



## FINANCIAL STATEMENTS

**Consolidated audited financial statements**

**For the years ended December 31, 2024 and 2023**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)



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## Report of Independent Registered Public Accounting Firm

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

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Nouveau Monde Graphite Inc. and its subsidiaries (the Company) as of December 31, 2024 and 2023, and the related consolidated statements of loss and comprehensive loss, of changes in equity and of 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, 2024 and 2023, and its financial performance and its cash flows for the years then ended in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### 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 in 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 audits 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 31, 2025

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

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NOUVEAU MONDE GRAPHITE INC.  
Consolidated statements of financial position  
(Amounts expressed in thousands of Canadian dollars)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2024	As at December 31, 2023
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents	6	106,296	36,332
Grants receivable and other current assets	12	1,010	1,334
Restricted cash		3,000	—
Sales taxes receivable		1,656	1,061
Tax credits receivable		515	1,502
Prepaid expenses		1,529	2,697
<b>Total current assets</b>		<b>114,006</b>	<b>42,926</b>
<b>NON-CURRENT</b>			
Tax credits receivable		10,247	8,846
Investment - Listed shares	7	325	1,075
Property, plant and equipment	8	77,666	69,096
Intangible assets	9	—	59
Right-of-use assets	10	1,505	1,884
Deposits		351	53
<b>Total non-current assets</b>		<b>90,094</b>	<b>81,013</b>
<b>Total assets</b>		<b>204,100</b>	<b>123,939</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and other	11	13,642	9,798
Deferred grants	12	785	1,255
Convertible notes	4.1-15	16,240	53,624
Derivative warrant liability	16	15,589	—
Current portion of lease liabilities	13	470	451
Current portion of borrowings	14	250	480
<b>Total current liabilities</b>		<b>46,976</b>	<b>65,608</b>
<b>NON-CURRENT</b>			
Asset retirement obligation	17	1,463	987
Lease liabilities	13	1,240	1,636
Borrowings	14	764	1,278
<b>Total non-current liabilities</b>		<b>3,467</b>	<b>3,901</b>
<b>Total liabilities</b>		<b>50,443</b>	<b>69,509</b>
<b>EQUITY</b>			
Share capital	18	411,240	238,823
Other reserves	15	3,680	7,692
Contributed surplus		32,609	28,502
Deficit		(293,872)	(220,587)
<b>Total equity</b>		<b>153,657</b>	<b>54,430</b>
<b>Total liabilities and equity</b>		<b>204,100</b>	<b>123,939</b>
<b>Going Concern</b>	1		
<b>Commitments</b>	29		

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.



NOUVEAU MONDE GRAPHITE INC.  
Consolidated statements of loss and comprehensive loss  
(Amounts expressed in thousands of Canadian dollars, except per share amount)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		December 31, 2024	For the years ended December 31, 2023
	Notes	\$	\$
<b>EXPENSES</b>			
Mining projects expenses	19	25,054	9,456
Battery Material Plant project expenses	20	37,111	22,944
General and administrative expenses	21	24,117	22,704
<b>Operating loss</b>		<b>86,282</b>	<b>55,104</b>
Net financial costs (income)	22	(13,397)	479
<b>Loss before tax</b>		<b>72,885</b>	<b>55,583</b>
Income tax	23	400	400
<b>Net loss and comprehensive loss</b>		<b>73,285</b>	<b>55,983</b>
Basic and diluted loss per share		0.71	0.93
Weighted average number of shares outstanding		103,131,374	60,089,151

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



NOUVEAU MONDE GRAPHITE INC.  
Consolidated statements of changes in equity  
(Amounts expressed in thousands of Canadian dollars, except per share amount)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Notes	Number	Share capital \$	Contributed surplus and warrants \$	For the year ended December 31, 2024		
					Other reserves \$	Deficit \$	Total equity \$
<b>Balance as at January 1, 2024</b>		<b>60,903,898</b>	<b>238,823</b>	<b>28,502</b>	<b>7,692</b>	<b>(220,587)</b>	<b>54,430</b>
Shares issued - Lac Guéret Property acquisition	19	6,208,210	18,625	—	—	—	18,625
Shares issued from Private Placement	16	83,432,538	150,281	—	—	—	150,281
Options exercised	18.2	137,500	507	(184)	—	—	323
Share-based compensation		—	—	4,291	—	—	4,291
Settlement of interest on Convertible Notes	15	1,579,043	6,417	—	(4,012)	—	2,405
Share issue costs		—	(3,413)	—	—	—	(3,413)
Net loss and comprehensive loss		—	—	—	—	(73,285)	(73,285)
<b>Balance as at December 31, 2024</b>		<b>152,261,189</b>	<b>411,240</b>	<b>32,609</b>	<b>3,680</b>	<b>(293,872)</b>	<b>153,657</b>

	Notes	Number	Share capital \$	Contributed surplus and warrants \$	For the year ended December 31, 2023		
					Other reserves \$	Deficit \$	Total equity \$
<b>Balance as at January 1, 2023</b>		<b>55,873,898</b>	<b>210,786</b>	<b>25,313</b>	<b>829</b>	<b>(164,604)</b>	<b>72,324</b>
Shares issued from offering	18.1	4,850,000	29,565	—	—	—	29,565
Options exercised	18.2	180,000	956	(380)	—	—	576
Share-based compensation		—	—	3,569	—	—	3,569
Settlement of interest on Convertible Notes	15	—	—	—	6,863	—	6,863
Share issue costs		—	(2,484)	—	—	—	(2,484)
Net loss and comprehensive loss		—	—	—	—	(55,983)	(55,983)
<b>Balance as at December 31, 2023</b>		<b>60,903,898</b>	<b>238,823</b>	<b>28,502</b>	<b>7,692</b>	<b>(220,587)</b>	<b>54,430</b>

