



Nemaska Lithium Inc.
1000 De La Gauchetière Street West, suite 2500
Montréal, Québec, H3B 0A2

July 31, 2019

Via email

Nordic Trustee AS

Attn: Olav Slagsvold
as Bond Trustee
Postboks 1470 Vika
N-0116
Oslo, Norway
slagsvold@nordictrustee.com

M. Plan International Ltd.

Attn: David Anonychuk
as Independent Engineer
390 Bay Street, Suite 900
Toronto, Ontario, Canada
M5H 2Y2
david.anonychuk@mplaninternational.com

Re: Revised Technical Report and notice of Project Completion Cut-Off Event

Dear sirs:

Reference is hereby made to the Bond Terms for Nemaska Lithium Inc. (the "**Bond Terms**") entered into on May 29, 2018 between Nemaska Lithium Inc., as issuer (the "**Issuer**" or "**we**"), and Nordic Trustee AS, as trustee for the present and future Bondholders (the "**Trustee**" or "**you**"), in respect of the 11.25% senior secured callable bond issue (2018/2023; ISIN NO 0010822562), as well as to the Preliminary Interim Order dated July 19, 2019 issued by the Québec Superior Court in the matter of the Canada Business Corporations Act of the Issuer in Court file 500-11-056859-198 (the "**Preliminary Interim Order**"). Capitalized terms used herein but not otherwise defined have the meaning given to such terms in the Bond Terms.

Without in any way limiting its rights under the Bond Terms or any other document related thereto, the Issuer wishes to inform you that today, the Issuer issued a press release (attached under Schedule A) in respect of a revised NI 43-101 Technical Report – Feasibility Study on the Whabouchi Lithium Mine and Shawinigan Electrochemical Plant (the "**Revised Technical Report**"). The complete revised NI 43-101 Technical Report will be filed with the Canadian securities regulators on www.sedar.com in due time and shall replace the initial NI 43-101 Technical Report – Feasibility Study effective as of February 21, 2018. It shall contain the Issuer's detailed revised Project Construction Plan (including a construction schedule), now contemplating that Project Completion will not be achieved before June 30, 2021.

In light of the foregoing, the Issuer hereby formally notifies you of the occurrence of an event which, under Section 13.9 of the Bond Terms, constitutes a Project Completion Cut-Off Event. For clarity, a Project Completion Cut-Off Event under Section 13.9 of the Bond Terms does not constitute an Event of Default or a default under the Bond Terms.

In addition, please be informed that, pursuant to paragraph 7(a)-(b) of the Preliminary Interim Order, subparagraph 13.9(a)(iii) of the Bond Terms has no force or effect, and thus no proceeds

in the Escrow Account can be set-off against or used to repay the Bonds, notwithstanding the occurrence of a Project Completion Cut-Off Event, and the delay for the Bond Trustee to effectuate prepayment of the Bonds under subparagraph 13.9(a)(iii) of the Bond Terms is deemed to be stayed and suspended.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Steve Nadeau', with a long horizontal flourish extending to the right.

Steve Nadeau, Chief Financial Officer of Nemaska Lithium Inc.
(steve.nadeau@nemaskalithium.com)

cc: Guy Bourassa, President and CEO of Nemaska Lithium Inc. (guy.bourassa@nemaskalithium.com)
Marc Dagenais, Vice President, Legal Affairs & Corporate Secretary (marc.dagenais@nemaskalithium.com)

Schedule "A" – Press release

Nemaska Lithium Releases

Updated NI 43-101 Technical Report

- Before-Tax Internal Rate of Return (IRR) at 30.3% and Net Present Value (NPV) @ 8% of CAD 3.1 B
 - After-Tax IRR at 27.4% and NPV @ 8% of CAD 2.3 B
- CAPEX assessment for Whabouchi and Shawinigan confirms the Corporation's February 2019 estimate

Quebec City, Québec, July 31, 2019 – Nemaska Lithium Inc. (“**Nemaska Lithium**” or the “**Corporation**”) (TSX: NMX) (OTCQX: NMKEF) (Frankfurt: N0T) releases the results of its updated National Instrument (NI) 43–101 Technical Report (the “**Report**”) on the Whabouchi mine (“**Whabouchi**”) and Shawinigan electrochemical plant (the “**Plant**”) (together, the “**Project**”). Nemaska Lithium’s management team retained the services of engineering firms to make this Report (as defined in NI 43–101), following the Corporation’s funding gap announcement of February 13, 2019.

