIC HIGHLIGHTS OF THE UATNAN MINING PROJECT

Economic Highlights	
Pre-tax NPV (8% discount rate)	C$ 3,613 M
After-tax NPV (8 % discount rate)	C$ 2,173 M
Pre-tax IRR	32.6%
After-tax IRR	25.9%
Pre-tax payback	2.8 years
After-tax payback	3.2 years
Initial CAPEX	C$ 1,417 M
Sustaining CAPEX	C$ 147 M
LOM OPEX	C$ 3,236 M
Annual OPEX	C$ 135 M
OPEX per tonne of graphite concentrate	C$ 268/tonne
Concentrate selling price	US$ 1,100/tonne

All costs are in Canadian dollars with the exception of the graphite sale price which is provided in US dollars.

On the basis of these positive results, NMG intends to launch a feasibility study reflecting the updated operational parameters. NMG has mapped out a detailed workplan to enable the preparation of a feasibility study, including on-site fauna and flora inventories, geological surveys, environmental studies, impact assessment, stakeholder consultation, etc. NMG will leverage its team of over 100 employees from all specialties – from metallurgy and environment to mining, research and development, and sales – plus its operational Phase-1 concentration and processing facilities to support the development of the Uatnan Mining project.

The Company plans to maintain a transparent dialogue with the First Nation as it advances the project development to ensure the respect of their rights, the protection of the environment, their culture and way of life, as well as the inclusion of their perspective, and traditional knowledge.

COMMERCIAL STRATEGY

Sales

The integrated material flowsheet developed by NMG is designed to leverage the distribution of graphite concentrate flake sizes to be produced at the Phase-2 Matawinie Mine by catering to the most profitable market segments. Jumbo to coarse flakes will be destined to high-purity, high-margin specialty, and traditional markets while fine to intermediate flakes will be transformed into active anode material at the Phase-2 Bécancour Battery Material Plant for sales as active anode material for lithium-ion battery applications. A portion of jumbo flakes will also undergo refinement at the Bécancour Battery Material Plant to produce purified jumbo flakes for niche applications such as bipolar plates in hydrogen fuel cells. By-products from this facility will also be sold to optimize the Bécancour basket price.

- As part of the Feasibility Study, Benchmark Mineral Intelligence, an IOSCO-regulated price reporting agency and market intelligence publisher for the lithium-ion battery to EV supply chain, provided pricing estimates for the North American market. The Company is expected to have competitive advantages over international producers, namely its carbon-neutral footprint, multimodal logistical base, stable political jurisdiction, and exclusion from U.S. import tariffs on graphite.

Beyond commercialization of Phase-2 production, the development of the Uatnan Mining project supports the Company's commercial discussions with EV manufacturers and lithium-ion battery cell makers seeking to secure significant graphite volumes amidst growing market demand and a projected structural deficit of production before the end of the decade (Benchmark Mineral Intelligence, Q4-2023).

Commercial Agreements

In February 2024, NMG entered into multiyear offtake agreements for its active anode material, covering approximately 85% of the Company's planned Phase-2 fully integrated production, from ore to battery materials, with Anchor Customers: Panasonic Energy and GM.

NMG and Panasonic Energy signed a binding offtake agreement for the supply of 18,000 tpa of active anode material production for an initial period of seven years from the commencement of the Company's Phase-2 production. Panasonic also made an initial US$25-million equity investment in NMG to support the advancement of NMG's Phase-2 operations in line with Panasonic Energy's specifications refined with the technical collaboration.

- Panasonic intends to further finance, together with potential co-investors, an amount valued at about US$150 million, subject to a maximum ownership threshold agreed between the relevant parties, as part of construction funding for NMG's Phase-2 facilities, following a positive FID.

NMG and GM signed a supply agreement for 18,000 tpa of active anode material upon reaching full Phase-2 production for an initial term of six years. GM also made an initial US$25 million equity investment in NMG to support the advancement of NMG's Phase-2 operations in line with GM's battery manufacturer's specifications.

- GM also committed to subscribe for a further US$125 million of equity upon the successful completion of conditions precedent and a positive FID.

With an agreed upon pricing formula linked to future prevailing market prices and project financing ratio requirements, NMG can now demonstrate strong long-term bankability underpinnings to lenders, investors, and shareholders.

In parallel, the Company maintains intensive commercial discussions and continued product qualification with other tier-1 battery manufacturers for the balance of its Phase-2 production.

In April 2023, NMG signed a memorandum of understanding with Caterpillar ("**Caterpillar MoU**") to advance commercial discussions targeting NMG's active anode material. Through this Caterpillar MoU, a full circular value chain could be established whereas NMG would supply carbon-neutral graphite materials to Caterpillar for the development of its secure, resilient, and sustainable battery supply chain that would serve to electrify heavy vehicles, including NMG's Matawinie Mine fleet.

On February 13, 2019, the Company entered into the *Joint Marketing and Offtake Agreement* with Traxys for flake graphite concentrate to be produced at the Company's Phase-2 Matawinie Mine.

- Traxys markets flake graphite concentrate from the Company's operating graphite demonstration plants for customer product prequalification purposes.
- For each of the first five years of the Company's Phase-2 commercial production, up to 25,000 tonnes of flake graphite product may be sold through Traxys by NMG.
- Traxys has the exclusive right to market, distribute and resell the flake graphite products to its customer base.

Business Development

In line with its active marketing and commercialization program, NMG continues to qualify anode material samples with other leading battery and EV manufacturers, as well as purified jumbo flakes for niche applications such as hydrogen fuel cells. The Company's Phase-1 operations support technical marketing and product qualification efforts.

- Production at the Phase-1 facilities and testing at NMG's laboratory enable the supply of graphite products in a variety of specifications to meet the individual requirements of each manufacturer.
- As part of sales discussions, samples are produced, tested, and supplied to potential customers to advance the qualification process. Over 4,200 samples were reviewed and prepared by the Company's battery laboratory in 2023.
- Sustained interest from top-tier potential customers across continents is supported by quality checks, site visits to the Company's Phase-1 operations, requests for information, and environmental due diligence.

To validate compliance with specifications and test NMG materials' performance, samples are submitted to quality, cycling, and electrochemical tests at the Company's battery laboratory as well as at third parties and/or potential customers' laboratories. NMG continues to invest in high-technology equipment, recruitment and training of in-house staff, and continuous improvement of its practices to enhance its laboratory capacities and productivity.

The systematic achievement of standards demanded by potential customers is an essential prerequisite, as well as an important competitive advantage. Hence, the Company is placing quality as a central component of its business via a culture of excellence, continuous improvement, and environmental stewardship.

NMG is actively strengthening quality assurance and quality control with the development of an ISO 9001-compliant management system to support the Company's certification objectives, the groundwork for which has commenced in 2022. A laboratory information management system to streamline the flow of samples and associated data for improved lab efficiency is also being deployed. The Company progresses along its quality roadmap through process definition, documentation, quality control planning, and internal audits.

Partnerships, Research and Development

As part of its intellectual property strategy NMG has submitted a patent application for its proprietary thermochemical purification technology, a greener and more sustainable alternative to that currently used in traditional anode material production. Following the filing of the international patent application under the Patent Cooperation Treaty, the Company is currently at the stage of national phase entry in several countries.

The Company has also submitted a patent application on its purification equipment. The international patent application under the Patent Cooperation Treaty has been filed and published.

NMG is operating a laboratory at its Phase-1 facility, an addition to the Company's existing quality testing facilities. This expansion was triggered by NMG's commitment to catering to the market's requirements for high-performing and environmentally responsible battery materials that can be tailored to a variety of specifications.

In August 2022, NMG secured a $5.75 million grant from Sustainable Development Technology Canada, a flagship program from the Government of Canada, for the deployment of its proprietary coating technology. The Québec Government also confirmed on January 13, 2023, financial assistance of up to $3 million through its Technoclimat program for that project, with an effective date for eligible expenditures of January 14, 2022.

The Company also maintains a portfolio of research and development projects to refine its line of specialty products based on market demands and innovations, among which:

- NMG is working with materials engineering expert Philippe Ouzilleau, a professor at McGill University, and his research team to develop new types of precursors and coating technologies to reduce the environmental footprint of its advanced graphite products, optimize production costs, and improve the properties for existing performance.
- In collaboration with Professor Lionel Roué from the *Énergie Matériaux Télécommunications* Research Centre of the *Institut national de la recherche scientifique* and Professor Philippe Ouzilleau from McGill University, NMG intends to develop a series of high electrochemical performance graphite-based composites by valorizing residual materials from NMG's process as well as bio-sourced materials.
- The Company also collaborates with Professors Gervais Soucy and Jocelyn Veilleux of the University of Sherbrooke on advanced graphite transformation technologies based on high-performance ecological thermal processes.

NMG has been admitted as an active member of the Global Battery Alliance, a World Economic Forum initiative dedicated to helping establish a sustainable battery value chain, which makes NMG one of the first battery materials producers to be admitted.

- » In January 2023, the Global Battery Alliance launched the Battery Passport proof of concept, a major leap towards globalized standards for sustainable battery production. NMG contributed to the endeavor by informing the Global Battery Alliance's traceability efforts and engaging as an active member of the association.

Market Update

As EVs, renewable energy solutions, and electronics continue to gain market shares, global battery production expands to meet this demand. In 2023, EV sales crossed the adoption tipping point in 23 countries with a total of 13.6 million EVs sold globally – a 31% increase from 2022. Market analysts project further growth between 20% and 30% in 2024 (Rho Motion and Bloomberg, January 2024).

- » The adoption of EVs in North America is currently being stimulated by the introduction of multiple new models by leading market participants and structuring partnerships to accelerate the deployment of charging networks.
- » In 2023, a remarkable 689.2 GWh was added to the EV parc, up 200 GWh or 40% compared to the previous year (Adamas Intelligence, March 2024).
- » The EV market represents 79% of total lithium-ion battery demand (Benchmark Mineral Intelligence, Q2-2023).
- » To meet cleantech applications demand, the lithium-ion battery industry is now developing 9,388 GWh of global production capacity by 2030 through 415 gigafactories (Benchmark Mineral Intelligence, February 2024).

Lithium-ion batteries for EVs, energy storage, and portable electronics drive unprecedented market growth for graphite. Graphite-based anode constitutes the standard across all lithium-ion battery chemistries. Benchmark Mineral Intelligence projects a 650% demand growth in anode between 2023 and 2040, with only 213% forecasted increase in supply (Q4-2023). The supply/demand gap is especially important in North America.

Manufacturers are facing a challenge as raw materials required to produce batteries and EVs are becoming constrained. Feeling this supply chain pressure, battery and EV manufacturers are turning their attention upstream to mining and processing in order to secure supplies and reduce their risks. NMG's strategic partnerships with GM and Panasonic Energy exemplify this new dynamic.

Since December 1, 2023, the Chinese Ministry of Commerce and General Administration of Customs imposes restrictions on graphite exports, exacerbating pressure on the battery supply chain. China currently controls approximately 77% of the graphite extraction global production (US Geological Survey, January 2024) and 95% of spherical graphite refining for lithium-ion batteries (Benchmark Mineral Intelligence, February 2024).

- » These new measures require Chinese exporters to obtain authorizations to sell certain types of graphite to foreign customers.
- » The export restrictions are aimed at preserving China's security and national interests.
- » This new requirement may offer opportunities for producers outside of China and support graphite prices, which have experienced a downward trend due to ample supply and slower-than-expected demand, as well as competition from low-cost synthetic anode material.
- » Analysts forecast an acceleration of graphite onshoring (UBS, October 2023). North America is projected to overtake Asia as the region with the largest ex-China anode capacity (Benchmark Mineral Intelligence, February 2024).
- » The situation has reinforced the need for local and resilient supply chains for western battery producers. NMG is set to become the largest fully integrated producer of natural graphite in North America, benefiting in this respect.

The market is shifting towards localization. Canada is among the emerging leaders of this new economy, ranking first, ahead of China, according to BloombergNEF's annual global lithium-ion battery supply chain report (February 2024), due to its mineral resources, ESG factors, key infrastructure, innovation, and industry including Québec's battery valley in Bécancour. NMG's site for its Phase-2 Bécancour Battery Material Plant is located at the center of this fast-developing zone, supported by the Québec Government's battery hub strategy.

- » Swedish tier-1 cell producer, Northvolt, announced in September 2023 plans to establish a 60-GWh cell production facility in Québec, Canada, scheduled to commence operations in 2026. This $7-billion venture marks the largest-ever investment in the Canadian province and contributes to the growing presence of EV battery manufacturing in the country.
- » Québec is rapidly emerging as a prominent hub for the battery supply chain in North America, predominantly due to its low-carbon hydropower electricity and abundant raw materials.

The prices of essential battery materials such as lithium, cobalt, nickel, and graphite experienced sustained downward pressure in 2023. With cathode and anode manufacturers reducing existing inventories or exercising caution with new orders, critical battery material prices dropped between 20% and 40% – 29% in the case of graphite – reported Benchmark Mineral Intelligence. The decline can be partly attributed to a slowdown in Chinese demand, peak seasonal production at Chinese graphite mines, new production capacity as well as significant fall in synthetic graphite prices, and the U.S. and Europe's efforts to establish their own critical minerals supply chains.

On the back of sustained graphite demand growth and multiplying offtake announcements for ex-China sourcing, analysts foresee a correction in pricing (Fastmarkets, February 2024). NMG believes there is a disconnect between supply and demand dynamics in North America versus China and that the long-term price in this market should namely reflect lower geopolitical risk, compliance with the U.S. Inflation Reduction Act requirements, a "greenium" price premium based on improved carbon footprint of North American graphite, as well as the simplified logistics and inventory costs.

Technological trends and new greenhouse gas ("**GHG**") policies have pushed the graphite market, mainly with regard to lithium-ion batteries and fuel-cell technologies, into an accelerated growth curve. Western governments are deploying programs, policies, and business incentives to support the development of local capacity and reduce overreliance on Chinese supply.

- The European Union, the U.S., the U.K., and Canada have identified graphite as a strategic mineral for economic growth and national security.
- Canada has now outlined partnerships with both the European Union and the U.S. to secure supply chains and encourage market diversification from China's raw materials.
- In 2022, both the U.S. and Canadian governments have announced investments in the development of North American critical minerals production to ensure the domestic supply required to build a local battery economy.
- Canada's 2023 Budget included tax incentives to bolster investments in clean technology, clean manufacturing, and infrastructure linked to strategic minerals and clean energy.
- The U.S. Government adopted the *Inflation Reduction Act of 2022* that namely promotes EV adoption through consumer incentives, North American sourcing and production for the lithium-ion battery supply chain, and development of charging infrastructure. The Act has brought even more interest towards NMG as it is projected to be the first fully integrated source of natural graphite, from mine to anode material, in North America with significant volume.
- In late 2023, the U.S. Government issued its guidance on foreign entities of concern for EV tax credits under the *Inflation Reduction Act*. Battery material companies' location, ownership, as well as technology licenses tied to China, North Korea, Iran, and Russia are specifically excluded from the incentives. Such measure reaffirms the importance of establishing a local, resilient, and ESG-compliant supply chain of graphite to support battery and EV production.

Concurrently, there is increased focus on carbon neutrality in the market to cater to consumers' green expectations and governments' more stringent environmental regulations. From the Global Battery Alliance's effort to develop a Battery Passport to the European Commission's proposed updated Battery Directive that would require labeling of batteries to disclose their carbon footprint, the market is shifting to encourage and eventually potentially require low-carbon products. The European Union, which already set GHG emissions limits for EVs and industrial batteries, adopted a deadline on combustion engine production by 2035 as it steps up the fight against climate change through faster adoption of EVs.