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



NOUVEAU MONDE GRAPHITE INC.  
Consolidated statements of cash flows  
(Amounts expressed in thousands of Canadian dollars)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Notes	December 31, 2024 \$	For the years ended December 31, 2023 \$
<b>OPERATING ACTIVITIES</b>			
Net loss		(73,285)	(55,983)
Adjustments for non-cash items:			
Depreciation and amortization	8-9-10	9,093	8,148
Change in fair value - Listed shares	7	750	(275)
Change in fair value - Embedded derivatives	15	—	(6,596)
Change in fair value - Derivative warrant liability	16	(24,900)	—
Interest - Convertible notes	15	2,405	6,863
Lac Guéret Property acquisition	19	18,625	—
Loss on convertible notes settlement	15	7,548	—
Unrealized foreign exchange loss (gain)		2,598	(1,142)
Loss on write-off/disposal of property, plant and equipment and intangible assets	8-9	1,134	5
Share-based compensation	18.2	3,930	3,061
Accretion included within financial costs		1,654	4,326
Net change in working capital	24	(1,505)	2,078
<b>Cash flows used in operating activities</b>		<b>(51,953)</b>	<b>(39,515)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant, and equipment, net of grants	8-24	(14,055)	(10,073)
<b>Cash flows used in investing activities</b>		<b>(14,055)</b>	<b>(10,073)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from private placements	16	139,065	—
Proceeds from offering	18.1	—	29,565
Convertible notes issue costs	15	—	(659)
Repayment of borrowings	14	(744)	(282)
Repayment of lease liabilities	13	(457)	(430)
Proceeds from the exercise of stock options	18.2	323	576
Share issue costs		(2,724)	(2,484)
<b>Cash flows from financing activities</b>		<b>135,463</b>	<b>26,286</b>
Effect of exchange rate changes on cash		509	(290)
<b>Net change in cash and cash equivalents</b>		<b>69,964</b>	<b>(23,592)</b>
Cash and cash equivalents at the beginning of the period		36,332	59,924
<b>Cash and cash equivalents at the end of the period</b>		<b>106,296</b>	<b>36,332</b>
<b>Non-cash investing and financing activities</b>	24		

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 NOU on the Toronto Stock Exchange (“TSX”) and NMG on the New York Stock Exchange (“NYSE”). 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 Accounting Standards”) 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, 2024, the Company reported a net loss after tax of \$73.3 million and cash outflows from operating activities of \$52.0 million and had an accumulated deficit of \$293.9 million as December 31, 2024. The Company 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.

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 Accounting Standards”), 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, 2024 were approved and authorized for publication by the Board of Directors on March 26, 2025.





### 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, 2024, 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* (Quebec), 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:

Licenses	2-10 years
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### 3.7 EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation expenditures are costs incurred during the initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

All expenditures relating to exploration and evaluation are expensed as incurred in the consolidated statement of loss and comprehensive loss under Mining projects expenses until the property reaches the development stage. Costs related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, mining claims, exploration drilling, trenching, sampling, research and development costs specific to a mining project and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are expensed on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource.

When the technical feasibility and commercial viability of extracting a mineral resource will be demonstrable for the Uatnan Mining projet, exploration and evaluation expenses will be recorded as property and equipment under Mining assets under construction.

### 3.8 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, therefore does not incur tax expenses. The current tax expense relates to a benefit-sharing agreement with Saint-Michel-des-Saints (refer to note 29 - commitments).

### 3.9 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.

### 3.10 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.

### 3.11 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.

### 3.12 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.



### 3.13 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 the obligation specified in the contract is discharged or cancelled or expires.

#### – Financial Assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or 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 FVTOCL 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).

#### Compound instruments

The common shares and the share purchase warrants issued by the Company are considered a compound financial instrument (refer to note 16). The share purchase warrants are classified as a derivative financial liability as the warrants are issued in a different currency than the Company's functional currency. The principle known as "fixed for fixed" criterion under IFRS Accounting Standards requires that a fixed amount of cash or another financial asset (in this case, the exercise of the share purchase warrants) be exchanged for a fixed number of equity instruments.

Derivative warrant liabilities are financial liabilities recorded at fair value. As at the issuance date, the liability component (derivative warrant liability) of the compound instrument was established by using the Black-Scholes pricing model, and the residual amount, net of the issuance cost, was allocated to the equity component of the financial instrument. The derivative warrant liability is remeasured at the end of each reporting period with subsequent changes in fair value recorded in the consolidated statement of loss and comprehensive loss. At each reporting period, the fair value of the liability related to warrants is determined using the Black-Scholes pricing model, which uses significant input that is not based on observable market data, hence the classification as Level 3 in the fair value hierarchy.

#### – 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:

<b>FINANCIAL ASSETS</b>	<b>CLASSIFICATION</b>
Cash and cash equivalents	Amortized cost
Other receivables (excluding grants)	Amortized cost
Restricted cash and deposits	Amortized cost
Investment in listed shares	Fair value through profit or loss

  

<b>FINANCIAL LIABILITIES</b>	<b>CLASSIFICATION</b>
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
Derivative warrant liability	Fair value through profit or loss

### 3.14 CONTINGENT PAYMENTS

The Company has an additional consideration in connection with the Asset purchase agreement of the Lac Guéret Property which the Company shall pay to Mason Resources Inc. ("Mason") following the declaration of commercial production of the Uatnan project. The Company has elected not to record payments contingent on future events on day 1 and, therefore, no liability is recognized. The variable payment will be recorded once commercial production of the Uatnan project will occur.

### 3.15 SEGMENT DISCLOSURE

The Company currently operates in two segments: the Mining projects (which includes the Matawinie Mine project and the Uatnan Mining 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 Mining projects 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 Mining projects 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 Quebec, Canada.

## 4. ACCOUNTING STANDARDS ADOPTED AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

### 4.1 NEW ACCOUNTING STANDARDS ADOPTED

The Company adopted the amendments to IAS 1 *Presentation of Financial Statements on classification of liabilities*, effective for years beginning after January 1, 2024, which 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. Additionally, the amendments eliminate the exception related to conversion features. Previously, if conversion features were at the holder's discretion, it did not affect the classification of the liability component of a convertible instrument. In light of this amendment, the Company reclassified the convertible notes from a non-current to current liability, including the 2023 comparative figures.

### 4.2 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted.

The new Accounting Standard introduces significant changes to the structure of a company's income statement and new principles for aggregation and disaggregation of information. The main impacts of the new Accounting Standard include:



- Introducing a newly defined "operating profit" subtotal and a requirement for all income and expenses to be allocated between three distinct categories based on the company's main business activities: Operating, investing and financing;
- Disclosure about management performance measures;
- Adding new principles for aggregation and disaggregation of information;
- Requiring the cash flow statement to start with operating profit; and
- Remove the accounting policy choice for presentation of dividend and interest.

The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

#### ***Amendments to IFRS 7 Financial instruments: disclosures and IFRS 9 Financial instruments***

In May 2024, the IASB published *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. The amendments to IFRS 9 clarify de-recognition and classification of specific financial assets and liabilities respectively while the amendments to IFRS 7 clarify the disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows on the occurrence or non-occurrence of a contingent event. The amendments to IFRS 9 and IFRS 7 are effective for annual reporting beginning on or after January 1, 2026. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

### **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. The Company has share options with performance conditions that are not market conditions, which require an estimate to determine whether those conditions will be satisfied.