“We are pleased to inform our shareholders that the Project’s economics remain very robust after a thorough review of the capital investment (‘CAPEX’) and overall operating costs (‘OPEX’) by the Qualified Persons (‘QP’) working closely with our strengthened owner’s team, as reflected by the Report. It was produced using the most recent detailed engineering designs for both sites that provide significant insight into key operational estimates,” said Guy Bourassa, President and CEO of Nemaska Lithium. “Now that we have an updated timeline and budget, and that we have received and accepted a letter of intent from Pallinghurst for an equity investment of up to CAD 600 M, we are confident that we have in hand a solid plan for the future as well as a strong team in place to resume construction and successfully deliver the Project once the required financing is completed.”

Assuming a 100% Project equity financing, the Report shows a before-tax IRR % and NPV (@ 8% discount) of 30.3% and CAD 3.1 B, respectively and an after-tax IRR % and NPV (@ 8% discount) of 27.4% and CAD 2.3 B, respectively. These NPV and IRR calculations exclude sunk costs of ~CAD 340 M, as per NI 43–101 standards. It is assumed that the financing would be in place in order for construction to resume in November 2019, which would lead to a start of production in June 2020 for Whabouchi and in November 2021 for the Plant.

Updated Report at a Glance

Following an update of the geological model and detailed mine planning, the Report confirms a revised estimated annual production of approximately 205,000 tonnes of concentrate from Whabouchi and an annual production of approximately 37,000 tonnes of high-quality lithium hydroxide monohydrate at the Plant; assuming Nemaska Lithium will purchase lithium sulfate monohydrate (LSM) and/or concentrate when needed to achieve nameplate capacity.

The Corporation has made the decision to focus on lithium hydroxide production at its Plant; however, the Corporation will have the capacity in the future to add, as needed, the equipment required to also produce lithium carbonate should the market demand justify it.

The advancement of detailed engineering since June 2018 and the optimizations performed during the preparation of the Report have significantly de-risked the Project.

Including the costs related to the ramp-up and start-up of operations, the updated overall Project average OPEX are estimated to total CAD 5,223 (USD 4,018) per tonne of lithium hydroxide monohydrate (LiOH-H₂O) produced from the Whabouchi concentrate. The OPEX per tonne of concentrate (6.25% Li₂O) delivered at the Plant is estimated at CAD 452 (USD 347) on average during the life of mine (LOM). For the Plant, the overall



estimated OPEX for the conversion of concentrate from the Whabouchi mine would be of CAD 2,513 (USD 1,933) per tonne of lithium hydroxide monohydrate (LiOH-H₂O) on average over the life of the Project.

“We are proud of the efforts our renewed owner’s team has put forward over the past few months to strengthen control over engineering and construction activities. With the precious support of the whole organization, we will always be looking for ways to continuously improve our cost structure once we reach production level, thus strengthening Nemaska Lithium’s competitive position as a preferred low-cost producer of high-quality battery grade lithium hydroxide monohydrate” added Robert Beaulieu, Vice President, Operations and Construction. “The completion of this update provides us with the highest possible degree of visibility on key operational imperatives for the completion of construction, commissioning and ramp-up of our Project.”

All amounts are in Canadian dollars, except where otherwise indicated, and some amounts are also rounded for presentation.	2019 Technical Report		
	Total	Incurred as at May 31, 2019	Remaining
Total CAPEX ¹ (CAD in M, including contingency)	Whabouchi ¹:	448	223
	Plant ¹:	<u>821</u>	<u>117</u>
	Total:	1,269	340
	929		
Spodumene Concentrate Average OPEX per Tonne of 6.25%Li₂O (Transformation at Whabouchi + transportation to the Plant)	CAD 452 (USD 347)		
Lithium Hydroxide Average OPEX per Tonne of LiOH-H₂O (Transformation at the Plant)	CAD 2,513 (USD 1,933)		
Total OPEX per Tonne of LiOH-H₂O (Whabouchi + Plant)	CAD 5,223 (USD 4,018)		
Before-Tax Net Present Value (NPV)²	@ 8% Discount Rate	CAD 3.1 B (base case)	
	@ 10% Discount Rate	CAD 2.3 B	
Before-Tax Internal Rate of Return (IRR) ²	30.3%		
After-Tax NPV²	@ 8% Discount Rate	CAD 2.3 B (base case)	
	@ 10% Discount Rate	CAD 1.7 B	
After-Tax (IRR) ²	27.4%		
Average Selling Price Lithium Hydroxide per tonne over Life of Mine	USD 14,000 (CAD 18,200)		