NMG is positioning itself to respond to these market trends. The Company is strategically located to cater to the North American and European markets with its large graphite deposits, proprietary ecotechnologies, demonstrated production capacity, carbon-neutral profile as well as preferential jurisdiction advantages including clean hydropower, flexible logistical base, and stable fiscal and political environment.

RESPONSIBILITIES

From mining to advanced manufacturing, NMG strives to drive greater sustainability along its value chain. The Company embedded leading ESG principles in its business model alongside carbon-neutral operations and traceability of its value chain. Sustainability guided the development of the Matawinie Mine project from day one through extensive stakeholder engagement and pioneering design choices to protect the environment. This philosophy was carried over in the engineering of the Battery Material Plant Project and the development of the Uatnan Mining project.

On a foundation of accountability with a view to contributing to global environmental and sustainability goals, NMG publishes an annual ESG Report to disclose its managerial approach to addressing material topics and highlight significant sustainability milestones and indicators. The Company is committed to engaging in this transparency exercise yearly to provide its stakeholders with a comprehensive set of data on its ESG performance. The 2022 ESG Report was issued on May 10, 2023; the 2023 ESG Report is set to be published in Q2-2024.

- The Company has already embedded the Global Reporting Initiative (GRI), the Value Reporting Foundation (SASB Standards), and the Task Force on Climate-related Financial Disclosures (TCFD) frameworks into its disclosure mechanisms. NMG's established ESG disclosure practices should facilitate the transition to the International Sustainability Standards Board's (ISSB) new standards IFRS S1 and IFRS S2, and help provide shareholders, investors, and stakeholders with a transparent and complete portrait of the Company's risks, opportunities, and perspectives.

In an independent assessment of the Company's sustainability performance, Moody's ESG Solutions has provided a Sustainability Rating of A2 ('Robust'), the second-highest grade on its rating scale, to NMG. The rating can be consulted on the Company's website.

NMG topped Benchmark Mineral Intelligence's Sustainability Index as the only natural graphite producer in the "Industry Leading" category ahead of all Western, African, and Chinese producers. Steered by Benchmark Mineral Intelligence's team of expert ESG analysts and LCA practitioners, the ESG assessment of the natural graphite industry examines the sustainability credentials of over 60 flake graphite companies. The Sustainability Index is a composite index measuring the ESG transparency of natural graphite industry players and their commitments to best practices. Companies are assessed against 79 ESG indicators across 26 ESG topics of concern, and classified into four tiers.

Human Capital

Health & Safety

The Company is committed to providing a safe work environment to its staff and business partners. For the year ended December 31, 2023, NMG had an Occupational Safety and Health Administration ("**OSHA**") Recordable Incident Rate of 3.63 at its facilities.

- Minor slip-and-fall incidents occurred earlier in the year; the Company is paying increased attention to slippery surfaces and raising awareness of workers.
- The Company also tracks the contractors' health and safety performance on-site; the OSHA Recordable Incident Rate is at 0, for the period.

NMG initiated a culture-shaping initiative in 2023 that is set to extend and expand as the Company prepares and launch construction of its Phase-2 sites, and later starts operational readiness planning. As part of a Company-wide training and development session, NMG employees adopted the following culture statement to guide their day-to-day activities and future operations.

> *Powering a sustainable future rallies Team Nouveau Monde*
>
> *To succeed, we are determined to take care of our colleagues, our partners, our customers and the planet. Caring is central to our business philosophy. Enhancing the value of graphite by respecting the environment; protecting our colleagues and business partners; creating value for our communities and First Nations; producing safe quality active anode material for our customers and end-users who adopt clean technologies.*
>
> *We are creating a new world – Nouveau Monde – where living and working coincide with powering the future!*

The initiative is underpinned by a strategic plan to strengthen practices and programs, with a special focus on leadership, communication, risk management, and incident analysis.

Employment, Diversity, Equity & Inclusion

As the Company advances its projects, recruitment of key personnel continues both at the operational and corporate levels. NMG regards diversity as an important driver of strategy, creative thinking, and business performance. The Company promotes local and Indigenous recruitment opportunities to maximize benefits within its communities and strives to ensure representation of its milieu.

NMG recognizes that attraction, hiring, and retention of human capital pose challenges in today's tight labor market. Hence, NMG is actively working to position itself as an employer of choice and a purpose-driven company in its communities, industries, and academic circles.

Training

To facilitate employment and bolster communities' socioeconomic fabric, NMG has launched initiatives to train and hire local workers in collaboration with industrial, institutional, and business partners.

- Condensed College Diploma in Industrial Processes for Clean Technologies: NMG worked with school and industry partners in the Bécancour region to set up this innovative paid work-study program and start training workers for its Phases 1 and 2 Bécancour Battery Material Plants. The first cohort was launched in January 2024.
- Diploma of Vocational Studies in Production Equipment Operation: Nine cohorts of this on-the-job training program leading graduates to a position as an operator at the Matawinie Phase-1 demonstration plants have now been launched.
- Mining and Logging Essentials: This socio-vocational integration program destined to members of the Atikamekw communities aims to reinforce the employability of Indigenous workers. Following a COVID-19-imposed pause, the program was launched in Q2-2022 and completed in early Q3-2022 with eight graduating students. One graduating student, supported by NMG, has enrolled in the seventh cohort of the Diploma of Vocational Studies in Production Equipment Operation to pursue his education and obtain a position within the Company.
- NMG holds two-day, all-staff Employee Summits once or twice a year to dispense training on key themes (e.g. environment, quality, sustainability, health and safety, etc.), provide alignment between leadership and operational themes, carry workshops to improve practices, and offer continuous learning and self-development opportunities.
- The Company held a summit at the end of Q3-2023 around the theme of caring, health and safety. Employees rallied around a shared commitment to take care of colleagues, partners, customers, suppliers, and the planet in achieving our mission of powering a sustainable future.
- The previous summit focused on continuous improvement. Participants were trained on the Lean Six Sigma management approach and engaged in a series of theory, practical, and applied workshops.

Environment

The Company is developing its projects to extract and transform natural graphite while limiting its environmental footprint, preserving ecosystems, maintaining its carbon-neutral status, and maximizing its products' contribution to global decarbonization efforts. Dedicated to stringent sustainable development standards, NMG is committed to adopting a fully electric operating model – both at the mining and advanced manufacturing facilities – leveraging Québec's renewable hydropower.

Responsible Mining

NMG has integrated innovative environmental initiatives to limit the Matawinie Mine's potential impact on the natural and human milieu. On April 15, 2019, the Company officially filed its Environmental and Social Impact Assessment ("**ESIA**") for the Matawinie Mine with the Government of Québec. Following its analysis by 25 provincial agencies and ministries, the Québec *Ministère de l'Environnement et de la Lutte contre les changements climatiques* gave the *Bureau d'audiences publiques sur l'environnement* ("**BAPE**") the mandate to launch a public consultation. Public hearings held in January and February 2020 informed the Commission's report, which was tabled in June 2020.

- The Commission recognized the economic justification, environmental innovations, integration measures, and social benefits associated with the mining project and identified avenues for enhancement.
- Following a rigorous environmental review complementary to the BAPE's analysis, the Québec Government issued a ministerial decree on February 10, 2021, authorizing NMG's Matawinie Mine.
- To protect the environment and the well-being of the community, NMG has developed an environmental surveillance and monitoring program to oversee the construction, operation, and closure activities of the Matawinie Mine.
- In 2023, NMG maintained its track record with no major environmental incidents as per the Global Reporting Initiative's definition. Through its work protocols, continuous monitoring, and environmental program, it responsibly conducted its operations and worked to diligently address and mitigate any minor incident at its sites.
- An artificial intelligence system is being implemented to monitor the sound climate and ensure compliance with regulations in preparation for our commercial mining activities.

Mine tailings represent a significant environmental responsibility. NMG has put forward innovative design criteria by prioritizing the desulphurization of tailings, the gradual backfilling of the pit, and the co-disposal of waste rock and tailings. Field-scale cells were built in 2020 to demonstrate in real conditions the performance of this innovative environmental method and calibrate the parameters with respect to the performance of the tailings co-disposal objectives design including preventing sulfide oxidation and mine water contamination. The field test cells are instrumented to study their geochemical behavior under real conditions with sensors monitoring oxygen, water, and temperature. The Company's Environment team monitors the evolution of these parameters, thus supporting the optimization of tailings deposition plans for the future commercial mine. Positive results from the cells validate the co-disposal technology developed by NMG.

As detailed under the Matawinie Mine (Phase 2) subsection, progressive site reclamation planning, and site tests are underway as part of the Company's proactive environmental management and commitment to no net loss.

Sustainable Production

NMG is committed to promoting responsible production across its value chain for responsibly extracted, environmentally transformed, and ethically sourced materials. The Company mandated a specialized consultant to carry out an independent cradle-to-gate life cycle assessment for its portfolio of graphite-based materials. On July 18, 2022, the Company published the assessment results that confirmed the minimal and industry-leading environmental footprint of its planned production. NMG's full commercial-scale Phase-2 all-electric facilities are forecasted to produce CSPG – anode material for lithium-ion batteries – with a Global Warming Potential GWP of 1.23 kg CO_2 equivalent per kg, an impact up to 11 times smaller than that of benchmarked production.

» The low environmental impact of NMG's products supports customers' search for sources that reduce their Scope 3 greenhouse gas emissions and complies with increasingly stringent regulations while also providing insight to strengthen the Company's environmental efforts, continuous improvement, and climate action.

» Panasonic Energy's decision to partner with NMG is partly attributable to the Company's demonstrated green production model as highlighted in Panasonic Energy's announcement: "Being able to utilize NMG's low environmental impact graphite is a major step toward our goal of halving our carbon footprint by FY2031" (Panasonic, October 2022).

» Integrated into the life cycle assessment report is a benchmarking exercise conducted by Minviro, a life cycle assessment and sustainability consultant in the battery material space, comparing the footprint of CSPG from natural graphite along three production routes.

Extraction and concentration	Advanced manufacturing	GWP (kg CO_2 eq per kg)
China	China	14.1
Mozambique	U.S.	6.1
Sweden	Sweden	3.1

Streamlined Life Cycle Assessment Study of Global Anode Grade Natural Graphite Manufacturing, Minviro, March 2022.

GWP of NMG's CSPG (kg CO_2 eq per kg)
1.23

LCA of Natural Graphite-Based Products Manufactured by NMG CT Consultant, July 2022.

NMG continues to seek opportunities to enhance the properties of its materials, optimize technological solutions, reduce its footprint, improve its products' life cycle, and develop recycling processes to drive sustainable production across the various industries it caters to.

Carbon Neutrality

Taking responsibility for its environmental footprint, the Company has taken concrete steps to avoid, reduce, and fully offset its GHG emissions, confirming its carbon-neutral status and mapping its intended transition to Net Zero by 2030. On February 24, 2022, NMG released its Climate Action Plan detailing efforts for the Company's embedded emissions around transparent reporting, reduction of its climate impact, transition to Net Zero, research and development for low-carbon materials and activities, as well as industry leadership. NMG's targets are based on, but not limited to, all Scope 1, Scope 2, and some Scope 3 emissions, including business travel, direct emissions associated with the facilities' construction and the transportation of goods between sites.

» For 2023, the Company reports GHG emissions of 644 tonnes of CO_2 equivalent for carrying out its operations at its Phase-1 demonstration plants and corporate offices. NMG has purchased verified carbon credits to offset this balance.

» Detailed performance will be reviewed in NMG's 2023 ESG Report set to be issued in Q2-2024.

» Historical data is available via NMG's website and past ESG Reports.

NMG voluntarily reports under the Climate Disclosure Project ("CDP") to demonstrate its management of climate risks and opportunities, environmental performance, and GHG reduction efforts, as well as climate action. CDP provides a transparent and recognized disclosure system that enables investors and stakeholders to access and compare organizations' environmental stewardship.

NMG's confirmed capacity to tap into Québec's electricity network provides a solid foundation for deploying new equipment and proprietary technologies with a view to produce advanced materials with a very low climate change impact, in line with global decarbonization efforts.

» Québec's energy grid is among the greenest in the world. Hydro-Québec generates over 99% of its electricity from renewable energy sources, mainly through hydroelectric generating stations, for an emission factor of 1.3 kg CO_2 eq/MWh (Hydro-Québec, 2022).

» NMG has received confirmation of its discounted industrial rate for hydroelectricity at both Phase-2 Matawinie Mine and Bécancour Battery Material Plant.

Social

NMG strives to develop business activities that are supported by its communities and by First Nations and contribute to the overall development and advancement of the areas where the Company operates.

The Matawinie Mine is located in the municipality of Saint-Michel-des-Saints, approximately 120 km as the crow flies north of Montréal, Québec. In keeping with its environmental and ethical development goals, the Company has launched many initiatives since the Matawinie graphite deposit was discovered in 2015 to align the project with the realities, concerns, and values of the local community. Information events, consultations as part of the ESIA, a community office with a dedicated Community Relations Manager, a Monitoring Committee, public communication platforms, and a social responsibility program ensure local communities are consulted early and often throughout the development process.

» A collaboration and benefit-sharing agreement with the municipality of Saint-Michel-des-Saints was signed in 2020 to set out a concrete social, economic, and environmental development partnership through financial and participatory mechanisms.

NMG's open and proactive engagement approach also extends to its Bécancour Battery Material Plant in Bécancour, Québec. The Company's site is located in one of the largest industrial parks in Canada with access to a deep-water international port on the St. Lawrence River. The Company initiated outreach activities in early 2022 and intends to continue as it makes progress in terms of project development.

» Furthering its efforts to build relationships with the regional business community, NMG took part in major economical development events to connect with entrepreneurs and suppliers in the region. NMG has met with over 300 companies in recent months to promote business opportunities and determine regional capabilities.

» The Québec Government, the corporation responsible for the industrial park, and the Bécancour municipality are leading simultaneous engagement and coordination efforts with local citizens, suppliers and community groups to facilitate the deployment of the "Battery Hub", including NMG's Bécancour Battery Material Plant.

Upon the publishing of the Uatnan Mining project PEA results, NMG's Management team carried out a series of on-site meetings with stakeholders in the Baie-Comeau/Manicouagan region. Building on the first visit to the region, the Company representatives reinforced the dialogue with local organizations, groups, citizens, authorities, and elected officials and presented the new project. NMG is committed to maintaining active engagement with the milieu as it advances the development of the Uatnan Mining project.

Indigenous Relations

Respect for the rights, culture, aspirations, and interests of Indigenous peoples guides the development of NMG's sustainable business practices.

The Company has consulted and continues to engage with the Atikamekw First Nation in the Manawan community (85 km North of the Saint-Michel-des-Saints) and with the Band Council in the development of the Matawinie Mine.

» NMG signed a framework agreement (2018) and a pre-development agreement (2019) with the Atikamekw First Nation to provide a guideline for negotiating an Impact and Benefit Agreement for the Matawinie Mine project.

» NMG is actively supporting the First Nation toward the adoption of the Impact and Benefit Agreement with a view to maximizing opportunities. Considering recent progress, management believes such an agreement could be signed before FID.

» In parallel, initiatives support training, employment, and business opportunities in line with the spirit of the contemplated Impact and Benefit Agreement.

NMG is engaged in an open dialogue with the Abenakis First Nation (the Wôlinak community is 5 km South of Bécancour) as part of the development of the Bécancour Battery Material Plant.

» Territory guardians are being consulted to plan tree clearing activities on NMG's Bécancour land.

» An archeological potential study was carried out by the Grand Conseil de la Nation Waban-Aki in 2022 for NMG's industrial land; no presence of archeological artifacts was confirmed.

» Continued dialogue and collaboration with the Ndakina Office which is responsible for consultation and environmental protection are helping define interests, concerns, and opportunities for cooperation.