#### **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.

#### **Fair Value of the Derivative warrant liability**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company used the Black-Scholes option pricing model in determining the fair value of the derivative warrant liability which requires a number of assumptions to be made, including the volatility, the risk-free interest rate and the expected life. The Company uses its judgment to make 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 warrants and the assumptions used by management are disclosed in note 16.

### **6. CASH AND CASH EQUIVALENTS**

As at December 31, 2024, cash and cash equivalents totalling \$106,296 (\$36,332 in 2023) consisted of cash in bank and short-term deposits. As at December 31, 2024, the Company's cash in bank balance is comprised of \$63,142 and \$7,059 U.S. dollars (\$10,158). The balance of short-term deposits is comprised of \$32,996.

### **7. INVESTMENTS – LISTED SHARES**

As at December 31, 2024, investments in listed shares are composed of an equity-investment in 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, 2024, Mason's stock value is \$0.07 per share, resulting in a decrease in fair value of \$2,175 since acquisition. For the year ended December 31, 2024, there was a decrease in fair value resulting in a \$750 loss presented under net financial costs in the consolidated statement of loss and comprehensive loss.





NOUVEAU MONDE GRAPHITE INC.

Notes to consolidated financial statements

(Amounts expressed in thousands of Canadian dollars, except per share amounts)

## 8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Furniture and other IT equipment	Rolling stock	Mine under construction <sup>[1]</sup>	Battery Material Demonstration Plant under construction <sup>[1]</sup>	Bécancour Battery Material Plant under construction <sup>[1]</sup>	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>									
January 1, 2024 <sup>[2]</sup>	2,455	3,438	25,350	235	128	48,477	710	-	80,793
Additions	-	-	43	-	-	14,002	3,059	1,175	18,279
Transfers	-	-	2,154	-	-	-	(2,154)	-	-
Transfer of Right-of-use assets	-	-	-	-	230	-	-	-	230
Write-Off/Disposals	-	(1,410)	-	-	(8)	-	-	-	(1,418)
December 31, 2024	2,455	2,028	27,547	235	350	62,479	1,615	1,175	97,884
<b>ACCUMULATED DEPRECIATION</b>									
January 1, 2024	-	779	10,723	134	61	-	-	-	11,697
Depreciation	-	177	8,374	36	24	-	-	-	8,611
Transfer of Right-of-use assets	-	-	-	-	230	-	-	-	230
Write-Off/Disposals	-	(312)	-	-	(8)	-	-	-	(320)
December 31, 2024	-	644	19,097	170	307	-	-	-	20,218
<b>Net book value as at December 31, 2024</b>	<b>2,455</b>	<b>1,384</b>	<b>8,450</b>	<b>65</b>	<b>43</b>	<b>62,479</b>	<b>1,615</b>	<b>1,175</b>	<b>77,666</b>

	Land	Buildings	Equipment	Furniture and other IT equipment	Rolling stock	Mine under construction <sup>[1]</sup>	Battery Material Demonstration Plant under construction <sup>[1]</sup>	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
January 1, 2023 <sup>[2]</sup>	2,455	3,267	9,813	259	128	40,573	14,591	71,086
Additions	-	171	398	-	-	7,904	1,258	9,731
Transfers	-	-	15,139	-	-	-	(15,139)	-
Write-Off/Disposals	-	-	-	(24)	-	-	-	(24)
December 31, 2023	2,455	3,438	25,350	235	128	48,477	710	80,793
<b>ACCUMULATED DEPRECIATION</b>								
January 1, 2023	-	551	3,478	97	37	-	-	4,163
Depreciation	-	228	7,245	56	24	-	-	7,553
Write-Off/Disposals	-	-	-	(19)	-	-	-	(19)
December 31, 2023	-	779	10,723	134	61	-	-	11,697
<b>Net book value as at December 31, 2023 <sup>[2]</sup></b>	<b>2,455</b>	<b>2,659</b>	<b>14,627</b>	<b>101</b>	<b>67</b>	<b>48,477</b>	<b>710</b>	<b>69,096</b>

<sup>[1]</sup> 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.

<sup>[2]</sup> The Company reclassified long-term deposits related to engineering of the electrical powerline under the property, plant, and equipment category Mine under construction category in 2024. Consequently, comparative figures for prior years have been reclassified to conform to the current year presentation. The reclassification had no impact on the net loss.

The amount of borrowing costs included in Mine under construction for the year ended December 31, 2024 is \$2,079 (\$825 for the year ended December 31, 2023). 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, 2024.

In August 2024, the Company exercised its buyback option to repurchase 1% of the 3% net smelter royalty ("NSR") initially issued to Pallinghurst Graphite International Limited on August 28, 2020, for a total amount of \$1,869. The NSR applies to both first transformation proceeds of the Matawinie Mine and second transformation proceeds less allowable deductions of the Battery Material Plant. Based on the anticipated NSR payments



over the project lifespan, the Company split its buyback consideration of \$1,869 by allocating \$963 to the "Mine under construction" asset category and \$906 to the "Bécancour Battery Material Plant under construction." asset category. Additionally, the Matawinie Property was also subject to a 0.2% NSR agreement, initially contracted in 2014, and transferred to Pallinghurst Bond Limited in 2023, which the Company decided to exercise its buyback option for a consideration of \$200. The buyback consideration was recorded under the "Mine under construction" asset category as the royalty was only related to the Matawinie Mine proceeds.

The Company granted a hypothec to Pallinghurst Graphite International Limited on the Matawinie Mining Property, including the related mining claims, to secure the Company's obligations under the remaining 2% NSR agreement.

In August 2024, the Company demolished several cottages within the mine site impact radius (as identified in the Environmental and Social Impact Assessment) that had been purchased in 2018-2019. The demolition resulted in a write-off of \$1,098 in the consolidated statements of loss and comprehensive loss.

### 9. INTANGIBLE ASSETS

In 2019, the Company and Hydro-Quebec ("HQ") signed a license agreement by which the Company is allowed to use HQ's patented technologies for 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 licenses were capitalized as intangible assets and were amortized over the service life of the underlying patents.

	Licenses \$
<b>COST</b>	
Balance as at January 1, 2024	192
Write-off of assets	(192)
Balance as at December 31, 2024	—
<b>ACCUMULATED DEPRECIATION</b>	
Balance as at January 1, 2024	133
Amortization	23
Write-off of assets	(156)
Balance as at December 31, 2024	—
<b>Net book value as at December 31, 2024</b>	<b>—</b>

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

In 2024, the licenses were derecognized since they are no longer used by the Company. The 2023 remaining net book value of \$59 was written off and recorded in the consolidated statements of loss and comprehensive loss.



## 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 five years, while buildings generally have lease terms between five and ten years.