All amounts are in Canadian dollars, except where otherwise indicated, and some amounts are also rounded for presentation.	2019 Technical Report
Open pit Mine Proven and Probable Reserves	27.9 M tonnes at 1.33% Li ₂ O
Underground Mine Proven and Probable Reserves	8.7 M tonnes at 1.21% Li ₂ O
Combined Open pit and Underground Proven and Probable Reserves <i>*The Updated NI 43–101 Technical Report confirms that more resources were identified below the mineral reserves level but are not considered Proven and Probable Reserves.</i>	36.6 M tonnes at 1.30% Li ₂ O
Life of Mine Production	6.6 M tonnes of spodumene concentrate to be converted into ≈1.1 M tonnes of battery-grade lithium hydroxide and 368 k tonnes of spodumene concentrate to be sold on the market.
Expected Mine Life	33 years
Life of Mine Revenue	CAD 20.25 B
Exchange rate used for CAD to USD	1.30 : 1.00

¹The total CAPEX includes amounts for corporate owners' costs, which are ≈CAD 42 M for Whabouchi and ≈CAD 29 M for the Plant.

² The NPV and IRR **exclude** sunk costs of ~CAD 340 M from calculations. This is the NI 43–101 standard.

Qualified Persons

Met-Chem, a division of DRA Americas Inc. (“**DRA/Met-Chem**”) has provided engineering and integration services for all aspects of the Updated NI 43-101 Technical Report on the Whabouchi Lithium Mine and Shawinigan electrochemical plant with the participation of other companies. The Technical Report includes the Resource Estimation (by SGS Geostat “**SGS**”), Open Pit Mine Design and Mineral Reserve Estimation (by BBA Inc. “**BBA**”), Underground Mine Design (by **DRA/Met-Chem**), concentrator (by **DRA/Met-Chem**), Electrochemical plant (by **Hatch and NORAM**), infrastructure (by Hatch for Shawinigan and **DRA/Met-Chem** elsewhere), waste rock and tailings disposal and water management (by SNC-Lavalin “**SNC**”), capital and operating costs (by Hatch for Shawinigan and **DRA/Met-Chem** elsewhere), and economic analysis (by **DRA/Met-Chem**). The complete NI 43–101 Technical Report will be posted on www.sedar.com within 45 days, and will be available to consult on Nemaska Lithium’s website. The technical information in this press release has been reviewed and approved by the Qualified Persons as relevant to their areas of responsibility and expertise.



Conference Call

Nemaska Lithium will host a conference call on August 1, 2019 at 11:00 AM ET. The Corporation's President and CEO, Mr. Guy Bourassa, Chief Financial Officer, Mr. Steve Nadeau and Vice-president Operations and Construction, Mr. Robert Beaulieu, will discuss the Updated NI 43-101 Technical Report. The call can be accessed at the following:

Online: <https://edge.media-server.com/mmc/p/xcasimzn>

Dial information:

US/CANADA Participant Toll-Free Dial-In Number: (866) 353-6129

US/CANADA Participant International Dial-In Number: +1 (409) 217-8084

Conference ID: 6868859

About Nemaska Lithium

Nemaska Lithium Inc. is a developing chemical company whose activities will be vertically integrated, from spodumene mining to the commercialization of high-purity lithium hydroxide. These lithium salts are mainly destined for the fast-growing lithium-ion battery market, which is driven by the increasing demand for electric vehicles and energy storage worldwide. With its products and processes, the Corporation intends to facilitate access to green energy, for the benefit of humanity.

The Corporation will be operating the Whabouchi mine in Québec, Canada, one of the richest lithium spodumene deposits in the world, both in volume and grade. The spodumene concentrate produced at the Whabouchi mine will be processed at the Shawinigan plant using a unique membrane electrolysis process for which the Corporation holds several patents.