As part of the Uatnan Mining project, the Company has had contacts with the Innu First Nation of Pessamit (315 km South of the property) to understand their perspective, concerns, and priorities towards this project. NMG is committed to prioritizing the establishment of a long-term relationship with the community and signing a pre-development agreement to guide the advancement of the Uatnan Mining project.

A Manager responsible of Indigenous Relations liaises with Indigenous communities, leaders, and organizations. She develops engagement strategies to facilitate the participation of the Indigenous workforce, businesses, and communities in NMG's activities, coordinates flagship partnerships that support Indigenous community priorities, and assists diversity, equity, and inclusion efforts within the Company.

NMG is committed to continuing its tradition of listening and responding to community and First Nations' concerns and needs, creating well-paying jobs for the local communities to maximize local employment, being a leader in environmental stewardship, and investing in the region and province through tax generation and the purchase of goods and services.

GOVERNANCE

Leadership

The Company's management team and Board of Directors recognize the value of good corporate governance and the need to adopt best practices in terms of social, economic, and environmental responsibility. The Company's Code of Conduct, Board of Directors charter, and key policies can be found on NMG's website.

The Company's directors have vast expertise in mining development and exploration; risk management; government relations; business leadership; strategy development and implementation; international markets; health, environment, and safety; legal; corporate finance and mergers and acquisitions; corporate governance; sustainability; Indigenous relations as well as human resources.

» At the Company's 2023 Annual General and Special Meeting of Shareholders, the mandates of Stephanie Anderson, Daniel Buron, Eric Desaulniers, Arne H Frandsen, Jürgen Köhler, Nathalie Pilon, James Scarlett, and Andrew Willis were reconfirmed as per shareholders' vote.

NMG recognizes that a diverse and inclusive environment that values the diversity of thought, background, skills, and experience facilitates a broader exchange of perspectives and improves oversight, decision-making, and governance in the best interests of the Company. The Corporate Governance and Nomination Committee, which is responsible for recommending director nominees to the Board of Directors, seeks to attract high quality individuals. In assessing potential candidates, the Committee considers their merit based on a balance of skills, abilities, personal qualities, educational qualifications, and professional experience.

On March 23, 2023, the Board of Directors approved an overhaul of certain standing committees to better align with prevalent corporate governance rules and best practices. The following committees support the Board of Directors activities: the Audit Committee; the Human Resources, Diversity, Equity, and Inclusion, and Compensation Committee; the Corporate Governance and Nomination Committee; the ESG, Health and Safety, and Sustainability Committee; as well as the Projects and Development Committee. The updated charters have been approved in September 2023 by the Board of Directors and are posted on the Corporation's website at www.nmg.com.

NMG's management team, leaders with distinctive skillsets, qualities, and a shared sense of enthusiasm towards the Company's vision, steers its development.

» In 2023, NMG appointed Stéphane Imbeault as Vice President, Bécancour Project and Jean Cayouette as Vice President, Metallurgy & Process.

Risks

The Company operates in an industry that contains various risks and uncertainties. For a more comprehensive discussion of these inherent risks, see "Risk Factors"' in the Company's most recent annual information form on file with the Canadian provincial securities regulatory authorities and on SEDAR+ and on EDGAR.

Financing

In February 2024, Panasonic and GM each agreed to make an initial US$25 million equity investment in NMG (the "Tranche 1 Investment"), for a total of US$50 million, in connection with their respective offtake agreements. The Company intends to use the proceeds of the Tranche 1 Investment mainly to support the advancement of NMG's Phase-2 operations – the Matawinie Mine and the Bécancour Battery Material Plant in line with the Anchors Customers' respective battery specifications.

» NMG also entered into an investor rights agreement with each of Panasonic and GM and a registration rights agreement with Panasonic. Pursuant to the investor rights agreements, securities are subject to a "lock-up" for a period of 18 months from the date of their investment. The investor rights agreements provide Panasonic and GM with certain rights relating to its investment in NMG, including certain board nomination and anti-dilution rights. The investor rights agreement also provides GM some registration rights.

In parallel, the Company secured a private placement of 18,750,000 Common Shares and 18,750,000 Warrants with Mitsui and Pallinghurst to surrender and cancel their convertibles notes dated November 8, 2022, for a total value of $50.6 million (US$37.5 million) on the same pricing and other terms as the Tranche 1 Investment. The Company anticipates closing its private placement upon receipt of the required regulatory approvals and satisfaction of the requirements of Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions ("MI 61-101").

» Mitsui supports the attainment of the offtake milestone and further development efforts towards FID agreeing to invest US$25 million to surrender and cancel its convertible note. NMG will enter into an investor rights agreement and registration rights agreement with Mitsui at the closing of their investment. Mitsui will be required to "lock-up" its securities for a period of 12 months from the date of their investment. The investor rights agreement provides Mitsui with certain rights relating to its investment in NMG, namely certain board nomination and anti-dilution rights. Mitsui will be subject to a standstill limitation whereby it will not be able to increase its holdings beyond 20% of the issued and outstanding NMG common shares for a period of three years.

» Pallinghurst also agreed to participate via a US$12.5 million investment to surrender and cancel its convertible note. NMG will enter into a registration rights agreement with Pallinghurst at the closing of their investment.

» A special meeting of the shareholders of NMG has been scheduled on May 1, 2024, to approve the related party transactions as per MI 61-101.

NMG continues to advance financing efforts for the development of its fully vertically integrated Phase-2 operations, combining the Bécancour Battery Material Plant and Matawinie Mine. Assisted by its financial advisors, the Company is engaged with export credit agencies, governments, strategic investors, and potential customers to frame a robust capital structure that leverages international debt, government funding and equity. NMG received formal expressions of interest to cover approximately up to 70% of the estimated total funding for an integrated project, subject to standard project finance conditions.

» The Company's project financing approach strives to further derisk its development by seeking to secure medium-term debt, complemented by strategic equity participation. The optimal structure is set to take into account the level of capital expenditure (CAPEX), operating expenses (OPEX) and debt-to-equity ratio, underpinned by favorable offtake agreements.

» NMG is updating the production parameters of its Phase-2 operations in line with Anchor Customers' specifications to adjust CAPEX and OPEX requirements. The Company intends to proceed with project financing and FID on both the Matawinie Mine and Bécancour Battery Material Plant once that optimization phase is completed

» NMG appointed Société Générale as the sole mandated lead arranger to oversee the due diligence process, support efforts to obtain final credit approval and assist in offtake negotiations. BMO Capital Markets is acting as strategic equity advisor.

» To support the project financing with its projected lenders, NMG has hosted independent consultants to its facilities to review the engineering, environmental and social components of its current and projected operations as part of Société Générale's due diligence.

» NMG updates its financing structure on a dynamic basis to reflect NMG's needs and most advantageous conditions.

» Active engagement continues with key governmental entities and existing cornerstone investors expected to invest at positive FID.

To optimize its financing structure and reduce the associated cost of capital, the Company is actively pursuing governmental levers at the provincial and federal levels.

In March 2023, the Canadian Government published its 2023 budget which includes stimulus measures for the development of a national clean energy economy. A new Investment Tax Credit for Clean Technology Manufacturing is set to provide Canadian businesses investing in eligible assets, which includes extraction and processing of critical minerals such as graphite and anode materials, a refundable tax credit of up to 30% of eligible capital expenditures.

The Québec Government also included investment incentives in its 2023 budget through a non-refundable credit of up to 25% on projects exceeding $100 million in the province, including mining and advanced manufacturing. The Company is updating its financing structure to best capture these tax measures for the construction of its Phase-2 Matawinie Mine and Bécancour Battery Material Plant.

On October 19, 2022, NMG entered into unsecured convertible note subscription agreements with Mitsui, Pallinghurst and Investissement Québec pursuant to which NMG has agreed to issue, upon closing of the transaction, to each holder an unsecured convertible note: Mitsui subscribed for US$25 million, while Pallinghurst, and Investissement Québec each subscribed for US$12.5 million, for a total of US$50 million. On November 8, 2022, the Company closed the previously announced private placement of unsecured convertible notes.

» The convertible notes will mature 36 months from the date of issuance and shall bear interest at the higher of 6% per annum and the 3-month CME term SOFR (secured overnight financing rate) plus 4% per annum. At the end of each quarter starting December 31, 2022, the Company has an option to pay the interest in (i) cash; or (ii) in Common Shares subject to TSXV's approval, by delivering share certificates to the Holders upon maturity, conversion or redemption at a U.S. Dollar equivalent of the Company's Market Price as defined in TSXV rules, determined at the quarter end on which such interest became payable.

Subsequently and effective January 1, 2023, the Notes contracts were amended by:

» Removing the interest capitalization provisions, such that accrued interest will be deemed paid in full in shares each quarter following the TSXV's approval; and
» Increasing the interest rate to the greater of (a) the 3-month CME Term SOFR plus 5% and (b) 7%.

In Q1-2023, the Company announced the closing of grants for an amount of $3.6 million for the deployment of the coating technology at NMG's Phase-1 operations and for R&D projects targeting the development of advanced manufacturing of graphite-based materials with a low environmental impact. Included in the amount above is the Transition énergétique Québec Coating Demonstration Plant grant totaling $3M, which has an effective date for costs incurred starting January 2022.

ATM Offering

The at-the-market equity offering (ATM offering) program has not been reactivated since Q1-2023 with no securities issued in 2023.

Public Offering

On April 17, 2023, NMG closed a $29.6M (US$22M) public offering in the United States and Canada to advance the development of the Matawinie Mine project and the Bécancour Battery Material Plant project towards FID and project financing. The net proceeds were used for the advancement of the Phase-2 Matawinie Mine and Bécancour Battery Material Plant projects, continuous process improvements of the Phase 1 demonstration plants, and for general working capital and corporate expense needs. This financing provides the Company with the flexibility to put in place required elements for FID including but not limited to the senior debt and equity packages, securing potential governmental support, and optimizing Phase-1 processes.

From the period since the prospectus supplement no. 3, dated April 17, 2023, was filed and up to December 31, 2023, NMG spent approximately the following amounts towards the Matawinie Mine project, the Battery Material Plant Project, and the Uatnan Mining project.

		In millions of CAD $		
	Use of proceeds	Spent as at December 31, 2023	Planned in prospectus supplement no. 3 (Note A)	Variance
Matawinie Mine project	Phase 1 – Flake Demonstration Plant	2.3	2.4	(0.1)
	Phase 2 – Matawinie Mine	9.0	6.4	2.6
Battery Material Plant Project	Phase 1 – Battery Material Demonstration Plants	7.6	5.5	2.1
	Phase 2 – Bécancour Battery Material Plant	6.2	6.1	0.1
Uatnan Mining project	Phase 3 - Uatnan Mining project	–	0.9	(0.9)
Total		**25.1**	**21.3**	**3.8**

Note A: The above figures were disclosed in the prospectus supplement no. 3 in US Dollars and were converted in CAD amounts using the exchange rate of 1.3527 found in the prospectus supplement no. 3.

The Company is materially tracking the use of proceed forecast and there are currently no indications that the variances observed will cause any impact on the Company's ability to achieve its business objectives.

The Company exceeded the planned expenditures for the Phase-2 Matawinie Mine project, due to an increase in detailed engineering studies to greater derisk the foreseen construction activities. NMG also exceeded the planned expenditures for the Phase-1 Battery Material Plant Project due to increased efforts to optimize and refine its value-added processes. The variance for the Uatnan Mining project (Phase 3) expenditures is due to the Company focusing on its asset acquisition transaction with Mason to acquire 100% of the Lac Guéret property, which was closed on January 31, 2024, and gaining full control over its development strategy.

Quarterly Results

During the three-month period ended December 31, 2023, the Company recorded a net loss of $16,575 ($4,836 in 2022), a basic loss per share of $0.27 ($0.09 in 2022) and a diluted loss per share of $0.27 ($0.13 in 2022).

Description	Q4-2023 (note a)	Q3-2023 (note b)	Q2-2023 (note c)	Q1-2023 (note d)
	$	$	$	$
Revenue	–	–	–	–
Net income (loss)	(16,575)	(15,526)	1,264	(25,146)
Basic earnings (loss) per share	(0.27)	(0.26)	0.02	(0.45)
Diluted earnings (loss) per share	(0.27)	(0.26)	(0.02)	(0.45)

Description	Q4-2022	Q3-2022	Q2-2022	Q1-2022
	$	$	$	$
Revenue	–	–	–	–
Net income (loss)	(4,836)	(12,765)	(14,042)	(16,071)
Basic earnings (loss) per share	(0.09)	(0.23)	(0.25)	(0.29)
Diluted earnings (loss) per share	(0.13)	(0.23)	(0.25)	(0.29)

a) The net loss in Q4-2023 increased by $11.7M compared to Q4-2022 mainly due to a gain of 11.2M$ in the fourth quarter of 2022 related to the fair value adjustment of the embedded derivatives on the convertible notes.

b) The net loss in Q3-2023 increased by $2.8M compared to Q3-2022 mainly due to a $2.2M increase in operational expenses following the commissioning of the Coating Demonstration Plant and Shaping Demonstration Plant during the second quarter of 2023, followed with an increase of $0.6M in connection with the ramp-up of engineering work for the Phase-2 Bécancour Battery Material Plant project. Those increases were slightly offset by a decrease in Director & Officer ("D&O") insurance fees.

c) The net loss in Q2-2023 decreased by $15.3M compared to Q2-2022 mainly due to a gain of 16.5M$ related to the fair value revaluation as at June 30, 2023 of the embedded derivatives on the convertible notes. As a result, the Company recorded a net income in Q2-2023 compared to a loss for the previous quarters.

d) The net loss in Q1-2023 increased by $9.1M compared to Q1-2022 mainly due to a loss of 10M$ related to the fair value revaluation as at March 31, 2023 of the embedded derivatives on the 2022 convertible notes. This is partially offset by the decrease in engineering fees for the Bécancour Battery Material Plant and the decrease in share-based compensation expenses relating to the timing of stock options granted in Q1-2022 versus Q1-2023.

Fourth Quarter Results

The major variances that occurred in the fourth quarter of 2023 versus 2022 are due to the differences hereunder.

	Q4-2023	Q4-2022	VARIATION
	$	$	$
Exploration and evaluation expenses (a)	3,740	1,703	2,037
Battery Material Plant Project expenses (b)	6,256	4,453	1,803
General and administrative expenses (c)	5,130	6,690	(1,560)
Net financial costs (income) (d)	1,351	(8,110)	9,461

a) The Exploration and evaluation expenses increased by $2,037 in the fourth quarter of 2023 compared to 2022 mainly due to management's revised estimates of the expected refundable tax credits concerning prior years.

b) The Battery Material Plant Project expenses increased by $1,803 in the fourth quarter of 2023 compared to 2022 mainly due to the progress of engineering studies and construction planning activities to support the development of the Phase-2 Bécancour Battery Material Plant and higher depreciation expenses due to the Coating Demonstration Plant and the second unit of the Shaping Demonstration Plant that were placed in service in 2023.

c) The General and administrative expenses decreased by $1,560 in the fourth quarter of 2023 compared to 2022, mainly because of lower D&O insurance renewal fees and lower share-based compensation expenses due to higher vesting expenses of stock options granted to consultants in 2022.

d) The net financial costs increased by $9,461 mainly because of a gain of $11,199 in the fourth quarter of 2022 related to the fair value adjustment of the embedded derivatives on the convertible notes.

ANNUAL FINANCIAL INFORMATION

Selected Annual Information

Annual information as at and for the years ended December 31, 2023, 2022, and 2021.