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

	Buildings \$	Rolling stocks \$	Total \$
<b>COST</b>			
As at January 1, 2024	3,106	71	3,177
New leases	—	41	41
End of leases	—	(73)	(73)
Remeasurement of lease	39	—	39
As at December 31, 2024	<u>3,145</u>	<u>39</u>	<u>3,184</u>
<b>ACCUMULATED DEPRECIATION</b>			
As at January 1, 2024	1,241	52	1,293
Depreciation	434	25	459
End of leases	—	(73)	(73)
As at December 31, 2024	<u>1,675</u>	<u>4</u>	<u>1,679</u>
<b>Net book value as at December 31, 2024</b>	<b><u>1,470</u></b>	<b><u>35</u></b>	<b><u>1,505</u></b>

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

Included in the depreciation of Right-of-use assets for the year is \$208 (\$219 in 2023) that have been included under the Mining projects expenses and \$162 (\$162 in 2023) 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 OTHERS

	December 31, 2024 \$	December 31, 2023 \$
Trade payable and accrued liabilities	10,929	7,047
Wages and benefits liabilities	2,713	2,751
<b>Accounts payable and others</b>	<b><u>13,642</u></b>	<b><u>9,798</u></b>



## 12. GRANTS RECEIVABLE AND OTHER CURRENT ASSETS

	December 31, 2024	December 31, 2023
	\$	\$
Grants receivable	886	1,182
Deferred expenses	-	87
Other receivables	124	65
<b>Grants receivable and other current assets</b>	<b>1,010</b>	<b>1,334</b>

### 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, 2024, the remaining balance of grants receivable related to this program is \$425 (\$425 in 2023), which was received in January 2025.

The Company completed the closing of another grant agreement in August 2022 with SDTC for a total of \$5,750. This grant supported the Company in the construction and ongoing batch testing of the Coating Demonstration Plant in Saint-Michel-des-Saints. As at December 31, 2024, the balance of grants receivable related to this program is nil (nil in 2023), as the company has a deferred grant position of \$752 (\$1,011 in 2023) for this program.

In April 2020, the Company completed the closing of a grant agreement with Transition énergétique Québec (“TEQ”), a Quebec government funded program, that provided financial support for the construction and operation of the Purification Demonstration Plant in Bécancour. This additional grant of \$3,000 was secured via TEQ’s Technoclimat program. As at December 31, 2024, the balance of grants receivable related to this program is \$300 (\$300 in 2023), which is expected to be received in 2025.

The Company entered into another grant agreement effective January 2022 with TEQ for a total of \$3,000. This grant supported the Company in the construction and ongoing batch testing of the Coating Demonstration Plant in Saint-Michel-des-Saints. As at December 31, 2024, the balance of grants receivable related to this program is nil (nil in 2023), as the company has a deferred grant position of \$33 (\$244 in 2023) for this program.

The remaining \$161 grants receivable as at December 31, 2024 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, 2024, the Company has \$785 (\$1,255 in 2023) 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. The Company expects to incur sufficient expenditures by the end of the project grants timeframe to meet the conditions outlined in the agreement.

## 13. LEASE LIABILITIES

	December 31, 2024	December 31, 2023
	\$	\$
Opening balance	2,087	2,817
New liabilities and modifications of leases	80	(300)
Principal repayment	(457)	(430)
<b>Ending balance</b>	<b>1,710</b>	<b>2,087</b>
Current portion	470	451
Non-current portion	1,240	1,636

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 \$590 was expensed in the statement of loss and comprehensive loss for the year ended December 31, 2024 in connection with these exemptions (\$393 in 2023).



#### 14. BORROWINGS

	December 31, 2024	December 31, 2023
	\$	\$
Opening balance	1,758	1,988
Repayments	(744)	(282)
Interest	-	52
<b>Ending balance</b>	<b>1,014</b>	<b>1,758</b>
Current portion	250	480
Non-current portion	764	1,278

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 exercised its option to repay the remaining principal balance without penalty in April 2024

During March 2021, the Company received \$1,350 as part of a repayable contribution agreement with the Canada Economic Development for Quebec 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

	Host (amortized cost)	Derivative (FVTPL)	Deferred amount	Total
	\$	\$	\$	\$
Issuance <sup>[1]</sup>	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
<b>Balance as of December 31, 2022</b>	<b>49,817</b>	<b>9,381</b>	<b>(2,654)</b>	<b>56,544</b>
Interest accretion	5,082	—	—	5,082
Fair value adjustment	—	(8,049)	—	(8,049)
Amortization	—	—	1,453	1,453
Foreign exchange	(1,275)	(163)	32	(1,406)
<b>Balance as of December 31, 2023</b>	<b>53,624</b>	<b>1,169</b>	<b>(1,169)</b>	<b>53,624</b>
Interest accretion	3,044	—	—	3,044
Fair value adjustment	—	(1,191)	—	(1,191)
Amortization <sup>[2]</sup>	—	—	1,191	1,191
Foreign exchange	2,710	30	(30)	2,710
Settlement	(43,138)	—	—	(43,138)
<b>Balance as of December 31, 2024</b>	<b>16,240</b>	<b>8</b>	<b>(8)</b>	<b>16,240</b>

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

<sup>[2]</sup> The amortization for the year ended December 31, 2024 includes an additional amount of \$1,071 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) with Mitsui & Co., Ltd (“Mitsui”), Pallinghurst Bond Limited (“Pallinghurst”) and Investissement Québec (“IQ”). 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 the 3-month CME Term SOFR plus 5% and 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 interest 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 the TSX’s approval, by delivering share certificates to the Holders upon maturity, conversion or redemption at a U.S. Dollar equivalent of the Company’s TSX market share price, 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 were estimated at \$77.7 million (US\$57.8 million) and determined using the Tsiveriotis and Fernandes 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.

On May 2, 2024, the Company closed a private placement with Mitsui and Pallinghurst for the surrender and cancellation of their convertible notes dated November 8, 2022, as amended and restated effective January 1, 2023. The Company issued 12,500,000 Common Shares and 12,500,000 Warrants to Mitsui and 6,250,000 Common Shares and 6,250,000 Warrants to Pallinghurst in exchange for their convertible notes totalling US\$37.5 million. Concurrently with the redemption, surrender and cancellation of Mitsui's and Pallinghurst's convertible notes, the Company issued 1,579,043 Common Shares that had been reserved for issuance in connection with the interest calculated between November 8, 2022, and February 14, 2024, date on which the subscription agreement was concluded.