The Corporation is a member of the S&P/TSX SmallCap Index, S&P/TSX Global Mining Index, S&P/TSX Global Base Metals Index, S&P/TSX Equal Weight Global Base Metals Index, and the MSCI Canada Small Cap Index. For more information, visit www.nemaskalithium.com or [twitter.com/Nemaska Lithium](https://twitter.com/NemaskaLithium).

Cautionary Statement on Forward-Looking Information

All statements, other than statements of historical fact, contained in this press release including, but not limited to, those relating to the Project's updated timeline and budget, the CAD 375M funding gap and additional capital required to enable the Corporation to complete construction, the estimated additional costs for completing the construction of the Whabouchi mine and the Shawinigan plant, the Project's anticipated robust economics, the expected unfolding of construction and commissioning as well as the anticipated start of production at the Whabouchi mine and Shawinigan plant sites, constitute "forward-looking information" and "forward-looking statements" within the meaning of certain securities laws and are based on expectations and projections as of the date of this press release. Certain important assumptions by the Corporation in making forward-looking statements include, but are not limited to, the obtaining of the additional capital required to fulfill the conditions precedent to receive the remaining proceeds from the Project financing being the second tranche payment under the Streaming facility and the Bonds offering proceeds.

Forward-looking statements contained in this press release include, without limitation, those related to (i) the ability of the Corporation to secure additional funds, (ii) the eventual definitive agreements to implement Pallinghurst's investment proposal, (iii) the Corporation having a solid plan for the future and a strong team to resume construction once financing is in place, (iv) the expected increased level of operational efficiency and de-risking of the Project, (v) the CAPEX and OPEX estimates, (vi) the construction resuming in November 2019 leading to a start of production in June 2020 for the mine and in November 2021 for the plant, (vii) the focus on production of lithium hydroxide and the Corporation's capacity to eventually add equipment to produce lithium carbonate, (viii) the Corporation's expectations as regards the eventual strengthening of its competitive position as a low-cost producer of high-quality battery grade lithium hydroxide, (ix) the anticipated more efficient construction and ramp-up schedule



(and schedule to reach commercial production), (x) the strengthened control over construction activities, (xi) the refining of the Corporation's processes to eventually improve OPEX; (xii) the Corporation's ability to bring the mine and the plant to commercial production, (xiii) the Corporation having the highest possible degree of visibility on key operational imperatives for the completion of construction, commissioning and ramp-up of our Project, and (ix) generally, the above "About Nemaska Lithium" paragraph which essentially describes the Corporation's outlook. Forward-looking statements are based on expectations, estimates and projections as of the time of this press release. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect.

Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that the Pallinghurst investment will close or that other funding / strategic alternatives can be available, that the Corporation will meet conditions under the streaming facility and the bonds and that the Whabouchi mine and/or the electrochemical plant in Shawinigan will be commissioned and will begin production, as future events could differ materially what is currently anticipated by the Corporation. In addition, there can be no assurances that the Project's after-tax NPV or IRR will end up as set out in the Report; likewise, there are no assurances that the production, CAPEX or OPEX estimates outlined in the Report will prove accurate.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. Readers are cautioned not to place undue reliance on these forward-looking statements as a number of important risk factors and future events could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements. All of the forward-looking statements made in this press release are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section of the Corporation's Annual Information Form dated October 10, 2018, and the "Risk Exposure and Management" section of the Corporation's quarterly Management Discussion & Analysis. The Corporation cautions that the foregoing list of factors that may affect future results is not exhaustive, and new, unforeseeable risks may arise from time to time. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

Further information regarding Nemaska Lithium is available in the SEDAR database (www.sedar.com) and on the Corporation's website at: www.nemaskalithium.com.

– 30 –

FOR FURTHER INFORMATION, PLEASE CONTACT:

Victor Cantore
Investor Relations
514 831-3809
victor.cantore@nemaskalithium.com

Wanda Cutler
Investor Relations
416 303-6460
wanda.cutler@nemaskalithium.com

Gabrielle Tellier
Media Relations
514 348-0466
gabrielle.tellier@nemaskalithium.com