Description	2023	2022	2021
Other revenues	–	–	57
Net loss and comprehensive loss	55,983	47,714	39,890
Basic loss per share	(0.93)	(0.86)	(0.93)
Diluted loss per share	(0.93)	(0.90)	(0.93)
Total assets (a)	123,939	150,074	126,349
Non-current liabilities (b)	57,525	61,645	4,924

a) The decrease of $26,135 in total assets between 2023 and 2022 is mainly explained by a decrease of $23,592 in cash and cash equivalents due to lower cash inflow from financing activities in 2023 compared to 2022.

b) The decrease of $4,120 in non-current liabilities between 2023 and 2022 is mainly explained by a lower fair value of the convertibles notes due to the gain of $8,409 in 2023 related to the fair value adjustment of the embedded derivatives, partially offset by the interest and accretion expenses on the convertible notes.

Exploration and Evaluation Expenses

Description	December 31, 2023	December 31, 2022	Variation
	$	$	$
Wages and benefits	3,087	3,274	(187)
Share-based compensation (a)	511	898	(387)
Engineering	–	162	(162)
Consulting fees (b)	1,636	554	1,082
Materials, consumables, and supplies	630	824	(194)
Maintenance and subcontracting (c)	782	1,252	(470)
Geology and drilling	19	31	(12)
Utilities	360	420	(60)
Depreciation and amortization	265	283	(18)
Other	253	95	158
Uatnan Mining project	100	309	(209)
Grants	(119)	(37)	(82)
Tax credits (d)	1,932	(638)	2,570
Exploration and evaluation expenses	**9,456**	**7,427**	**2,029**

a) The decrease of $387 in share-based compensation expenses for the year ended December 31, 2023, is mainly due to the timing and vesting conditions of new options being granted. New options were granted to employees and officers during the month of March in 2022, compared to the month of May in 2023.

b) The increase of $1,082 in consulting fees for the year ended December 31, 2023, is mainly due to the new agreement signed with Caterpillar with a milestone payment made in June 2023.

c) The decrease of $470 in maintenance and subcontracting fees for the year ended December 31, 2023, is due to lower production activities of the Concentrator Demonstration Plant combined with the increased efforts allocated towards the Phase-1 Battery Material Demonstration Plants.

d) The decrease of $2,570 in tax credits is due to management's revised estimates of expected refundable mining tax credits concerning prior years. There may be a difference between the amount recognized and the actual amount of tax credits received because of the tax administrations' review of matters that are subject to interpretation.

Battery Material Plant Project Expenses

Description	December 31, 2023	December 31, 2022	Variation
	$	$	$
Wages and benefits (a)	4,608	2,698	1,910
Share-based compensation	326	534	(208)
Engineering (b)	7,638	8,895	(1,257)
Consulting fees	964	914	50
Materials, consumables, and supplies (c)	2,101	920	1,181
Maintenance and subcontracting (c)	2,410	1,180	1,230
Utilities	515	553	(38)
Depreciation and amortization (d)	7,635	4,028	3,607
Other	202	146	56
Grants	(995)	(506)	(489)
Tax credits (e)	(2,460)	(272)	(2,188)
Battery Material Plant project expenses	**22,944**	**19,090**	**3,854**

a) The increase of $1,910 in wages and benefits for the year ended December 31, 2023, is due to the new hires made to support operations at the Phase-1 Battery Material Demonstration Plants projects, and to support the Phase-2 activities for the Bécancour Battery Material Plant.

b) The decrease of $1,257 in engineering expenses for the year ended December 31, 2023, is due to higher engineering fees in 2022 in connection with the Feasibility Study that was completed and published in Q3-2022. On the other hand, during the second half of 2023, there was an increase in engineering expenses due to the progress of engineering studies and construction planning activities to support the advancement of the Phase-2 Bécancour Battery Material Plant.

c) The increase of expenses related to materials, consumables, and supplies as well as maintenance and subcontracting for the year ended December 31, 2023, is mainly due to the operation activities of the Phase-1 Battery Material Demonstration Plants and efforts to optimize its process and production parameters.

d) The increase of $3,607 for the year ended December 31, 2023, is due to the depreciation expenses related to the Coating Demonstration Plant and a second unit of the Shaping Demonstration Plant both being placed in service during the second quarter of 2023.

e) The increase of $2,188 in tax credits is due to management's revised estimates of expected refundable tax credits concerning prior years. The tax credits related to the Battery Material Plant projects are composed of the critical and strategic mineral development provincial tax credit and the scientific Research and Experimental Development (SR&ED) tax credit.

General and Administrative Expenses

Description	December 31, 2023	December 31, 2022	Variation
	$	$	$
Wages and benefits	6,993	7,083	(90)
Share-based compensation (a)	2,224	7,274	(5,050)
Professional fees (b)	2,814	1,435	1,379
Consulting fees	2,175	2,618	(443)
Travelling, representation and convention	964	668	296
Office and administration (c)	6,848	8,862	(2,014)
Stock exchange, authorities, and communication	442	462	(20)
Depreciation and amortization	248	246	2
Loss on asset disposal	5	–	5
Other financial fees	21	26	(5)
Grants	(30)	–	(30)
General and administrative expenses	**22,704**	**28,674**	**(5,970)**

a) The decrease in share-based compensation expenses of $5,050 for the year ended December 31, 2023, is due to the timing of new options being granted as described above, the decrease in options granted to consultants in 2023, and a change to the vesting conditions.

b) The increase in professional fees of $1,379 for the year ended December 31, 2023, is mostly due to an increase in legal and professional fees in relation to project financing activities.

c) The decrease in office and administration fees of $2,014 for the year ended December 31, 2023, is mainly due to lower D&O insurance fees.

Net Financial Costs

The increase of $8,356 in financial costs for the year ended December 31, 2023, is due to a lower fair value of the embedded derivatives throughout 2023, resulting in a lower gain on revaluation of $4,463 and an increase of $9,549 in costs related to the interest and accretion expenses on the convertible notes. This is partially offset by a $1,997 increase in interest income from short-term cash investment activities and by the increase in Mason share market value.

LIQUIDITY AND FUNDING

As at December 31, 2023, the difference between the Company's current assets and current liabilities was $30,942, including $36,332 in cash and cash equivalents.

Liquidity risk is the risk that the Company encounters difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration, evaluation, and development expenditure programs. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets or other alternative forms of financing is hindered, whether because of a downturn in stock market conditions generally or related to matters specific to the Company. The Company has historically generated cash flow primarily from its financing activities.

As at December 31, 2023, all of the Company's short-term liabilities totalling $11,984 ($16,105 as at December 31, 2022) have contractual maturities of less than one year and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

				As at December 31, 2023	
	Carrying amount	Contractual cash flow	0 to 12 months	12 to 24 months	More than 24 months
Account payables and accrued liabilities	9,798	9,798	9,798	–	–
Lease liabilities	2,087	2,416	545	529	1,342
Borrowings	1,758	1,979	577	577	825
Convertible Notes – Host[i]	53,624	66,129	–	66,129	–

[i] The Convertible Notes are translated at the spot rates as of December 31, 2023

For the year ended December 31, 2023, the Company had an average monthly cash expenditure rate of approximately $4,132, including additions to property, plant and equipment, deposits to suppliers and all operating expenses. This expenditure rate can be adjusted to preserve liquidity. The Company anticipates it will continue to have negative cash flows from operating activities in future periods at least until commercial production is achieved. Significant additional financing will be needed to bring the Matawinie Mine and the Bécancour Battery Material Plant to commercial production.

Cash flows provided by (used in)	December 31, 2023	December 31, 2022
	$	$
Operating activities before the net change in working capital items	(41,593)	(41,813)
Net change in working capital items	2,078	(3,068)
Operating activities	(39,515)	(44,881)
Investing activities	(10,073)	(27,998)
Financing activities	26,286	70,293
Effect of exchange rate changes on cash and cash equivalents	(290)	155
Decrease in cash and cash equivalents	**(23,592)**	**(2,431)**

Operating Activities

For the year ended December 31, 2023, cash outflows from operating activities totalled $39,515, while there were $44,881 of cash outflows for the same period in 2022. The cash outflows were lower mainly due to the net change in the working capital items totalling $5,146. Further details regarding the net change in working capital are provided in note 23 of the audited consolidated financial statements.

Investing Activities

For the year ended December 31, 2023, cash used in investing activities totalled $10,073 whereas for the same period in 2022 investing activities were $27,998. The variance is mainly due to the construction of the Coating Demonstration Plant and ground works performed at the Phase-2 Matawinie Mine site in 2022.

Financing Activities

For the year ended December 31, 2023, the Company had net cash receipts related to financing of $26,286 whereas, for the same period in 2022, cash inflows related to financing activities were $70,293. The variance is mostly due to the closing of the convertible note subscription agreements totalling gross proceeds of $67.2M (US$50M) in Q4-2022. The variance is partially offset by the underwritten public offering agreement that occurred on April 17, 2023, for gross proceeds of $29.6M.

ADDITIONAL INFORMATION

Related Party Transactions

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

Description	December 31, 2023	December 31, 2022
	$	$
Key management compensation		
Employee benefit expenses	2,212	2,641
Share-based payments	1,377	3,722
Board fees	880	829

In addition to transactions with Pallinghurst and Investissement Québec disclosed previously in the consolidated financial statements and in accordance with IAS 24 Related Party Disclosures, key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

In November 2022, the Company closed a private placement of unsecured convertible notes for aggregate gross proceeds of US$50M with Mitsui, Pallinghurst and Investissement Québec. Of the US$50M, Pallinghurst and Investissement Québec each subscribed for US$12.5M. The notes carry a quarterly coupon interest payment, more details on the transaction are provided in note 15 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

Off-Balance Sheet Transactions

There are no off-balance sheet transactions.

Critical Accounting Estimates, New Accounting Policies, Judgements and Assumptions

The preparation of annual 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 Company's critical accounting policies and accounting estimates in notes 3, 4, and 5 of the audited consolidated financial statements for the year ended December 31, 2023.

Change in Accounting Policy

There is no change in accounting policy for the year ended December 31, 2023.

Financial Instruments and Risk Management

Refer to note 26 in the audited consolidated financial statements.

Contractual Obligations and Commitments

Refer to note 28 in the audited consolidated financial statements.

Capital Structure

	As at March 27, 2024
Common shares	92,112,108
Options	4,747,548
Warrants	25,000,000
Warrants - Convertible Notes	10,000,000
Convertible Notes	10,000,000
Other reserves - settlement of interests on Convertible Notes	1,795,803
Total common shares fully diluted	**143,655,459**

Subsequent Events to December 31, 2023

On January 31, 2024, the Company closed the acquisition of the Lac Guéret property with Mason through an asset acquisition consisting mostly of 74 map-designated claims. The consideration for the asset acquisition was

6,208,210 common shares of the Company, at $3 per share, representing a total aggregated amount of $18.6 million. A subsequent payment of $5 million will be made to Mason at the start of commercial production of the contemplated Uatnan Mining project.

In February 2024, NMG entered into multiyear offtake agreements for its planned Phase-2 fully integrated projects with Panasonic Energy and GM. On February 28, 2024, the Company completed a private placement for aggregate gross proceeds of $67.9 million (US$50 million), with GM and Panasonic. Each party subscribed for 12,500,000 Common Shares and 12,500,000 warrants with an exercise price of US$2.38.

On February 14, 2024, the Company secured a private placement of 18,750,000 Common Shares and 18,750,000 Warrants to surrender and cancel their convertibles notes dated November 8, 2022 (presented in note 15 of the consolidated financial statements), for a total value of $50.6 million (US$37.5 million) in accordance with the subscription agreements entered between the Company, and each of Mitsui and Pallinghurst. The Company anticipates closing its private placement upon receipt of the required regulatory approvals and satisfaction of the requirements of Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions.

Additional Information and Continuous Disclosure

The Company is required to comply with National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. The certification of annual filings requires us to disclose in the MD&A any changes in our internal controls over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. We confirm that no such changes were made to the internal controls over financial reporting during the year ended December 31, 2023. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F1, *Certification of Annual Filings*, which can be found on SEDAR+ at www.sedarplus.ca.

Additional information on the Company is available through regular filings of press releases, financial statements, and the most recent annual information form on SEDAR+ (www.sedarplus.ca) and on EDGAR (www.sec.gov.). These documents and other information about NMG may also be found on our website at www.nmg.com.

March 27, 2024

(signed) Eric Desaulniers

Eric Desaulniers, MSc, Géo
President and Chief Executive Officer

(signed) Charles-Olivier Tarte

Charles-Olivier Tarte, CPA
Chief Financial Officer

Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Nouveau Monde Graphite Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Nouveau Monde Graphite Inc. and its subsidiaries (together, the Company) as of December 31, 2023 and 2022, and the related consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations, has an accumulated deficit and requires additional financing in order to fund its development and acquisition activities and has stated that these conditions raise substantial doubt about its ability to continue as a going concern. Management's plans with regard to these matters are also described in note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Montréal, Canada

March 27, 2024

We have served as the Company's auditor since 2017.

Consolidated Statements of Financial Position

	Notes	As at December 31, 2023	As at December 31, 2022
		$	$
ASSETS			
CURRENT			
Cash and cash equivalents	6	36,332	59,924
Grants receivable and other current assets	12	1,334	3,983
Sales taxes receivable		1,061	1,972
Tax credits receivable		1,502	4,362
Restricted cash and deposits		–	621
Prepaid expenses		2,697	3,062
Total current assets		**42,926**	**73,924**
NON-CURRENT			
Tax credits receivables		8,846	5,458
Investment - Listed shares	7	1,075	800
Property, plant and equipment	8	66,619	64,135
Intangible assets	9	59	182
Right-of-use assets	10	1,884	2,656
Deposits		2,530	2,919
Total non-current assets		**81,013**	**76,150**
Total assets		**123,939**	**150,074**
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	11	9,798	15,429
Deferred grants	12	1,255	20
Current portion of lease liabilities	13	451	431
Current portion of borrowings	14	480	225
Total current liabilities		**11,984**	**16,105**

	Notes	As at December 31, 2023	As at December 31, 2022
		$	$
NON-CURRENT			
Asset retirement obligation	16	987	952
Lease liabilities	13	1,636	2,386
Borrowings	14	1,278	1,763
Convertible notes	15	53,624	56,544
Total non-current liabilities		**57,525**	**61,645**
Total liabilities		**69,509**	**77,750**
EQUITY			
Share capital	17	238,823	210,786
Other reserves	15	7,692	829
Contributed surplus		28,502	25,313
Deficit		(220,587)	(164,604)
Total equity		**54,430**	**72,324**
Total liabilities and equity		**123,939**	**150,074**
Going Concern	1		
Commitments	28		
Subsequent events	30		

APPROVED BY THE BOARD OF DIRECTORS
(s) Eric Desaulniers – "Director"
(s) Daniel Buron – "Director"
The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Loss and Comprehensive Loss

		For the years ended	
	Notes	December 31, 2023	December 31, 2022
		$	$
EXPENSES			
Exploration and evaluation expenses	18	9,456	7,427
Battery Material Plant project expenses	19	22,944	19,090
General and administrative expenses	20	22,704	28,674
Operating loss		**55,104**	**55,191**
Net financial costs (income)	21	479	(7,877)
Loss before tax		**55,583**	**47,314**
Income tax	22	400	400
Net loss and comprehensive loss		**55,983**	**47,714**
Basic loss per share	17.2	**0.93**	**0.86**
Diluted loss per share	17.2	**0.93**	**0.90**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2023