For the year ended December 31, 2024, the interest coupon totalled an aggregate amount of \$2,405 (US\$1,764) (\$6,863 (US\$5,084) for the year ended December 31, 2023). The Company elected to pay the interest coupon with 944,557 common shares (1,634,827 for the year ended December 31, 2023). In connection with the private placement with Mitsui and Pallinghurst, which closed on May 2, 2024, 232,191 shares were issued, and the remaining 712,366 common shares will be issued at maturity or upon 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 sensitivity analysis on inputs impacting the fair value revaluation of the derivative.

	December 31, 2023	Reasonably possible change	Sensitivity <sup>[1]</sup> (Derivative liability)	December 31, 2024	Reasonably possible change	Sensitivity <sup>[1]</sup> (Derivative liability)
<b>Observable inputs</b>						
Share price	US\$2.61	+/- 10%	+0.4M/-0.3M	US\$1.59	+/- 10%	+0M/0M
Foreign Exchange rate	1.32	+/-5%	+/-0.1M	1.44	+/-5%	+/-0M
<b>Unobservable inputs</b>						
Expected volatility	48.5%	+/- 10%	+0.1/-0.3M	47.3%	+/- 10%	+0/0M
Credit spread	4.5%	+/-5%	+/-0.03M	3.0%	+/-5%	+/-0M

[1] Holding all other variables constant.

## 16. DERIVATIVE WARRANT LIABILITY

	GM & Panasonic	Mitsui & Pallinghurst	IQ & CGF	Derivative warrant liability Total
	\$	\$	\$	\$
<b>Issuance</b>	<b>25,742</b>	-	-	<b>25,742</b>
Fair value adjustment	(5,955)	-	-	(5,955)
Foreign exchange	(49)	-	-	(49)
<b>Balance as of March 31, 2024</b>	<b>19,738</b>	-	-	<b>19,738</b>
Issuance	-	<b>11,107</b>	-	<b>11,107</b>
Fair value adjustment	(10,550)	(4,060)	-	(14,610)
Foreign exchange	196	(9)	-	187
<b>Balance as of June 30, 2024</b>	<b>9,384</b>	<b>7,038</b>	-	<b>16,422</b>
Fair value adjustment	(5,859)	(4,395)	-	(10,254)
Foreign exchange	(130)	(96)	-	(226)
<b>Balance as of September 30, 2024</b>	<b>3,395</b>	<b>2,547</b>	-	<b>5,942</b>
Issuance	-	-	<b>3,302</b>	<b>3,302</b>
Fair value adjustment	1,052	789	4,078	5,919
Foreign exchange	225	167	34	426
<b>Balance as of December 31, 2024</b>	<b>4,672</b>	<b>3,503</b>	<b>7,414</b>	<b>15,589</b>



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The following assumptions were used to estimate the fair value of the derivative warrant liability:

	GM and Panasonic	Mitsui and Pallinghurst	December 31, 2024 IQ and CGF
Number of Warrants	25,000,000	18,750,000	39,682,538
Risk-Free Interest Rate	4.20%	4.20%	4.20%
Expected Volatility	59%	59%	59%
Stock Price at Valuation Date	US\$1.59	US\$1.59	US\$1.59
Exercise Price	US\$2.38	US\$2.38	US\$2.38
Average Fair Value per Warrant	US\$0.13	US\$0.13	US\$0.13

The main non-observable input used in the model is the expected volatility. An increase or decrease in the expected volatility used in the model of 10% would have resulted in the following change in the fair value of the warrants as of December 31, 2024:

	GM and Panasonic \$	Mitsui and Pallinghurst \$	December 31, 2024 IQ and CGF \$
10% increase in volatility	1,060	795	1,682
10% decrease in volatility	(1,011)	(758)	(1,604)

#### Private placement with GM and Panasonic:

On February 28, 2024, the Company completed a private placement with General Motors holdings LLC (“GM”) and Panasonic Holdings Corporation (“Panasonic”). Each party subscribed for 12,500,000 Common Shares and 12,500,000 Warrants. The 25,000,000 Common Shares and Warrants were issued for aggregate gross proceeds of \$67.9 million (US\$50 million).

The Warrants are exercisable in connection with the Tranche 2 Investment at the final investment decision (“FID”) or at the latest on February 28, 2029. Each Warrant will entitle the holder to acquire one Common Share (a “Warrant Share”) at a price equal to US\$2.38 per Warrant Share.

The transaction represents a compound financial instrument that is accounted for based on the residual method under IAS 32 *Financial Instruments: Presentation*. The liability component which represents the warrants was evaluated based on the Black-Scholes option pricing model and totalled \$25.8M (US\$19M). The residual balance of \$42.1M (US\$31M) was then allocated to the equity component (common shares issued). The transaction costs of \$2.6M were allocated proportionally between the financial liability and the equity component. Transaction costs allocated to the equity component were accounted for as a deduction from equity. Transaction costs allocated to the warrants were recorded directly in the consolidated statement of loss and comprehensive loss.

#### Private placement with Mitsui and Pallinghurst:

On May 2, 2024, the Company completed a private placement, with Mitsui and Pallinghurst for the surrender and cancellation of their convertible notes dated November 8, 2022. The Company issued 18,750,000 Common Shares and 18,750,000 Warrants to Mitsui and Pallinghurst for a total value of US\$37.5 million. For more details on the transaction, refer to Note 15 – Convertible Notes.

The Warrants are exercisable in connection with the final investment decision (“FID”) or at the latest on May 2, 2029. Each Warrant will entitle the holder to acquire one Common Share (a “Warrant Share”) at a price equal to US\$2.38 per Warrant Share.

The transaction represents a compound financial instrument that is accounted for based on the residual method under IAS 32 *Financial Instruments: Presentation*. The liability component which represents the warrants was evaluated based on the Black-Scholes option pricing model and totalled \$11.1M (US\$8.1M). The residual balance of \$40.3M (US\$29.4M) was then allocated to the equity component (common shares issued). The transaction costs of \$1.5M were allocated proportionally between the financial liability and the equity component. Transaction costs allocated to the equity component were accounted for as a deduction from equity. Transaction costs allocated to the warrants were recorded directly in the consolidated statement of loss and comprehensive loss.

#### Private placement with IQ and CGF:

On December 20, 2024, the Company completed a private placement, with Canada Growth Fund (“CGF”) and IQ. Each party subscribed for 19,841,269 Common Shares and 19,841,269 Warrants. The 39,682,538 Common Shares and Warrants were issued for aggregate gross proceeds of \$71.2 million (US\$50 million).





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The Warrants are exercisable in connection with the final investment decision (“FID”) or at the latest on December 20, 2029. Each Warrant will entitle the holder to acquire one Common Share (a “Warrant Share”) at a price equal to US\$2.38 per Warrant Share.

