Nouveau Monde Graphite COO, Karl Trudeau, on the upcoming Demo Plant

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You were director of Imerys mine at Lac-des-îles, Quebec which is known as the only North-American graphite mine currently in production. What have you seen in Nouveau Monde Graphite Inc. (TSXV: NOU | OTCQX: NMGRF) to make you resign from your position with a billion-dollar company to join a junior?

Karl Trudeau: Imerys is a good employer and I enjoyed my position as their mine director at Lac-des-îles. At this point in my career, I was in need of a new challenge, knowing that Lac-des-îles is likely getting on its last few years of production. The vision of Nouveau Monde's management team was enticing enough to make me do the move and become their COO.

Please tell us about your role at Nouveau Monde and how your experience at Lac-des-îles relates to the challenges you will be facing?

Karl Trudeau: I have several years of experience mining and producing graphite at an industrial scale. Nouveau Monde was in need of a COO who would be instrumental in selecting equipment, in putting in place efficient and effective mining and processing operations and in building a team around these. One also needs to understand that graphite is a relatively opaque market so knowing who the key players are in the industry is clearly an asset for someone in my position.

Nouveau Monde has publicly announced the setup and commissioning of a demo plant by mid-2018. What are the key milestones of this

project and how far are you already advanced?

Karl Trudeau: In early January, we started receiving the first pieces of equipment. To celebrate the milestone, we published pictures of these on our Facebook company page. What made it possible to achieve this so quickly was the signing, last fall, of a 3-year lease agreement with Louisiana Pacific, the owner of the industrial building where we're setting up our demo plant. The pictures that one can see are of the equipment pieces as they were delivered in our industrial plant. The facility is ready to accept additional equipment and we're actively working on placing orders for the pieces requiring long lead orders. So, in a nutshell, we are following our timeline and milestones are being met. We are confident that our demo plant will start producing flake graphite by mid-2018.

What is the vision behind this demo plant? What are you trying to achieve and how does it stand as a good chance of creating value for your shareholders?

Karl Trudeau: Selling graphite is tricky since there are no exchange-based marketplaces. A producer needs to establish sales agreements which are typically known as "offtake agreements". In the current market, buyers will only commit if they are reasonably comfortable that the producer can meet their specifications and can produce enough of the material. What we're getting ready to do is having enough capacity to produce 1,000 tonnes of flake graphite per year which we will then sell to North-American buyers. This will allow them to qualify our products. We will also use the demo plant to produce 250 tonnes of value-added products such as purified spherical graphite, expandable graphite and graphene.

Our vision is to leverage our location in Southern Quebec and use cheap and green hydro-electricity as much as possible to

keep production costs and the environmental footprint as low as possible. You can say that we are following in the foot steps of Nemaska Lithium where they were successful in using hydro-electricity as much as possible in their lithium refining process. They clearly innovated and were successful in getting government grants to that effect. This is what we want to emulate in the graphite space.

What are the key attributes that make Nouveau Monde unique among other graphite juniors? How does this demo plant leverage these attributes?

Karl Trudeau: Our flake size distribution is one key attribute. We have about 48% large and jumbo flakes, 12% of mediums and the remainder are fines. This distribution ratio will allow us to tap a large portfolio of potential buyers. Just like in the real estate market, our location is another key attribute as we are in proximity of existing infrastructures and in a mining friendly jurisdiction. As per our pre-feasibility study (PFS), we have a competitive production cost per tonne of flake graphite and the beauty is that once it’s produced, it’s already here in North-America. No need for overseas transportation which is expensive and adds to the environmental footprint. So, our plans are to sell the most profitable flakes in the North-American market and further process what remains into value-added products using cheap and green hydro-electricity. I strongly believe that lithium-ion battery and EV manufacturers do care about the environmental footprint of their suppliers. The demo plant will allow us to demonstrate these capabilities and also delineate the costs of these processes at the commercial scale of 52,000 tonnes of flake graphite (about half will be further processed into value-added products).

What is the budget for this demo plant and are you fully funded to make it through the construction and commissioning phases?

Karl Trudeau: We've put up a budget of $12M for the demo plant. We are fully funded to make it through construction, commissioning and the production of our first tonnes of flake graphite.

Will you be seeking out government grants and how significant could these grants be in the overall budget?

Karl Trudeau: Yes, we believe we have strong business cases for innovation and for other government grants in the areas of energy efficiency, value-added products, social acceptability and tailing management.

This demo plant is a complex endeavor, have you added key personnel in the last few months to make this vision a reality?

Karl Trudeau: We've worked hard to implement the CEO and Board vision. We've been successful in attracting some of the best graphite experts and we now have about 15 full-time employees (FTEs). By the end of the year, when the demo plant is fully operational, we expect to be about 35 FTEs. Our management team brings about 30 years of recent graphite experience.

Both the graphite deposit and the demo plant are located next to existing infrastructures and a town of potential employees. That's a blessing only if the population is fully behind the project. How are you managing social acceptability to ensure you've got the backing of the local people?

Karl Trudeau: You are right to say that both the graphite deposit and the demo plant are next to existing infrastructures. They are also only 5 km apart from one another. We do not foresee serious logistic challenges during the operations of our demo plant. On the topic of social acceptability, Nouveau Monde Graphite has been very proactive over the last 4 years. We held 3 public meetings with the local people to keep them informed of

the project and more than 50 small groups or individual meetings. We've been very transparent with our stake holders and we opened our head office on the main street of the village. People are always welcomed to stop by and ask questions. That is why we enjoy strong support for our project. We were also proactive with the Atikamekw first nation. We involved them from the onset and they've been supporting us.