	Notes	Number	Share capital	Contributed surplus and warrants	Other reserves	Deficit	Total equity
			$	$	$	$	$
Balance as at January 1, 2023		**55,873,898**	**210,786**	**25,313**	**829**	**(164,604)**	**72,324**
Shares issued from offering	17.1	4,850,000	29,565	–	–	–	29,565
Options exercised	17.3	180,000	956	(380)	–	–	576
Share-based compensation	17.3	–	–	3,569	–	–	3,569
Settlement of interests on Convertible Notes	15	–	–	–	6,863	–	6,863
Share issue costs		–	(2,484)	–	–	–	(2,484)
Net loss and comprehensive loss		–	–	–	–	(55,983)	(55,983)
Balance as at December 31, 2023		**60,903,898**	**238,823**	**28,502**	**7,692**	**(220,587)**	**54,430**

For the year ended December 31, 2022

	Notes	Number	Share capital	Contributed surplus and warrants	Other reserves	Deficit	Total equity
		$	$	$	$	$	$
Balance as at January 1, 2022		**55,118,316**	**206,483**	**16,102**	**–**	**(116,890)**	**105,695**
Shares issued from offering	17.1	502,082	3,987	–	–	–	3,987
Options exercised	17.3	253,500	1,153	(417)	–	–	736
Share-based compensation	17.3	–	–	9,628	–	–	9,628
Settlement of interests on Convertible Notes	15	–	–	–	829	–	829
Share issue costs		–	(837)	–	–	–	(837)
Net loss and comprehensive loss		–	–	–	–	(47,714)	(47,714)
Balance as at December 31, 2022		**55,873,898**	**210,786**	**25,313**	**829**	**(164,604)**	**72,324**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

		For the years ended	
	Notes	December 31, 2023	December 31, 2022
		$	$
OPERATING ACTIVITIES			
Net loss		(55,983)	(47,714)
Depreciation and amortization	8-9-10	8,148	4,557
Change in fair value - listed shares	7	(275)	1,700
Change in fair value - embedded derivatives	15	(6,596)	(11,059)
Interest on convertible notes	15	6,863	829
Unrealized foreign exchange loss (gain)		(1,142)	352
Loss on disposal of property, plant and equipment	8	5	–
Share-based compensation	17.3	3,061	8,706
Accretion included within financial costs		4,326	816
Net change in working capital	23	**2,078**	**(3,068)**
Cash flows used in operating activities		**(39,515)**	**(44,881)**
INVESTING ACTIVITIES			
Additions to property, plant, and equipment	8-23	(14,408)	(26,678)
Investment in listed shares	7	–	(2,500)
Deposits		311	(1,641)
Grants received	12	4,024	2,821
Cash flows used in investing activities		**(10,073)**	**(27,998)**
FINANCING ACTIVITIES			
Proceeds from offering	17.1	29,565	3,987
Proceeds from convertible notes	15	–	67,204
Convertible notes issue costs		(659)	(162)
Repayment of borrowings	14	(282)	(208)
Repayment of lease liabilities	13	(430)	(386)

		For the years ended	
	Notes	December 31, 2023	December 31, 2022
		$	$
Proceeds from the exercise of stock options	17.3	576	736
Share issue costs	17.1	(2,484)	(878)
Cash flows from financing activities		**26,286**	**70,293**
Effect of exchange rate changes on cash		(290)	155
Net change in cash and cash equivalents		**(23,592)**	**(2,431)**
Cash and cash equivalents at the beginning of the period		59,924	62,355
Cash and cash equivalents at the end of the period		**36,332**	**59,924**
Non-cash investing and financing activities	23		

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

1. Nature of Operations and Going Concern

Nouveau Monde Graphite Inc. (the "Company", or "parent company") was established on December 31, 2012, under the *Canada Business Corporations Act*. The Company specializes in exploration, evaluation and development of mineral properties located in Québec and is developing a natural graphite-based anode material that would qualify as battery-grade material to supply the lithium-ion industry.

The Company's shares are listed under the symbol NMG on the New York Stock Exchange, NOU on the TSX Venture Exchange ("TSXV"), and NM9A on the Frankfurt Stock Exchange. The Company's registered office is located at 481 Brassard Street, Saint-Michel-des-Saints, Québec, Canada, J0K 3B0.

The Company's consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due for the foreseeable future.

During the year ended December 31, 2023, the Company reported a net loss after tax of $56.0 million; cash outflows from operating activities of $39.5 million and an accumulated deficit of $220.6 million and has yet to generate positive cash flows or earnings. Based on all available information about the future, which includes at least, but not limited to, the next twelve months, management believes that without additional funding, the Company does not have sufficient liquidity to pursue its planned expenditures.

These circumstances indicate the existence of material uncertainties that cast substantial doubt as to the ability of the Company to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. In recognition of these circumstances, the Company completed a private placement for aggregate gross proceeds of US$50 million, with General Motors Holding LLC ("GM") and Panasonic Holdings Corporation ("Panasonic") on February 28, 2024. For more details refer to note 30 - subsequent events.

The Company's ability to continue future operations and fund its development and acquisition 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, the issuance of debt or equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, project debt finance, offtake financing, royalty financing and other capital markets alternatives. 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.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be significant.

2. Basis of Preparation and Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB").

The accounting policies set out in note 3 were consistently applied to all years presented in these consolidated financial statements unless as otherwise stated.

The consolidated financial statements for the year ended December 31, 2023 were approved and authorized for publication by the Board of Directors on March 27, 2024.

3. Material Accounting Policies

3.1 Basis of Consolidation

The Company's consolidated financial statements consolidate those of the parent company and its subsidiaries. The parent company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary, and could affect those returns through its power over the subsidiary.

All transactions and balances between group companies are eliminated upon consolidation, accounting policies of subsidiaries are consistent with the policies adopted by the Company.

Subsidiaries

Information on the Company's subsidiaries as at December 31, 2023, all of which are wholly-owned, is as follows:

Name of Subsidiary	Principal Activity	Country of Incorporation	Year of Incorporation
Quartier Nouveau Monde Inc.	Real estate company	Canada	2017
Nouveau Monde Europe LTD	Trading company	England and Wales	2020

3.2 Functional and Reporting Currency

The group's consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company and its subsidiaries and the presentation currency.

Transactions in foreign currencies are initially recorded at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of loss and comprehensive loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

3.3 Tax Credits Receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred, duties for losses under the *Mining Tax Act* (Québec), and qualified research and development expenditures tax credits. The tax credits are recognized as a reduction of the costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance that the credits will be received and that the Company will continue to comply with the conditions associated with them.

3.4 Grants Receivable

The Company periodically receives grants from different incentive programs. These grants are recognized initially when there is a reasonable assurance that they will be received and when the Company has intentions to comply with the conditions associated with the grant. The financial aid received for expenditures incurred is recognized against these expenditures on a systematic basis and in the same accounting period in which the expenditures are incurred.

3.5 Property Plant and Equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. The assets are capitalized and depreciated on a straight-line basis in the consolidated statement of loss and comprehensive loss. Generally, the depreciation rates are as follows:

Buildings	10-25 years
Equipment	2-15 years
Furniture and other IT equipment	3-7 years
Rolling Stock	5 years

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of loss and comprehensive loss.

Borrowing Costs

Borrowing costs attributable to the acquisition, development or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use. Interests on long-term debt are capitalized in assets under construction until substantially all the activities necessary to prepare the asset for its intended use are complete. Otherwise, borrowing costs are expensed as incurred in the statement of loss and comprehensive loss. The Company capitalized borrowing costs related to the development and construction of the Matawinie Mine project in the Mine under Construction asset category.

3.6 Intangible Assets

The intangible assets include licenses with a definite useful life. The assets are capitalized and amortized on a straight-line basis in the consolidated statement of loss and comprehensive loss. The intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Generally, the depreciation rates are as follows:

Licences	2-10 years

3.7 Income Taxes

Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

Current Taxes

The Company currently does not generate income, and therefore does not incur tax expenses. The current tax expense relates to a benefit-sharing agreement with Saint-Michel-des-Saints (refer to note 28 - commitments).

3.8 Equity

Share Capital & Other Reserves

Share capital represents the amount received at the issuance of shares, less issuance costs, net of any underlying tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Other reserves relate to shares to be issued in relation to the settlement of interest on the Convertible notes (Note 15).

Contributed Surplus and Warrants

Contributed surplus includes charges related to share options not exercised and amounts attributable to expired warrants.

3.9 Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include convertible debt, options, broker's options, and warrants. Dilutive potential common shares arising from option type instruments shall be deemed to have been exercised at the beginning of the period or, if later, at the date of issue of the potential common shares and the proceeds from their exercise used to repurchase common shares at the average market price. The if-converted method is used for the convertible notes.

3.10 Provision for Asset Retirement Obligation

Provision for environmental rehabilitation, restructuring costs and legal claims, where applicable, is recognized when:

i) The Company has a present legal or constructive obligation as a result of past events;

ii) It is probable that an outflow of resources will be required to settle the obligation;

iii) The amount can be reliably estimated.

The provision is measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and is discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as finance costs. Changes in assumptions or estimates are reflected in the period in which they occur. Provision for environmental rehabilitation represents the legal and constructive obligations associated with the eventual closure of the Company's property, plant and equipment. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, excluding the risks for which future cash flow estimates have already been adjusted.

3.11 Share-Based Payments

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any option for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services rendered by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments are either recognized as expenses in the statement of loss and comprehensive loss with a corresponding credit to Contributed surplus, in equity or capitalized under assets in construction.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. No adjustment is made to any expense recognized in a prior period if some vested share options are not ultimately exercised.

3.12 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. The subsequent measurement of financial assets and financial liabilities depends on the classification of the financial instrument.

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

Financial Assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit of loss ("FVTPL"), then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial assets in the following measurement categories:

- measured subsequently at amortized cost; or
- measured subsequently at fair value through other comprehensive loss ("FVTOCL") or FVTPL.

i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCL.

A financial asset shall be measured at FVTPL if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For investments in debt instruments, this will thus depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at FVTOCL, in which case, gains and losses will never be reclassified to net loss, and no impairment may be recognized in net loss. Dividends earned from such investments are recognized in net loss unless the dividend clearly represents a repayment of part of the cost of the investment.

Financial Liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at FVTPL. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Financial Instruments – Fair Value

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models. The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques use significant observable inputs, directly or indirectly, or valuations are based on quoted prices for similar instruments; and
- **Level 3:** Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

Convertible Notes

Convertible Notes

The conversion feature (which includes shares and warrants) and the prepayment feature of convertible notes issued to investors (see note 15) are considered embedded derivatives because their economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract (the loan without the conversion feature and the prepayment feature). Therefore, the Company separates the embedded derivatives from the host contract and accounts for each element separately.

The conversion feature is classified as a derivative financial liability as the loan is denominated in a currency other than the Company's functional currency (and therefore its exercise price is not fixed in the Company's functional currency) and is convertible into both shares and warrants. The conversion feature and the prepayment feature are measured as a single compound embedded derivative since they relate to common risks and depend on each other. The embedded derivative is initially recognized at its fair value at the date of issuance. The host contract is initially recognized as the difference between total consideration received for the convertible loans less the fair value of the embedded derivative.

If, after considering the terms of the transaction, the Company determines that the fair value of a financial instrument at initial recognition differs from the transaction price, the difference is recognized in the statement of loss and comprehensive loss only if fair value is evidenced by quoted prices or based on a valuation technique that uses only data from observable markets. In all other cases, the difference is deferred and recognized systematically to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price. Any subsequent measurement of the instrument excludes the balance of the deferred amount.

Transaction costs directly attributable to the issuance of convertible loans with embedded derivatives are allocated to the host contract and deducted from its initial recognition amount.

The Company's financial instruments consist of the following:

Financial Assets	Classification
Cash and cash equivalents	Amortized cost
Other receivables (excluding grants)	Amortized cost
Investment in listed shares	Fair value through profit or loss

Financial Liabilities	Classification
Accounts payable and accrued liabilities	Amortized cost
Borrowings	Amortized cost
Convertible Notes (debt host)	Amortized cost
Convertible Notes (embedded derivatives)	Fair value through profit or loss

3.13 Segment Disclosure

The Company currently operates in two segments: the Matawinie Mine project and the Battery Material Plant project. The business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The Matawinie Mine project and Battery Material Plant project were identified as separate segments due to their specific nature. Indeed, the nature of the products and services, the production processes, regulatory environment and the targeted customers are very different for each operating segment.

The measure of profit or loss for each segment corresponds to the amounts reported for Exploration and evaluation expenses and Battery Material Plant project expenses, respectively, in the consolidated statement of loss and comprehensive loss. All the Company's activities are conducted in Québec, Canada.

4. Accounting Standards Adopted and Accounting Standards Issued But Not Yet Effective

4.1 New Accounting Standards Adopted

Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 *Presentation of Financial Statements* with regards to disclosure of accounting policies. The amendment, effective for financial years beginning on or after January 1, 2023, requires a Company to disclose its material accounting policy information rather than its significant accounting policies. Management reviewed the accounting policies previously disclosed and adjusted consequently its disclosure to reflect only the accounting policies essential to allow the users of the financial statements to understand other material information.

Amendments to IAS 8

In February 2021, the IASB amended IAS 8 *Accounting Policies, Changes in Accounting estimates and Errors* to introduce a definition of accounting estimates and to help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. This amendment is effective for financial years beginning on or after January 1, 2023. There is no financial impact resulting from this amendment.

4.2 New Accounting Standards Issued But Not Yet Effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published but are not mandatory for the current reporting period and have not been early adopted by the Company. These standards, amendments or interpretations, except noted below, are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Amendments to IAS 1 *Presentation of Financial Statements* on Classification of Liabilities

Narrow-scope amendments to IAS 1 clarify when liabilities are classified as either current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance.

The amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which a company must comply after the reporting date do not affect a liability's classification at that date. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that: settlement of a liability includes transferring a company's own equity instruments to the counterparty; and when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments are effective for years beginning on or after January 1, 2024.

5. Estimates, Judgements And Assumptions

In preparing its consolidated financial statements, management makes several judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues, and expenses.

Information about the significant estimates and assumptions that have the greatest impact on the recognition and measurement of assets, liabilities, revenues, and expenses is presented below. Actual results may differ significantly.

Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. 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 circumstances.

Provision for Asset Retirement Obligation

The Company's exploration activities are subject to several environmental protection laws and regulations. The Company accounts for management's best estimate of asset retirement obligations in the period in which the obligations arise. Costs actually incurred in future periods could be significantly different from these estimates. In addition, future changes in laws and regulations, timing of estimated cash flows and discount rates may impact the carrying amount of this provision.

Share-Based Payments

The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility.

Tax Credits

Tax credits for the current and prior periods are measured at the amount that the Company expects to recover, based on its best estimate and judgment at the reporting date. However, there are uncertainties as to the interpretation of the tax regulations, regarding refundable mining rights credits for loss and refundable tax credits on eligible exploration expenditures as well as regarding amount and timing of recovery of these tax credits.

To determine whether the expenditures it incurs are eligible for exploration tax credits, the Company must use judgment and resort to complex techniques. As a result, there may be a significant difference between the amount recognized in respect of tax credits and the actual amount of tax credits received because of the tax administrations' review of matters that were subject to interpretation. In the event of such a difference, an adjustment will be made to the tax credits for Exploration and evaluation expenditures in future periods.

It can take a long time for the tax administration to report its decisions on tax issues, thereby extending the tax credit recovery period. Mineral exploration tax credits that the Company expects to recover in more than one year are classified as non-current assets. The amounts recognized in the consolidated financial statements are based on the best estimates of the Company and in its best possible judgment, as noted above.

Fair Value of Embedded Derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a valuation model and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation model used for determining the fair value of the embedded derivatives of the Convertible Notes and the assumptions used by management are disclosed in note 15.

Management used significant judgement to determine that the fair value of the Convertible Notes on issuance does not equal the transaction price, which was primarily attributed to the warrants present in the conversion option embedded in the Convertible Notes. The resulting difference between the transaction price and the fair value on initial recognition is deferred as the fair value of the Convertible Notes is based on a valuation technique where not all the inputs are observable. The unrecognized deferred amount is recorded in the statement of loss and comprehensive loss to the extent that it arises from a change in factor that market participants would take into account when pricing the Convertible Notes.