The transaction represents a compound financial instrument that is accounted for based on the residual method under IAS 32 *Financial Instruments: Presentation*. The liability component which represents the warrants was evaluated based on the Black-Scholes option pricing model and totalled \$3.3M (US\$2.3M). The residual balance of \$67.9M (US\$47.7M) was then allocated to the equity component (common shares issued). The transaction costs of \$730 were allocated proportionally between the financial liability and the equity component. Transaction costs allocated to the equity component were accounted for as a deduction from equity. Transaction costs allocated to the warrants were recorded directly in the consolidated statement of loss and comprehensive loss.

## 17. ASSET RETIREMENT OBLIGATION

	December 31, 2024	December 31, 2023
	\$	\$
Opening balance	987	952
Increase due to reassessment of the rehabilitation obligation	514	-
Effect of change in discount rate	(56)	18
Accretion expense	18	17
<b>Ending balance</b>	<b>1,463</b>	<b>987</b>

The accretion of the rehabilitation obligation was evaluated as the amount of the expenditure required to settle the present obligation at the end of the reporting period, discounted by the number of years between the reporting date and the rehabilitation date using a discount rate. The liabilities accrete to their future value until the obligations are due. The Company has two rehabilitation obligations on the Matawinie site: the commercial site, which will need to be rehabilitated at the end of the life of the mine, and the demonstration site, which is expected to be rehabilitated before the start of commercial operations. The discount rate used for the commercial site is 5.43% (4.93% in 2023), and the discount rate used for the demonstration site is 6.81%. The undiscounted amounts related to the rehabilitation obligation are estimated at \$1,243 and \$1,355, respectively, as of December 31, 2024.

## 18. EQUITY

### 18.1 SHARE CAPITAL

#### Authorized Share Capital

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

	December 31, 2024	December 31, 2023
Shares issued at the start of the period	60,903,898	55,873,898
Shares issued from offering	—	4,850,000
Shares issued - Lac Guéret Property acquisition (Note 19)	6,208,210	—
Shares issued from Private Placements (Note 16)	83,432,538	—
Options exercised (Note 18.2)	137,500	180,000
Settlement of interest on Convertible Notes (Note 15)	1,579,043	—
<b>Shares issued at the end of period</b>	<b>152,261,189</b>	<b>60,903,898</b>

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.



## 18.2 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 TSX. 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:

	December 31, 2024		December 31, 2023	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Opening balance	4,908,548	6.79	3,911,804	7.42
Granted	4,317,500	3.07	2,088,548	5.51
Exercised	(137,500)	2.35	(180,000)	3.20
Expired	(346,000)	6.64	(337,000)	6.52
Forfeited	(295,000)	3.51	(87,000)	5.39
Cancelled	(453,048)	8.20	(487,804)	8.20
<b>Ending balance</b>	<b>7,994,500</b>	<b>4.90</b>	<b>4,908,548</b>	<b>6.79</b>
Options that can be exercised	3,174,750	7.30	2,824,000	7.64

The weighted average share price at the time of exercise for 2024 was \$2.35 (\$4.52 in 2023).

The details of the share options granted by the Company are as follows for the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Directors	262,500	212,500
Officers	2,200,000	600,000
Employees	1,705,000	800,000
Consultants	150,000	476,048
<b>Total granted share options</b>	<b>4,317,500</b>	<b>2,088,548</b>

The vesting period for the options granted during the year ended December 31, 2024 occurs in two annual tranches, except for some options granted to key employees that vest upon FID, subject to certain conditions. Each option entitles the holder to subscribe to one common share of the Company, at an average price of \$3.07 (\$5.51 for 2023) per common share, for a period of 5 years (4.49 years in 2023). Total expenses arising from share-based transactions recognized during the year amount to \$4,291 (\$3,569 in 2023) out of which \$361 (\$508 in 2023) have been capitalized in property, plant and equipment.



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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:

	2024	2023
Share price at date of grant	\$ 3.07	\$ 5.51
Expected life	5 years	4.49 years
Risk-free interest rate	3.51 %	3.11 %
Expected volatility	80.79 %	74.03 %
Expected dividend	nil	nil
Fair value per option	\$ 2.04	\$ 3.22

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.

Expiration date	Total number	Total exercisable	As at December 31, 2024
			Weighted average exercise price
2025	737,500	737,500	\$ 3.21
2026	450,000	450,000	16.26
2027	1,219,000	1,219,000	8.07
2028	1,485,500	768,250	4.76
2029	4,102,500	—	3.07
<b>Ending balance</b>	<b>7,994,500</b>	<b>3,174,750</b>	<b>4.90</b>

## 19. MINING PROJECTS EXPENSES

	December 31, 2024	For the years ended December 31, 2023
	\$	\$
Wages and benefits	3,934	3,087
Share-based compensation	648	511
Consulting fees	164	1,636
Materials, consumables, and supplies	623	630
Maintenance and subcontracting	587	782
Geology and drilling	—	19
Utilities	362	360
Depreciation and amortization	254	265
Other	285	253
Uatnan Mining Project - Exploration and evaluation expenses	18,681	100
Grants	(29)	(119)
Tax credits	(455)	1,932
<b>Mining projects expenses</b>	<b>25,054</b>	<b>9,456</b>

On January 31, 2024, the Company completed the acquisition of the Lac Guéret property with Mason Resources Inc ("Mason") through an asset acquisition agreement consisting mainly of 74 map-designated claims. The consideration for the asset acquisition was paid with 6,208,210 common shares of the Company, at \$3.00 per share, representing a total aggregated amount of \$18.6 million. The Company performed the concentration test and concluded that the acquisition represents an asset acquisition and not a business acquisition, since substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Mining rights are specifically excluded from the scope of IAS 16, therefore, the Company applied IFRS 6. Since the Company's accounting policy for Exploration and Evaluation activities under IFRS 6 is to classify expenditures in the consolidated statement of loss and comprehensive loss, \$18.6 million was expensed under the category "Uatnan Mining Project". A subsequent payment of \$5,000,000 will be made to Mason at the start of commercial production of the contemplated Uatnan Mining Project, which will be recorded once commercial production of the Uatnan project will occur.



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**20. BATTERY MATERIAL PLANT PROJECT EXPENSES**

	December 31, 2024	For the years ended December 31, 2023
	\$	\$
Wages and benefits	5,696	4,608
Share-based compensation	411	326
Engineering	17,998	7,638
Consulting fees	824	964
Materials, consumables, and supplies	2,066	2,101
Maintenance and subcontracting	2,228	2,410
Utilities	455	515
Depreciation and amortization	8,634	7,635
Other	344	202
Grants	(476)	(995)
Tax credits	(1,069)	(2,460)
<b>Battery Material Plant project expenses</b>	<b>37,111</b>	<b>22,944</b>

The Battery Material Plant project expenses relate mainly to the shaping, the purification, and the coating demonstration plants and engineering preliminary study costs incurred to support the development of the Phase-2 Bécancour Battery Material Plant.

