

Analyst on Nemaska Lithium road to production

Warren Buffet and Elon Musk were onto the growth of the lithium market before it happened. We consider lithium as one of the most applicable metals of modern life. Much of our daily lives are driven by this red metal: tablets, smart phones and electric cars, being only a handful of applications for this minor metal.

A company such as Canadian junior miner Nemaska Lithium Inc. (TSX: NMX | OTCQX: NMKEF) ("Nemaska") is well placed to benefit from this burgeoning market.

We think the company is going places. It is well advanced in its construction of its Whabouchi mine, with the latest feasibility study upgrading the company's resource, while the company is well underway with the construction of the mine's infrastructure. Phase I of the lithium hydroxide plant has just been commissioned, and the first tonne of lithium hydroxide has just been scheduled for delivery.

Nemaska Lithium has applied for patents in multiple jurisdictions on its proprietary process of its lithium hydroxide and carbonate converted from its spodumene concentrate, which we think is pretty neat.

The life of the Whabouchi mine, which will be open pit and underground combined, will initially be 26 years, and it promises to be a top notch mine with high grade spodumene on what the company terms as the most important lithium spodumene hard rock deposit in the world in volume and grade.

We like that the company is putting best practices in place to ensure sustainable development of its mine and plant, including: reducing the amount of mine infrastructure to be built; keeping the majority of the infrastructure near the ore

deposit; and minimize the ecological footprint of the project. In addition, the company has reviewed the location of its stockpiles, basins and effluents as far as possible away from Mount Lake, and reduce wetland losses, as well as conserving potential archaeological areas.

Nemaska has an exceedingly experienced management team, led by Guy Bourassa who has more than 30 years in the mining industry. It is through his leadership that Nemaska bought the Whabouchi deposit and developed the new innovative process of producing high purity lithium hydroxide and carbonate that could shape Nemaska into a world leader in the lithium salts market.

The rest of Bourassa's team are equally experienced with Michel Baril, the chairman of the board, formerly an executive at Bombardier, and former Rio Tinto engineer, François Godin.

Our verdict on Nemaska Lithium is that the company has a bright future. We expect it to become a lithium player to be taken seriously. It has an excellent resource, managed by a vastly experienced team. Once it starts producing in earnest, we should start seeing some excellent returns on investment. The company already has supply agreements in place, making Nemaska Lithium a solid investment.

For now, the share price is trading within a rather tight band of \$1.18 and \$1.2, but we see it breaking out of that band as soon as it becomes a fully fledged producer of lithium hydroxide and carbonate. We're watching its progress with interest.