Management has attributed the deferred amount to the host instrument and embedded derivatives proportionate to their estimated fair value on the initial recognition date. The deferred amount attributable to the embedded derivative is recorded systematically in the consolidated statements of loss and comprehensive loss over the estimated life of the instruments underlying the conversion option as management believes that time is one of the factors specific to the pricing of the conversion option.

6. Cash and Cash Equivalents

As at December 31, 2023, cash and cash equivalents totalling $36,332 ($59,924 in 2022) consisted of cash in bank and short-term deposits. As at December 31, 2023, the Company's cash in bank balance is comprised of $1,277 and $992 U.S. dollars ($1,312). The balance of short-term deposits is comprised of $28,439 and $4,011 U.S. dollars ($5,304).

7. Investments – Listed Shares

As at December 31, 2023, investments in listed shares are composed of an equity-investment in Mason Resources Inc. ("Mason"). On July 20, 2022, the Company subscribed for 5 million common shares of Mason for a total of $2,500. The price paid to acquire the Mason shares was $0.50 per share, equivalent to the Volume-Weighted Average Price ("VWAP") of Mason shares on the TSXV for a period of twenty trading days prior to May 15, 2022. As at December 31, 2023, Mason's stock value is $0.22 per share, resulting in a decrease in fair value of $1,425 since acquisition. For the year ended December 31, 2023, there was an increase in fair value resulting in a $275 gain presented under net financial costs in the consolidated statement of loss and comprehensive loss.

In July 2022, the Company signed an agreement providing the option to acquire 51% of the Lac Guéret property of Mason by investing $10M in exploration activities and subscribing to $5M in Mason's shares. As at December 31, 2023, the Company incurred $409 related to the completion of the preliminary economic assessment on the Lac Guéret property. On January 31, 2024, the Company completed the asset acquisition of the Lac Guéret property. For more details on the transaction, refer to note 30 - subsequent events.

8. Property, Plant and Equipment

	Land	Buildings	Equipment	Furniture and other IT equipment	Rolling stock	Mine under construction[1]	Battery Material Demonstration Plant under construction[1]	Total
	$	$	$	$	$	$	$	$
COST								
Balance as at January 1, 2023	2,455	3,267	9,813	259	128	37,785	14,591	68,298
Additions	–	171	398	–	–	8,215	1,258	10,042
Transfers	–	–	15,139	–	–	–	(15,139)	–
Write-Off/Disposals	–	–	–	(24)	–	–	–	(24)
Balance as at December 31, 2023	**2,455**	**3,438**	**25,350**	**235**	**128**	**46,000**	**710**	**78,316**
ACCUMULATED DEPRECIATION								
Balance as at January 1, 2023	–	551	3,478	97	37	–	–	4,163
Depreciation	–	228	7,245	56	24	–	–	7,553
Write-Off/Disposals	–	–	–	(19)	–	–	–	(19)
Balance as at December 31, 2023	–	779	10,723	134	61	–	–	11,697
Net book value as at December 31, 2023	**2,455**	**2,659**	**14,627**	**101**	**67**	**46,000**	**710**	**66,619**

[1] Assets under construction are not being depreciated as they are not in the condition necessary to be capable of being operated in the manner intended by management.

	Land	Buildings	Equipment	Furniture and other IT equipment	Rolling stock	Mine under construction[1]	Battery Material Demonstration Plant under construction[1]	Total
	$	$	$	$	$	$	$	$
COST								
Balance as at January 1, 2022	2,412	2,791	163	166	53	18,032	18,886	42,503
Additions	43	15	248	–	50	19,753	5,687	25,796
Transfers	–	461	9,402	93	26	–	(9,982)	–
Write-Off/Disposals	–	–	–	–	(1)	–	–	(1)
Balance as at December 31, 2022	**2,455**	**3,267**	**9,813**	**259**	**128**	**37,785**	**14,591**	**68,298**
ACCUMULATED DEPRECIATION								
Balance as at January 1, 2022	–	330	19	36	15	–	–	400
Depreciation	–	221	3,459	61	23	–	–	3,764
Write-Off/Disposals	–	–	–	–	(1)	–	–	(1)
Balance as at December 31, 2022	–	551	3,478	97	37	–	–	4,163
Net book value as at December 31, 2022	**2,455**	**2,716**	**6,335**	**162**	**91**	**37,785**	**14,591**	**64,135**

[1] Assets under construction are not being depreciated as they are not in the condition necessary to be capable of being operated in the manner intended by management.

Capitalized expenditures for the Battery Material Demonstration Plant under construction and Mine under construction are presented net of grants of $60 and $16, respectively, for the year ended December 31, 2023 ($4,109 and nil, respectively in 2022).

The amount of borrowing costs included in Mine under construction for the year ended December 31, 2023 is $825 (nil for the year ended December 31, 2022). The rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the entity's general borrowings during the year ended December 31, 2023.

During the quarter ended June 30, 2023, the Company placed in service both the Coating Demonstration Plant and a second unit for the Shaping Demonstration Plant representing a total amount of $11,767 and $3,372 respectively. As a result, $15,139 was transferred from the Battery Material Demonstration Plant under construction category towards the Equipment category.

9. Intangible Assets

In 2019, the Company and Hydro-Québec ("HQ") signed a license agreement by which the Company is allowed to use HQ's patented technologies for the micronization, spheronization, purification, and coating to serve the lithium-ion battery market. The Company paid US $2 million ($2,562) for the use of the patents which have different expiry dates between October 24, 2021, to June 7, 2028. The license was capitalized as an intangible asset and will be amortized over the life of the underlying patents.

	Licenses
	$
COST	
Balance as at January 1, 2023	1,220
Write-off of assets	(1,028)
Balance as at December 31, 2023	**192**
ACCUMULATED DEPRECIATION	
Balance as at January 1, 2023	1,038
Amortization	123
Write-off of assets	(1,028)
Balance as at December 31, 2023	133
Net book value as at December 31, 2023	**59**

	Licenses
	$
COST	
Balance as at January 1, 2022	1,604
Write-off of assets	(384)
Balance as at December 31, 2022	**1,220**
ACCUMULATED DEPRECIATION	
Balance as at January 1, 2022	1,123
Amortization	299
Write-off of assets	(384)
Balance as at December 31, 2022	1,038
Net book value as at December 31, 2022	**182**

10. Right-Of-Use Assets

The Company has lease contracts for various items of mining equipment and buildings used in its operations. Leases of rolling stocks generally have lease terms between two and three years, while buildings generally have lease terms between two and ten years.

Set below are the carrying amounts of Right-of-use assets and the movement during the years.

	Buildings	Rolling stocks	Total
	$	$	$
COST			
As at January 1, 2023	3,406	71	3,477
Remeasurement of lease	(300)	–	(300)
As at December 31, 2023	**3,106**	**71**	**3,177**
ACCUMULATED DEPRECIATION			
As at January 1, 2023	799	22	821
Depreciation	442	30	472
As at December 31, 2023	1,241	52	1,293
Net book value as at December 31, 2023	**1,865**	**19**	**1,884**

	Buildings	Rolling stocks	Total
	$	$	$
COST			
As at January 1, 2022	2,715	164	2,879
New leases	451	–	451
End of leases	(205)	(49)	(254)
Remeasurement of lease	445	(44)	401
As at December 31, 2022	**3,406**	**71**	**3,477**
ACCUMULATED DEPRECIATION			
As at January 1, 2022	553	72	625
Depreciation	451	43	494
End of leases	(205)	(49)	(254)
Remeasurement of lease	–	(44)	(44)
As at December 31, 2022	799	22	821
Net book value as at December 31, 2022	**2,607**	**49**	**2,656**

Included in the depreciation of Right-of-use assets for the year is $219 ($250 in 2022) that has been included under the Evaluation and exploration expenses and $162 ($162 in 2022) that have been included under the Battery Material Plant project expenses line in the consolidated statements of loss and comprehensive loss.

11. Accounts Payable and Accrued Liabilities

	December 31, 2023	December 31, 2022
	$	$
Trade payable and accrued liabilities	6,919	12,825
Wages and benefits liabilities	2,751	2,524
Other payables	128	80
Accounts payable and accrued liabilities	**9,798**	**15,429**

12. Grants Receivable and Other Current Assets

	December 31, 2023	December 31, 2022
	$	$
Grants receivable	1,182	3,957
Deferred expenses	87	–
Other receivables	65	26
Grants receivable and other current assets	**1,334**	**3,983**

Grants

In August 2019, the Company completed the closing of a federally funded grant with Sustainable Development Technology Canada ("SDTC") for a total of $4,250. The SDTC decided in March 2021 to increase the grant by an additional $223. This grant supported the Company to build and to operate the Purification Demonstration Plant in Bécancour. As at December 31, 2023, the balance of grants receivable related to this program is $425 ($425 in 2022).

The Company completed the closing of another grant agreement in August 2022 with SDTC for a total of $5,750. This grant will financially support the Company to build and operate the Coating Demonstration Plant in Saint-Michel-des-Saints. During the year 2023, the Company received a payment of $2,322. As at December 31, 2023, the balance of grants receivable related to this program is nil ($862 in 2022).

In April 2020, the Company completed the closing of a grant agreement with Transition énergétique Québec ("TEQ"), a Québec government funded program, to financially support the building and operating of the Purification Demonstration Plant in Bécancour. This additional grant of $3,000 was secured via TEQ's Technoclimat program. During the year 2023, the Company received a payment of $450. As at December 31, 2023, the balance of grants receivable related to this program is $300 ($750 in 2022).

The Company entered into another grant agreement effective January 2022 with TEQ for a total of $3,000. This grant will financially support the Company to build and to operate the Coating Demonstration Plant in Saint-Michel-des-Saints. During the year 2023, the Company received a payment of $1,950. As at December 31, 2023, the balance of grants receivable related to this program is nil ($1,378 in 2022).

The remaining $457 grants receivable as at December 31, 2023 is composed of various other grant programs that will be received and the Company has reasonable assurance that it will continue to comply with the conditions associated with these grants.

Deferred Grants

As at December 31, 2023, the Company has $1,255 recorded as deferred grants in current liabilities in connection with the SDTC and TEQ program related to the Coating Demonstration Plant in Saint-Michel-des-Saints.

13. Lease Liabilities

	December 31, 2023	December 31, 2022
	$	$
Opening balance	2,817	2,323
New liabilities and modifications of leases	(300)	880
Principal repayment	(430)	(386)
Ending balance	**2,087**	**2,817**
Current portion	451	431
Non-current portion	1,636	2,386

The Company elected not to apply the IFRS 16 leases requirement for its leases with terms of 12 months or less and the leases for which the underlying asset is of low value. A total of $393 was expensed in the statement of loss and comprehensive loss for the year ended December 31, 2023 in connection with those exemptions ($629 in 2022).

14. Borrowings

	December 31, 2023	December 31, 2022
	$	$
Opening balance	1,988	2,129
Repayments	(282)	(208)
Interest	52	67
Ending balance	**1,758**	**1,988**
Current portion	480	225
Non-current portion	1,278	1,763

On January 29, 2021, the Company financed the purchase of a land located in Bécancour, Québec, through a financing agreement with the vendor, for a total of $1,137. The financed portion bears interest at 8% per annum and shall be repaid by December 2025. The Company may pay the balance of principal, in whole or in part, at any time without penalty.

During March 2021, the Company received $1,350 as part of a repayable contribution agreement with the Canada Economic Development for Québec Regions. This contribution agreement bears no interest and is repayable in 60 equal monthly installments starting October 2023. The loan was measured at the present value of all future payments discounted using a 5.50% interest rate, thus resulting in a loan valued at $1,025. The difference between the carrying value of the contribution and the discounted loan value was recognized as a grant of $325. Also, during December 2021, the Company received the remaining $150, which was measured at the present value using the same interest rate, thus resulting in a loan valued at $119. The difference between the carrying value of the contribution and the discounted loan value was recognized as a grant of $31.

15. Convertible Notes

US$50 Million Convertible Notes with Mitsui, Pallinghurst and Investissement Québec

	Host (amortized cost)	Derivative (FVTPL)	Deferred amount	Total
	$	$	$	$
Issuance[1]	48,703	20,453	(2,773)	66,383
Interest accretion	732	–	–	732
Fair value adjustment	–	(11,199)	–	(11,199)
Amortization	–	–	140	140
Foreign exchange	382	127	(21)	488
Balance as of December 31, 2022	**49,817**	**9,381**	**(2,654)**	**56,544**
Interest accretion	5,082	–	–	5,082
Fair value adjustment	–	(8,049)	–	(8,049)
Amortization[2]	–	–	1,453	1,453
Foreign exchange	(1,275)	(163)	32	(1,406)
Balance as of December 31, 2023	**53,624**	**1,169**	**(1,169)**	**53,624**

[1] Transaction costs of $821 (US$608) have been allocated to the host instrument and reduced from the net proceeds allocated to this component.

[2] The amortization for the year ended December 31, 2023 includes an additional amount of $809 to prevent the net amount of the Derivative and the Deferred amount components from representing a negative amount.

On November 8, 2022, the Company completed a private placement of unsecured convertible notes (the "Notes") for aggregate gross proceeds of $67.2 million (US$50 million). The Notes are denominated in U.S. Dollars with a term of 36 months and carry a quarterly coupon interest payment of the greater of the 3-month CME Term SOFR plus 4% and 6%.

Subsequently and effective January 1, 2023, the Notes contracts were amended by:

- Removing the interest capitalization provisions, such that accrued interest will be deemed paid in full in shares each quarter following the Exchange's approval; and
- Increasing the interest rate to the greater of (a) the 3-month CME Term SOFR plus 5% and (b) 7%.

The Notes include the following material conversion and settlement options available to the holders and the Company:

- **General conversion option.** The holder of a Note, at any time before maturity, can convert the outstanding principal amount into units for US$5/unit. Each unit comprises one common share of the Company and one share warrant. The share warrant can be used to subscribe one common share of the Company at an exercise price of US$5.70/share for a period of 24 months from the date of conversion of the Note.
- **Repurchase option.** The Company has, at its sole discretion, an option to repay the Notes at the Repurchase Amount (as defined in the subscription agreement) at the earlier of (i) December 31, 2023; or (ii) the date of a final investment decision (FID) as defined in the subscription agreement. Depending on the circumstances, the repurchase amount is affected by the remaining time to maturity and the cumulative interests paid to date to the Holders.
- **Interest repayment option:** Quarterly, the Company has an option to pay the interest due in (i) cash; or (ii) in Common Shares subject to TSXV's approval, by delivering share certificates to the Holders upon maturity, conversion or redemption at a U.S. Dollar equivalent of the Company's Market Price as defined in TSXV rules, determined at the quarter end on which such interest became payable.
- The Notes also include redemption mechanisms in favor of the holders in the event of a change of control or an event of default.

The Notes represent a hybrid financial instrument with multiple embedded derivatives requiring separation. The debt host portion (the "Host") of the instrument is classified at amortized cost, whereas the aggregate conversion and prepayment options (the "Embedded Derivatives") are classified at fair value through profit and loss (FVTPL).

The fair value of the Notes at inception was estimated at $77.7 million (US$57.8 million) and determined using a valuation model which required the use of significant unobservable inputs. The Company identified a difference between the transaction price and the fair value of $10.5 million (US$7.8 million). The difference has been allocated on a pro-rata basis to the Host and the Embedded Derivatives based on their relative estimated fair values. The portion allocated to the Host has been integrated in its initial carrying amount. The Company believes that time value is an important factor in the estimation of the Embedded Derivatives' fair value. Therefore, the unrecognized deferred amount attributed thereto is recognized on a straight-line basis in the statement of loss and comprehensive loss over the estimated life of the combined conversion option and underlying warrants.