**21. GENERAL AND ADMINISTRATIVE EXPENSES**

	December 31, 2024	For the years ended December 31, 2023
	\$	\$
Wages and benefits	7,324	6,993
Share-based compensation	2,871	2,224
Professional fees	3,176	2,814
Consulting fees	2,493	2,175
Travelling, representation and convention	1,084	964
Office and administration	5,370	6,848
Stock exchange, authorities, and communication	492	442
Depreciation and amortization	205	248
Loss on write-off/disposal of property, plant and equipment	1,098	5
Other financial fees	50	21
Grants	(46)	(30)
<b>General and administrative expenses</b>	<b>24,117</b>	<b>22,704</b>

**22. NET FINANCIAL COSTS (INCOME)**

	December 31, 2024	For the years ended December 31, 2023
	\$	\$
Foreign exchange loss (gain)	2,670	(1,229)
Interest income	(3,611)	(2,698)
Interest expense on lease liabilities	14	18
Change in fair value - Listed shares	750	(275)
Change in fair value - Embedded derivative and deferred amount amortization	—	(6,596)
Change in fair value - Derivative warrant liability	(24,900)	—
Interest and accretion on borrowings and notes	4,132	11,259
Loss on convertible notes settlement	7,548	—
<b>Net financial costs (income)</b>	<b>(13,397)</b>	<b>479</b>



### 23. 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 2023) to loss before income taxes as a result of the following:

	December 31, 2024	December 31, 2023
	\$	\$
Loss before income taxes	(72,885)	(55,583)
Tax recovery computed at applicable statutory tax rate	26.50 %	26.50 %
Tax expense at combined statutory rate	(19,315)	(14,729)
Increase (decrease) in income taxes resulting from:		
Temporary difference not recorded	11,372	13,988
Share-based payments	1,041	811
Non-deductible expenses	450	(339)
Loss from revaluation of Derivative warrant liability	6,599	-
Mining royalties	400	400
Non-taxable mining duties	(143)	258
Other	(4)	12
<b>Income tax</b>	<b>400</b>	<b>400</b>
<b>Composition of deferred income taxes in the income statement:</b>		
Taxes payable	400	400
<b>Income tax</b>	<b>400</b>	<b>400</b>

As at December 31, 2024, 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)	3,320	—	—	(6,391)
Right-of-use assets	(1,884)	379	—	—	(1,505)
Unrealized foreign exchange gain on convertibles notes	(1,075)	1,075	—	—	—
Convertible notes	(4,320)	4,320	—	—	—
Exploration and evaluation expenses	16,990	(9,094)	—	—	7,896



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As at December 31, 2024 and 2023, temporary differences and unused tax losses for which the Company has not recognized deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
	\$	\$
<b>FEDERAL</b>		
Exploration and evaluation expenses	105,607	61,343
Property and equipment	(6,385)	—
Equity investment	2,821	2,071
Asset retirement obligation	1,462	987
Share issue expenses	6,939	5,380
Research and development expenses	27,930	23,258
Non-capital losses	100,290	105,528
Capital losses	964	—
Unrealized foreign exchange loss on convertible notes	1,185	—
Convertible notes	2,262	—
Right-of-use assets	(1,504)	—
Lease liabilities	1,710	2,087
Others	23	6
	243,304	200,660
<b>PROVINCIAL</b>		
Exploration and evaluation expenses	102,451	58,187
Property and equipment	(6,385)	—
Equity investment	2,821	2,071
Asset retirement obligation	1,462	987
Share issue expenses	6,939	5,380
Research and development expenses	36,403	30,077
Non-capital losses	96,643	103,506
Capital losses	964	—
Unrealized foreign exchange loss on convertible notes	1,185	—
Convertible notes	2,262	—
Right-of-use assets	(1,504)	—
Lease liabilities	1,710	2,087
Others	23	6
	244,974	202,301

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, 2024, 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
2024	2044	65	65
2023	2043	29,182	27,557
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



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The Company has investment tax credit carryovers of \$5,789 (\$4,725 in 2023) that expire between 2036 and 2043, which are available to reduce income taxes payables in future years.

The Company accumulated capital losses for tax purposes of \$964 (nil in 2023) which can be used to reduce capital gains in future years.

#### 24. ADDITIONAL CASH FLOW INFORMATION

		December 31, 2024	For the years ended December 31, 2023
		\$	\$
Grants receivable and other current assets	12	220	(147)
Deferred grants	12	(470)	170
Mining tax credits		(414)	(528)
Sales taxes receivable		(595)	911
Prepaid expenses		1,168	365
Restricted cash and deposits		(3,298)	699
Accounts payable and other	11	1,884	608
<b>Total net change in working capital</b>		<b>(1,505)</b>	<b>2,078</b>
Income tax received		1,110	—
Interest paid		73	70
<b>Non-cash financing activities</b>			
Share issue costs included in accounts payable and accrued liabilities		689	—

#### Reconciliation of additions presented in the property, plant and equipment schedule to the net cash used in investing activities

		December 31, 2024	For the years ended December 31, 2023
		\$	\$
<b>Additions of property, plant and equipment as per note 8</b>		<b>18,279</b>	<b>9,731</b>
Non-cash decrease (increase) of the asset rehabilitation obligation		(458)	(18)
Borrowing costs included in Mine under construction		(2,079)	(825)
Share-based compensation capitalized (non-cash)		(361)	(508)
Grants recognized		21	76
Grants received		(125)	(4,024)
Accounts payable variation related to property, plant and equipment		(1,222)	5,641
<b>Net cash flow used in investing activities - purchase of property, plant and equipment</b>		<b>14,055</b>	<b>10,073</b>

#### 25. 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:

		December 31, 2024	For the years ended December 31, 2023
		\$	\$
<b>Key management compensation</b>			
Employee benefit expenses		2,189	2,212
Share-based payments		1,839	1,377
Board fees		897	880



In addition to the private placement concluded with Pallinghurst, as disclosed previously in notes 15 and 16, 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.

During the year ended December 31, 2024, the Company incurred interest fees of \$216 (US\$160) (\$1,716 (US\$1,271) for the year ended December 31, 2023) with Pallinghurst, as disclosed above in Note 15 – Convertible Notes.

During the year ended December 31, 2024, the Company repurchased a 1% NSR to Pallinghurst Graphite International Limited, along with a second NSR of 0.2% from Pallinghurst Bond Limited. For more details on this transaction, refer to note 8 – Property, plant and equipment.

#### Severance

The Company has commitments under certain employment agreements. Minimum commitments under these contracts are approximately \$2,785 (\$2,428 in 2023). These contracts require additional minimum payments of approximately \$5,644 (\$4,927 in 2023) 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.

### 26. INFORMATION DISCLOSURE ABOUT CAPITAL MANAGEMENT

The Company monitors capital based on the carrying amount of equity, borrowings, leases and convertible notes which totals \$172,621 as at December 31, 2024 (\$111,899 in 2023).

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.

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 financing as needed.

### 27. 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, 2024		
		At fair value through profit or loss \$	Amortized cost \$	Total \$
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	6	—	106,296	106,296
Other receivables (excluding grants)		—	124	124
Restricted cash and deposits		—	3,351	3,351
Investments – Listed shares	7	325	—	325
<b>Total financial assets</b>		<b>325</b>	<b>109,771</b>	<b>110,096</b>
<b>FINANCIAL LIABILITIES</b>				
Accounts payable and accrued liabilities	11	—	13,642	13,642
Borrowings	14	—	1,014	1,014
Convertible Notes	15	—	16,240	16,240
Derivative warrant liability	16	15,589	—	15,589
<b>Total financial liabilities</b>		<b>15,589</b>	<b>30,896</b>	<b>46,485</b>





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

## 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 \$17,908 (US\$12,446) as at December 31, 2024 (\$66,227 and US\$50,073 as at December 31, 2023) (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.

- Level 1: Inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs derived from other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

	As at December 31, 2024			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets at FVTPL</b>				
Non-current investments (Equity investment in publicly listed entities)	325	—	—	325
<b>Financial liabilities at FVTPL</b>				
Convertible notes - Embedded derivatives (note 15)	—	—	—	—
Warrants (note 16)	—	—	15,589	15,589

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

There were no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2024 (none in 2023).



### Financial Instruments Measured at FVTPL

#### Non-Current investments

Equity instruments publicly listed are classified as a 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 Accounting Standards applicable to a going concern (see note 1).

As at December 31, 2024, all of the Company's short-term liabilities totalled \$46,976 (\$65,608 in 2023). These liabilities have contractual maturities of less than one year and are subject to normal trade terms, except for the Derivative warrants liability, which are recorded in short-term liabilities due to their conversion features. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

	Carrying amount	Contractual cash flow	0 to 12 months	As at December 31, 2024	
				12 to 24 months	More than 24 months
Accounts payable and accrued liabilities	13,642	13,642	13,642	—	—
Lease liabilities	1,710	1,955	548	370	1,037
Borrowings	1,014	1,125	300	300	525
Convertible Notes – Host <sup>[i]</sup>	16,240	17,986	17,986	—	—

[i] The Convertible Notes are translated at the spot rate as of December 31, 2024

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 Quebec, as well as tax credits receivable from the Government of Quebec. 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 and the Derivative warrant liability 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.



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As at December 31, 2024 and 2023, the balances in U.S. dollars held by the Company were as follows:

	As at December 31, 2024	As at December 31, 2023
	\$	\$
Cash and cash equivalents in U.S. dollars	7,059	5,003
Accounts payable in U.S. dollars	(627)	(765)
Convertible notes – Host in U.S. dollars	(11,287)	(40,545)
<b>Net exposure, in U.S. dollars</b>	<b>(4,855)</b>	<b>(36,307)</b>
<b>Equivalent in Canadian dollars</b>	<b>(6,985)</b>	<b>(48,018)</b>
Increase in net loss with a 5% appreciation in the U.S. dollar	(349)	(2,401)
Decrease in net loss with a 5% depreciation in the U.S. dollar	349	2,401

See note 15 for the Embedded Derivatives and note 16 for the Derivative warrant liability.

### 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, 2024, the impact of a 1% shift in interest rate, on net financial expenses over a 12-month horizon would amount to approximately \$250 (US\$174) (\$681 (US\$515) in 2023). See note 15 for the interest rate risk on the embedded Derivatives.

## 28. ADDITIONAL SEGMENT INFORMATION

	December 31, 2024			
	Mining projects	Battery Material Plant project	Corporate	Total
<b>Total property, plant and equipment</b>	62,740	12,880	2,046	77,666
<b>Total liabilities</b>	7,222	6,726	36,495	50,443

	December 31, 2023			
	Mining projects	Battery Material Plant project	Corporate	Total
<b>Total property, plant and equipment</b>	48,665	17,173	3,258	69,096
<b>Total liabilities</b>	4,942	7,571	56,996	69,509

## 29. COMMITMENTS

The Company's future minimum payments of commitments as at December 31, 2024 are as follows:

	Total
Capital expenditure obligations	632
Commercial projects long-lead item obligations	3,200
<b>Balance as at December 31, 2024</b>	<b>3,832</b>

**Royalty**

On August 28, 2020, the Company issued a 3% NSR to Pallinghurst for an aggregate purchase price of \$4,306. The NSR applies to both the first transformation proceeds of the Matawinie Mine and the second transformation proceeds, less allowable deductions, of the Battery Material Plant. The Royalty agreement was subject to a 1% buyback right in favor of the Company, which the Company exercised in August 2024 to repurchase 1% of the 3% NSR. For more details on the transaction, refer to Note 8 – Property, Plant, and Equipment. As of December 31, 2024, the remaining 2% NSR is still in effect.

**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.

**Impact and benefits agreement**

In December 2024, the Company entered into an impact and benefits agreement with the Atikamekw Nehirowisiw First Nation of Manawan (the "Atikamekw"). With this agreement, the Atikamekw gave their consent to the Matawinie mining project. The agreement includes provisions for the Atikamekw to take part in the project's environmental management and monitoring, the implementation of adapted and preferential training and employability measures, the promotion of business opportunities during the mine's construction and operations, as well as the recognition of Atikamekw culture and the inclusion of cultural safety measures. The agreement also includes a mechanism by which the Atikamekw will benefit financially from the success of the project on a long-term basis, consistent with the mining industry's best practices for engagement with First Nations communities.

**Non-profit Contribution**

In August 2024, the Company entered into an agreement with Espace Nature Haute-Matawinie ("Espace Nature"), a non-profit organization. The agreement includes milestone payments up to a total of \$1,206, payable in three installments, which can be reduced by any additional private financing obtained by NMG for Espace Nature. This project involves the implementation of a four-season recreational center adjacent to the Matawinie Mine, which, once completed, will offer recreational, sporting, educational, and cultural activities for the local community and visitors, enhancing the region's quality of life and economic development. Infrastructure will include a graphite interpretation center, 35 kilometers of trails, a 360° observation tower, and a service building. This project is part of NMG's sustainable development pledge and demonstrates the Company's commitment to a socially responsible operation that generates shared value.