For the year ended December 31, 2023, the interest coupon totalled an aggregate amount of $6,863 (US$5,084) ($829 (US$612) for the year ended December 31, 2022) and the Company elected to pay the interest coupon with 1,634,827 common shares which will be issued at maturity or conversion of the Notes. The common shares to be issued are recorded as other reserves in the consolidated statements of changes in equity.

Below is a sensibility analysis on inputs impacting the fair value revaluation of the derivative.

	December 31, 2022	Reasonably possible change	Sensitivity[1] US$ (Derivative liability)	December 31, 2023	Reasonably possible change	Sensitivity[1] US$ (Derivative liability)
Observable inputs						
Share price	US$3.82	+/- 10%	+3.6M/-1.9M	US$2.61	+/- 10%	+0.4M/-0.3M
Foreign Exchange rate	1.35	+/- 5%	+/- 0.5M	1.32	+/-5%	+/-0.1M
Unobservable inputs						
Expected volatility	50%	+/- 10% (absolute)	+3.2M/-1.7M	48%	+/- 10%	+0.1/-0.3M
Credit spread	9%	+/- 1% (absolute)	+/- 0.3M	5%	+/-5%	+/-0.03M

[1] Holding all other variables constant.

16. Asset Retirement Obligation

	December 31, 2023	December 31, 2022
	$	$
Opening balance	952	1,009
New obligations	–	46
Change in estimate	18	(120)
Accretion expense	17	17
Ending balance	**987**	**952**

The Company has determined the fair value of its rehabilitation obligation by using a discount rate of 4.93% (5.26% in 2022), assuming reclamation work would be completed in 28 years. The liabilities accrete to their future value until the obligations are due. The estimated rehabilitation obligation will increase as the construction of the Matawinie Mine progresses.

17. Equity

17.1 Share Capital

Authorized Share Capital

Unlimited number of common shares voting and participating, with no par value. All issued ordinary shares are fully paid.

	For the years ended	
	December 31, 2023	December 31, 2022
	$	$
Shares issued at the start of the period	55,873,898	55,118,316
Shares issued from offering	4,850,000	502,082
Options exercised	180,000	253,500
Shares issued at the end of period	**60,903,898**	**55,873,898**

From January 21, 2022 to December 31, 2022, the Company issued 502,082 common shares at an average price of $7.94 for gross proceeds of $3,987, commissions of $100, for total net proceeds of $3,887, in connection with the at-the-market equity offering ("ATM offering") in place at that time. The ATM program has not been reactivated since Q1-2023 with no securities issued in 2023.

On April 17, 2023, the Company concluded an underwritten public offering agreement for 4,850,000 common shares, at a price of US$4.55 per share for gross proceeds of $29.6M (US$22M). The offering was conducted on a bought deal basis and the Company incurred underwriter fees equal to 6% of the gross proceeds.

17.2 Loss Per Share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders and weighted average number of shares outstanding, including shares to be issued for payment of interest on the convertible notes.

The calculation of diluted loss per share takes into account the effects of all dilutive potential ordinary shares.

	For the years ended	
	December 31, 2023[ii]	December 31, 2022
	$	$
Loss attributable to the ordinary equity holders of the Company	55,983	47,714
Gain on change in fair value of embedded derivatives[i], net of interest expense associated with debt host	–	(3,850)
Loss attributable to the ordinary equity holders of the Company used in calculation of the diluted loss per share	55,983	51,564
Basic weighted average number of shares outstanding	60,089,151	55,600,636
Dilutive effect of 2022 Convertibles Notes	–	1,452,055
Dilutive weighted average number of shares outstanding	60,089,151	57,052,691
Basic loss per share	**0.93**	**0.86**
Diluted loss per share	**0.93**	**0.90**

[i] Excludes the portion of the change in fair value of the embedded derivative attributable to the underlying warrants.
[ii] There was no dilutive impact on 2023, therefore, no adjustment made.

The other potentially dilutive instruments, namely the options, the underlying warrants of the Convertible Notes are anti-dilutive for all years presented.

17.3 Share-Based Payments

The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the TSXV. The plan has a policy that caps the maximum of total options that can be granted to 10% of the total outstanding shares of the Company.

All share-based payments will be settled in equity. The Company has no legal or contractual obligation to repurchase or settle the options in cash.

The Company's share options are as follows for the years ended December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	$	$	$	$
Opening balance	3,911,804	7.42	2,352,249	7.07
Granted	2,088,548	5.51	2,219,304	8.13
Exercised	(180,000)	3.20	(253,500)	2.90
Expired	(337,000)	6.52	(385,000)	12.21
Forfeited	(87,000)	5.39	(21,249)	9.47
Cancelled	(487,804)	8.20	–	–
Ending balance	**4,908,548**	**6.79**	**3,911,804**	**7.42**
Options that can be exercised	2,824,000	7.64	2,872,500	7.22

The weighted average share price at the time of exercise for 2023 is $4.52 ($7.91 in 2022).

On February 17, 2023, the TSXV approved the cancellation of 487,804 options (initial options) previously issued to consultants and which were replaced with the grant of 453,048 new options (replacement options). The options have been issued as a consideration to secure project financing for the Matawinie Mine and the Battery Material Plant projects. The initial options had an exercise price of $8.20 and vested on the closing of the project financing subject to expiry on March 28, 2023. The replacement options have an exercise price of $8.20, vest on the closing of the project financing (no later than March 28, 2025) and will expire two years following the vesting of those options (no later than March 28, 2027). The incremental fair value of this modification is $1,036, which was measured using the Black-Sholes option pricing model based on the assumptions below and is being recognized as an expense over the period from the modification date to the end of the extended vesting period.

- **Stock price:** $8.20
- **Expected volatility:** 93%
- **Risk-free rate:** 3.79%
- **Expected dividend:** nil

The expense representing the fair value of the initial options granted will continue to be recognized as if the terms had not been modified.

The details of the share options granted by the Company are as follows for the years ended December 31, 2023 and 2022:

	For the years ended	
	December 31, 2023	December 31, 2022
Directors	212,500	247,500
Officers	600,000	525,000
Employees	800,000	682,000
Consultants	476,048	764,804
Total granted share options	**2,088,548**	**2,219,304**

Apart from the replacement options described above, the vesting period for the options granted during 2023 are done in two annual tranches. Each option entitles the holder to subscribe to one common share of the Company, at an average price of $5.51 ($8.13 for 2022) per common share, for a period of 4.49 years (4.11 years in 2022). Total expenses arising from share-based transactions recognized during the year amount to $3,569 ($9,628 in 2022) out of which $507 ($922 in 2022) have been capitalized in property, plant and equipment.

The weighted average fair value of the share options granted were estimated using the Black-Scholes option pricing model based on the following average assumptions:

	2023	2022
Share price at date of grant	$5.51	$8.13
Expected life	4.49 years	4.11 years
Risk-free interest rate	3.11%	2.33%
Expected volatility	74.03%	81.49%
Expected dividend	Nil	Nil
Fair value per option	$3.22	$4.79

The expected annualized volatility was based on historical data for the Company. The fair value of the share options is amortized over the vesting period, considering expected forfeitures. The strike price of share options issued are exercisable at the share's closing price on the last trading day prior to the grant.

	As at December 31, 2023		
Expiration date	Total number	Total exercisable	Weighted average exercise price
	$	$	$
2024	397,500	397,500	4.65
2025	737,500	737,500	3.21
2026	913,048	460,000	12.27
2027	1,289,000	1,229,000	8.08
2028	1,571,500	–	4.76
Ending balance	**4,908,548**	**2,824,000**	**6.79**

18. Exploration and Evaluation Expenses

	For the years ended	
	December 31, 2023	December 31, 2022
	$	$
Wages and benefits	3,087	3,274
Share-based compensation	511	898
Engineering	–	162
Consulting fees	1,636	554
Materials, consumables, and supplies	630	824
Maintenance and subcontracting	782	1,252
Geology and drilling	19	31
Utilities	360	420
Depreciation and amortization	265	283
Other	253	95
Uatnan Mining project	100	309
Grants	(119)	(37)
Tax credits	1,932	(638)
Exploration and evaluation expenses	**9,456**	**7,427**

The exploration and evaluation expenses relate to the Matawinie Mine in Saint-Michel-des-Saints, with the exception of fees for the preliminary economic assessment of the Uatnan Mining project in relation with the Mason transaction (see note 7).

19. Battery Material Plant Project Expenses

	For the years ended	
	December 31, 2023	December 31, 2022
	$	$
Wages and benefits	4,608	2,698
Share-based compensation	326	534
Engineering	7,638	8,895
Consulting fees	964	914
Materials, consumables, and supplies	2,101	920
Maintenance and subcontracting	2,410	1,180
Utilities	515	553
Depreciation and amortization	7,635	4,028
Other	202	146
Grants	(995)	(506)
Tax credits	(2,460)	(272)
Battery Material Plant project expenses	**22,944**	**19,090**

The Battery Material Plant project expenses relate mainly to the micronization and spheronization, the purification, and the coating demonstration plants and preliminary study costs incurred in anticipation of the development of the Phase-2 Bécancour Battery Material Plant.

20. General and Administrative Expenses

	For the years ended	
	December 31, 2023	December 31, 2022
	$	$
Wages and benefits	6,993	7,083
Share-based compensation	2,224	7,274
Professional fees	2,814	1,435
Consulting fees	2,175	2,618
Travelling, representation and convention	964	668
Office and administration	6,848	8,862
Stock exchange, authorities, and communication	442	462
Depreciation and amortization	248	246
Loss on asset disposal	5	–
Other financial fees	21	26
Grants	(30)	–
General and administrative expenses	**22,704**	**28,674**

21. Net Financial Costs (Income)

	For the years ended	
	December 31, 2023	December 31, 2022
	$	$
Foreign exchange loss (gain)	(1,229)	453
Interest income	(2,698)	(701)
Interest expense on lease liabilities	18	19
Change in fair value - listed shares	(275)	1,700
Change in fair value - embedded derivative and deferred amount amortization	(6,596)	(11,059)
Accretion on borrowings and notes	4,326	816
Interest on borrowings and notes	6,933	895
Net financial costs (income)	**479**	**(7,877)**

22. Income Taxes

The income tax expense attributable to earnings differs from the amounts computed by applying the combined federal and provincial statutory income tax rate of 26.5% (26.5% in 2022) to loss before income taxes as a result of the following:

	December 31, 2023	December 31, 2022
	$	$
Loss before income taxes	(55,583)	(47,314)
Tax recovery computed at applicable statutory tax rate	26.50%	26.50%
Tax expense at combined statutory rate	(14,729)	(12,538)
Increase (decrease) in income taxes resulting from:		
Temporary difference not recorded	13,988	10,018
Share-based payments	811	2,307
Non-deductible expenses	(339)	325
Mining royalties	400	400
Non-taxable mining duties	258	(108)
Other	12	(4)
Income tax	**400**	**400**
Composition of deferred income taxes in the income statement:		
Taxes payable	400	400
Income tax	**400**	**400**

As at December 31, 2023, temporary differences for which the Company has recognized deferred tax assets and liabilities are as follows:

	Opening balance	Recognized in the net earnings	Recognized in other comprehensive income	Recognized in Equity	Closing balance
Property, plant and equipment and Intangible assets	–	(9,711)	–	–	(9,711)
Right-of-use assets	–	(1,884)	–	–	(1,884)
Unrealized foreign exchange gain on convertibles notes	–	(1,075)	–	–	(1,075)
Convertible notes	(9,693)	5,373	–	–	(4,320)
Exploration and evaluation expenses	9,693	7,297	–	–	16,990

As at December 31, 2023 and 2022, temporary differences and unused tax losses for which the Company has not recognized deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
	$	$
FEDERAL		
Exploration and evaluation expenses	61,343	44,572
Property and equipment	–	3,080
Equity investment	2,071	2,346
Asset retirement obligation	987	952
Share issue expenses	5,380	5,102
Research and development expenses	23,258	19,412
Non-capital losses	105,528	69,792
Unrealized foreign exchange loss on convertible notes	–	519
Lease liabilities	2,087	–
Other	6	273
	200,160	**146,048**
PROVINCIAL		
Exploration and evaluation expenses	58,187	41,796
Property and equipment	–	3,080
Equity investment	2,071	2,346
Asset retirement obligation	987	952
Share issue expenses	5,380	5,102
Research and development expenses	30,077	25,158
Non-capital losses	103,506	68,341
Unrealized foreign exchange loss on convertible notes	–	519
Lease liabilities	2,087	–
Other	6	273
	202,301	**147,567**

The ability to realize the tax benefits is dependent upon several factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered.

As at December 31, 2023, the Company's accumulated non-capital losses for tax purposes which can be used to reduce taxable income in future years as follows:

Year incurred	Expiration date	Federal	Provincial
2023	2043	34,485	34,485
2022	2042	24,043	23,392
2021	2041	19,469	18,562
2020	2040	10,836	10,546
2019	2039	5,381	5,457
2018	2038	4,137	4,044
2017	2037	2,526	2,578
2016	2036	1,544	1,399
2015	2035	873	844
2014	2034	662	644
2013	2033	747	738
2012	2032	765	757
2011	2031	61	59

The Company has investment tax credit carryovers of $4,725 ($3,698 in 2022) that expire between 2036 and 2042, which are available to reduce income taxes payables in future years.

23. Additional Cash Flow Information

		For the years ended	
		December 31, 2023	December 31, 2022
		$	$
Grants receivable and other current assets	12	(147)	401
Deferred grants	12	170	20
Mining tax credits		(528)	(353)
Sales taxes receivable		911	30
Prepaid expenses		1,064	(370)
Accounts payable and accrued liabilities	11	608	(2,796)
Total net change in working capital		**2,078**	**(3,068)**
Income tax received		–	558
Interest paid		70	69
Non-cash investing and financing activities			
Property, plant and equipment included in accounts payable and accrued liabilities		1,806	7,447
Deferred expenses included in accounts payable and accrued liabilities		87	–
Share issue costs included in accounts payable and accrued liabilities		–	8

24. Related Party Transactions

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	For the years ended	
	December 31, 2023	December 31, 2022
	$	$
Key management compensation		
Employee benefit expenses	2,212	2,641
Share-based payments	1,377	3,722
Board fees	880	829

In addition to transactions with Pallinghurst and Investissement Québec disclosed previously in the consolidated financial statements and in accordance with IAS 24 *Related Party Disclosures*, key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

In November 2022, the Company closed a private placement of unsecured convertible notes for aggregate gross proceeds of US$50M with Mitsui, Pallinghurst and Investissement Québec. Of the US$50M, Pallinghurst and Investissement Québec each subscribed for US$12.5M. The notes carry a quarterly coupon interest payment, refer to note 15 – convertible notes.

Severance

The Company has commitments under certain management contracts with key executives. Minimum commitments under these contracts are approximately $2,428 ($2,150 in 2022). These contracts require additional minimum payments of approximately $4,927 ($4,379 in 2022) to be made upon the occurrence of certain events, such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

25. Information Disclosure About Capital Management

The Company monitors capital based on the carrying amount of equity, borrowings, leases and convertible notes which totals $111,899 as at December 31, 2023 ($133,673 in 2022).

The objective of the Company's capital management is to preserve its ability to continue its operations and its program of acquisition, exploration, evaluation and development of mineral properties and the Battery Material Plant project. It manages its capital structure and adjusts based on economic conditions and risk characteristics of underlying assets.

The Company is not subject to externally imposed capital requirements. Changes in capital are described in the consolidated statements of changes in equity and notes 13, 14 and 15.

The properties in which the Company currently has an interest are in the development stage; as such, the Company is dependent on external financing to fund its activities. To carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

26. Financial Instruments and Risk Management

Classification and Carrying Amount of Financial Instruments

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the profit or loss or in other comprehensive income. These categories are financial assets and financial liabilities at FVTPL, financial assets at amortized cost, and financial liabilities at amortized cost. The following tables show the carrying values and the fair value of assets and liabilities for each of these categories.

		As at December 31, 2023		
		At fair value through profit or loss	Amortized cost	Total
		$	$	$
FINANCIAL ASSETS				
Cash and cash equivalents	6	–	36,332	36,332
Other receivables (excluding grants)		–	65	65
Investments – Listed shares	7	1,075	–	1,075
Total financial assets		**1,075**	**36,397**	**37,472**
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	11	–	9,798	9,798
Borrowings	14	–	1,758	1,758
Convertible Notes	15	–	53,624	53,624
Total financial liabilities		**–**	**65,180**	**65,180**

		As at December 31, 2022		
		At fair value through profit or loss	Amortized cost	Total
		$	$	$
FINANCIAL ASSETS				
Cash and cash equivalents	6	–	59,924	59,924
Other receivables (excluding grants)		–	27	27
Investments – Listed shares	7	800	–	800
Total financial assets		**800**	**59,951**	**60,751**
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	11	–	15,429	15,429
Borrowings	14	–	1,988	1,988
Convertible Notes	15	6,727	49,817	56,544
Total financial liabilities		**6,727**	**67,234**	**73,961**

Financial Risks

Fair Value

Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their relatively short-maturities; this includes cash and cash equivalents, other receivables and accounts payable and accrued liabilities. Borrowings and the convertible debt host are accounted for at amortized cost using the effective interest method, and their fair value approximates their carrying value except for the convertible debt host for which fair value is estimated at $66,227 (US$50,073) as at December 31, 2023 ($59,296 and US$43,778 as at December 31, 2022) (level 3).

Fair Value Hierarchy

Subsequent to initial recognition, the Company uses a fair value hierarchy to categorize the inputs used to measure the financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable (refer to note 3.12).

	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Non-current investments (Equity investment in publicly listed entities)	1,075	–	–	1,075
Financial liabilities at FVTPL				
Convertible notes - Embedded derivatives (note 15)	–	–	–	–

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Non-current investments (Equity investment in publicly listed entities)	800	–	–	800
Financial liabilities at FVTPL				
Convertible notes - Embedded derivatives (note 15)	–	–	6,727	6,727

There were no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2023 (none in 2022).

Financial Instruments Measured at FVTPL

Investments – Listed Shares

Equity instruments publicly listed are classified as Level 1 in the fair value hierarchy. Their fair values are a recurring measurement and are estimated using the closing share price observed on the relevant stock exchange.

Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration, evaluation, and development expenditure programs. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets or other alternative forms of financing is hindered, whether because of a downturn in stock market conditions generally or related to matters specific to the Company. The Company has historically generated cash flow primarily from its financing activities.

Management believes that without additional funding, the Company does not have sufficient liquidity to pursue its planned expenditures over the next twelve months. These circumstances indicate the existence of material uncertainties that cast substantial doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern (see note 1).

As at December 31, 2023, all of the Company's short-term liabilities totalled $11,984 ($16,105 in 2022), have contractual maturities of less than one year and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

				As at December 31, 2023	
	Carrying amount	Contractual cash flow	0 to 12 months	12 to 24 months	More than 24 months
Accounts payable and accrued liabilities	9,798	9,798	9,798	–	–
Lease liabilities	2,087	2,416	545	529	1,342
Borrowings	1,758	1,979	577	577	825
Convertible Notes – Host[i]	53,624	66,129	–	66,129	–

[i] The Convertible Notes are translated at the spot rate as of December 31, 2023.

The Company has one variable lease agreement that is indexed to the consumer price index, on March 31 of each year.

Credit Risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company's credit risk is primarily related to cash and cash equivalents and receivables. The receivables consist mainly of the refund of the goods and services tax receivable from the governments of Canada and Québec, as well as tax credits receivable from the Government of Québec. The Company mitigates credit risk by maintaining cash with Canadian chartered banks and guaranteed deposits in credit unions.

Currency Risk

Foreign currency risk is the risk that the Company's financial performance could be affected by fluctuations in the exchange rates between currencies. Some of the Company's expenditures are denominated in U.S dollars and, the Company holds cash balances denominated in U.S dollars. Also, the convertible notes are denominated in U.S dollars. As such, the Company is exposed to gains or losses on foreign exchange revaluation.

Currently, the Company has no hedging contracts in place and therefore is exposed to the foreign exchange rate fluctuations. The strengthening of the U.S. dollar would negatively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would increase its net income and cash flows.

As at December 31, 2023 and 2022, the balances in U.S. dollars held by the Company were as follows:

	As at December 31, 2023	As at December 31, 2022
	$	$
Cash and cash equivalents in U.S. dollars	5,003	10,928
Accounts payable in U.S. dollars	(765)	(407)
Convertible notes – Host in U.S. dollars	(40,545)	(36,780)
Net exposure, in U.S. dollars	**(36,307)**	**(26,259)**
Equivalent in Canadian dollars	**(48,018)**	**(36,307)**
Increase in net loss with a 5% appreciation in the U.S. dollar	(2,401)	(1,778)
Decrease in net loss with a 5% depreciation in the U.S. dollar	2,401	1,778

See note 15 for the Embedded Derivatives.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The company is exposed to interest rate risk primarily on its convertible notes bearing interest at variable rates and does not take any particular measures to protect itself against fluctuations in interest rates. With the exception of the convertible notes, the Company's financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are short-term in nature or because they are non-interest bearing.

The convertible notes bear a quarterly coupon interest payment of the greater between the 3-month CME Term SOFR plus 5% and 7%. Based on the balance of the convertible notes as at December 31, 2023, the impact of a 1% shift in interest rate, on net financial expenses over a 12-month horizon would amount to approximately $681 (US$515) ($695 (US$513) in 2022). See note 15 for the interest rate risk on the embedded Derivatives.

27. Additional Segment Information

	December 31, 2023			
	Matawinie Mine Project	Battery Material Plant project	Corporate	Total
	$	$	$	$
Total property, plant and equipment	46,188	17,173	3,258	66,619
Total liabilities	4,942	7,571	56,996	69,509

	December 31, 2022			
	Matawinie Mine Project	Battery Material Plant project	Corporate	Total
	$	$	$	$
Total property, plant and equipment	39,597	21,289	3,249	64,135
Total liabilities	8,022	3,808	65,920	77,750

28. Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments. As at December 31, 2023, the Company had issued $2,944 of purchase orders for the acquisition of property, plant and equipment and $3,102 in relation to the operations.

Royalty

The Company issued a 3% net smelter royalty ("NSR") over the Matawinie Property to Pallinghurst for an aggregate purchase price of $4,306. The Royalty agreement is subject to a 1% Buyback right in favor of the Company for a price of $1,306 plus an amount equal to interest accrued at a rate of 9% per annum from and after the closing of the Royalty Agreement on August 28, 2020 up to the Buyback consideration date. The original agreement was amended on August 18, 2023 to extend the duration of the Buyback option by an additional year, bringing the termination date to August 28, 2024.

Matawinie Property

A large part of the property is subject to a 0.2% NSR owned by Pallinghurst, which can be purchased by the Company for $200.

Collaboration and Sharing of Benefits

On January 23, 2020, the Company signed a benefit-sharing agreement with the municipality of Saint-Michel-des-Saints as part of the Matawinie Property. Through this agreement and throughout the mine's commercial operating life, the Company will contribute up to 2% of its net future positive cash flow after taxes to the municipality, subject to a minimum payment of $400, annually.

29. Comparative Figures

The Company added a new category of expense namely "Utilities" within Note 8 "Battery Material Plant Project Expenses". Consequently, comparative figures have been reclassified to conform to the current year presentation. The reclassification had no impact on the net loss.

30. Subsequent Events

On January 31, 2024, the Company closed the acquisition of the Lac Guéret property with Mason through an asset acquisition consisting mostly of 74 map-designated claims. The consideration for the asset acquisition was 6,208,210 common shares of the Company, at $3 per share, representing a total aggregated amount of $18.6 million. A subsequent payment of $5 million will be made to Mason at the start of commercial production of the contemplated Uatnan Mining project.

In February 2024, NMG entered into multiyear offtake agreements for its planned Phase-2 fully integrated projects with Panasonic Energy and GM. On February 28, 2024, the Company completed a private placement for aggregate gross proceeds of $67.9 million (US$50 million), with GM and Panasonic. Each party subscribed for 12,500,000 Common Shares and 12,500,000 warrants with an exercise price of US$2.38.

On February 14, 2024, the Company secured a private placement of 18,750,000 Common Shares and 18,750,000 Warrants with Mitsui and Pallinghurst to surrender and cancel their convertibles notes dated November 8, 2022 (presented in note 15 of the consolidated financial statements), for a total value of $50.6 million (US$37.5 million) in accordance with the subscription agreements entered between the Company. The Company anticipates closing its private placement upon receipt of the required regulatory approvals and satisfaction of the requirements of Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities legislation (collectively, “forward-looking statements”), which relate to future events or future performance and reflect management’s expectations and assumptions regarding the Company’s growth, results, performance and business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to it. In some cases, forward-looking statements can be identified by words such as “may”, “would”, “could”, “will”, “should”, “expect”, “intend”, “aim”, “attempt”, “anticipate”, “believe”, “study”, “target”, “estimate”, “forecast”, “predict”, “outlook”, “mission”, “aspire”, “plan”, “schedule”, “potential”, “progress” or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company’s corporate objectives and business strategy, including, without limitation, the “NMG at a Glance” paragraph, future results, the intended construction and commissioning timeline of the Matawinie Mine project and the Bécancour Battery Material Plant project, the intended operation and performance of the purification demonstration plant, shaping demonstration plant, coating demonstration plant and the concentrator demonstration plant, the intended development of the Matawinie Mine Property, the intended development of the Uatnan Mining project, the economic performance and product development efforts, as well as the Company’s expected achievement of milestones, including the ability to obtain sufficient financing for the development of the Matawinie Mine project and the Bécancour Battery Material Plant project, including the completion of the FID, the ability to achieve the Company’s environmental, social and governance initiatives, the Company’s electrification strategy and its intended results, market trends, the results of the integrated feasibility study, preliminary economic assessment for the Uatnan Mining project and any other feasibility study and preliminary economic assessments and any information as to future plans and outlook for the Company are or involve forward looking statements.

Forward-looking statements are based on reasonable assumptions that have been made by the Company as at the date of such statements and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, the actual results of current development, engineering and planning activities, access to capital and future prices of graphite, new mining operation inherent risks, mineral exploration and development activities inherent risks, the uncertainty of processing the Company’s technology on a commercial basis and those factors discussed in the section entitled “Risk Factors” in the Company’s most recent annual information form. Forward-looking statements in this report contain, among other things, disclosure regarding: the Company’s development activities and production plans, including the operation of the shaping demonstration plant, the purification demonstration plant, the coating demonstration plant and the concentrator demonstration plant; the construction and commissioning, as applicable, of the Matawinie Mine project and the Bécancour Battery Material Plant project; the development of the Uatnan Mining project, the impact of infectious diseases, global pandemics or any other public health crises; the impact of economic conditions and unforeseen events on the Company’s operations; closing of the previously announced investments by Pallinghurst and Mitsui, the future outlook, corporate development and strategy of the Company; the Company’s projected capital and operating expenditures; the estimates of mineral resources and mineral reserves; the Company’s green and sustainable lithium-ion active anode material initiatives; the government regulation of mining operations, environmental regulation and compliance; the realization of the expected economics of the construction and operation of the Matawinie Mine project and the Bécancour Battery Material Plant project; the ability to obtain sufficient financing and the permitting required for the development of the Matawinie Mine project and the Bécancour Battery Material Plant project; and business opportunities that become available to, or are pursued by the Company.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: general business and economic conditions; there being no direct operational impacts resulting from infectious diseases or pandemics; the supply and demand for, deliveries of, and the level and volatility of prices for graphite products; the speculative nature of mineral exploration and development; changes in mineral production performance and increase in costs, exploitation, exploration and mine new mines’ start-up successes; the risk that exploration data may be incomplete and additional work may be required to complete further evaluation, including but not limited to drilling, engineering, and socioeconomic studies and investment; the impact of the inflation of the Company’s planned exploration and development activities, the timing of the receipt of necessary regulatory and governmental permits and approvals for the Matawinie Mine project and Bécancour Battery Material Plant project; the availability of financing for the Company’s development of its properties and construction of its facilities and installations on reasonable terms; the possibility that the Company may incur additional debt; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; increased costs, delays, suspensions and technical challenges associated with the development, construction and commissioning of the Matawinie Mine project and the Bécancour Battery Material Plant project; the good standing of the Company’s title and claims on its properties; the ability to attract and retain skilled staff and maintain positive relationships with the staff; the risk of relying on consultants; development and production timetables; competition and market risks; pricing pressures; the accuracy of the Company's mineral resource and mineral reserve estimates (including, with respect to size, grade and recoverability) as well as the geological, operational and price assumptions on which they are based; the volatile nature of the share price of a resources company and public Company obligations, currency fluctuations, the fact that certain business improvement initiatives are still in the early stages of evaluation, and additional engineering and other analysis is required to fully assess their impact; the fact that certain of the initiatives described in this report, are still in the early stages and may not materialize; business continuity and crisis management; and such other assumptions and factors as set out herein and in this report.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that may cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements that are included in this report, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Technical Information and Cautionary Note to U.S. Investors

Scientific and technical information in this report has been reviewed and approved by Eric Desaulniers, MSc, géo., President & CEO of NMG, a Qualified Person as defined by National Instrument 43101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Further information about the Matawinie Mine project and the Bécancour Battery Material Plant project, including a description of key assumptions, parameters, methods and risks, is available in a technical report following NI 43-101 rules and guidelines, titled "NI 43-101 Technical Feasibility Study Report for the Matawinie Mine and Bécancour Battery Material Plant Integrated Graphite Projects", effective July 6, 2022, and available on SEDAR and EDGAR. Further information about the Uatnan Mining project, including a description of key assumptions, parameters, methods and risks, is available in a technical report following NI 43-101 rules and guidelines, titled "NI 43-101 Technical Report – PEA Report for the Uatnan Mining project", effective January 10, 2023, and available on SEDAR and EDGAR."PEA").

Disclosure regarding Mineral Reserve and Mineral Resource estimates included herein were prepared in accordance with NI 43-101 and applicable mining terms are as defined in accordance with the CIM Definition Standards on Mineral Resources and Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council (the "CIM Definition Standards"), as required by NI 43-101. Unless otherwise indicated, all reserve and resource estimates included in this report have been prepared in accordance with the CIM Definition Standards, as required by NI 43-101.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs from the disclosure requirements of the United States Securities and Exchange Commission (the "SEC") applicable to U.S. companies. Accordingly, information contained herein may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC reporting and disclosure requirements.

Market and Industry Data

Market and industry data presented throughout this report was obtained from third-party sources and industry reports, publications, websites and other publicly available information, as well as industry and other data prepared by the Company or on the behalf of the Company on the basis of the Company's knowledge of the markets in which the Company operates, including information provided by suppliers, partners, customers and other industry participants.

The Company believes that the market and economic data presented throughout this report is accurate as of the date of publication and, with respect to data prepared by the Company or on behalf of the Company, that estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this report are not guaranteed and the Company does not make any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes it to be reliable as of the date of publication, the Company has not independently verified any of the data from third-party sources referred to in this report, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

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