

Drolet Stock Notes on Nouveau Monde Graphite: The First All Electric Open Mine in the World

Mario Drolet, President of MI3 Communications Financières Inc. (MI3), released his Drolet Stock Notes on Nouveau Monde Graphite Inc. (TSXV: NOU | OTCQX: NMGRF) on October 9, 2020 for exclusive distribution on InvestorIntel. Highlights include:

- Nouveau Monde Graphite is set to become a key operator in the sustainable energy revolution. The Company is developing the only fully integrated source of green battery anode material in North America.
- Projected to operate the **Largest Graphite Operation** in the western world.
- Commercial production targeted for 2023.
- NOU surge following Trump signature of a Strategic & Critical metal agreement!!!
- NOU traded over 21.0 Million shares over the last month between \$0.19 & \$0.40
- Support: S2; \$ 0.365 S1; \$ 0.40 Resistance: R1; \$0.425 R2; \$0.45



About Nouveau Monde Graphite

Nouveau Monde is set to become a key operator in the sustainable energy revolution. The Company is developing the only fully integrated source of green battery anode material in North America. Targeting full scale commercial operations by early 2023, the Company will provide advanced carbon-neutral graphite-based material solutions to the growing Lithium-ion and fuel cell markets. With low-cost operations and the highest of ESG standards, Nouveau Monde will become a strategic supplier to the world's leading battery and auto manufacturers, ensuring robust and reliable advanced material, while guaranteeing supply chain traceability.

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Eric Desaulniers on Graphite demand and prices in 2017

Eric Desaulniers, President, CEO, and Director of Nouveau Monde Graphite Inc. (TSXV: NOU | OTCQB: NMGRF), in an interview with InvestorIntel's CEO Tracy Weslosky discuss what investors should look for in a graphite company and the overall market in 2017. For instance, he reviews the history of spherical graphite process versus flake graphite and clarifies the three flake sizes: fine, medium and jumbo – out of which only fine and medium flakes get processed into spherical graphite for lithium-ion battery production. What's more, graphite (in all flake sizes) comprises 75% of the lithium-ion battery market, whereas lithium-ion batteries are only 25% of the graphite market. Now, in terms of supplying graphite, after floatation, they have 98% purity across all flake sizes and Nouveau Monde has the technology to refine that into 99.99% pure jumbo flake.

Tracy Weslosky: I'm going to put you on the spot here and I'm going to ask you what you think is going to happen with graphite prices this year? We're very bullish on graphite. We believe that it's inevitable that the prices have to lift this year. What do you think? Obviously know: this is a forecast here. Would you like to comment on that?

Eric Desaulniers: Yeah. It's a very interesting year. Why, because we saw the price going down since 2012 slowly with the refractories that are very weak. The steelmaking industry is not very good in the last few years, but starting in September the spherical graphite started to go up, but the flake graphite wasn't going up until December. It went up significantly in December, but now there's something special that is happening. The Chinese removed their export tax. Why did they do that? Their mine was dying because labor costs were going high, pollution is high so the government is bringing in some new tax

for these mines, pollution tax. Everyone is waiting to see what will be that pollution tax on the Chinese. This year is very interesting because suddenly you have all the Chinese trying to go out of China again because, not of the export tax, but they need to reinvest in their operation to make it cleaner because it will be taxed soon on this. What the graphite price will do it's difficult to say. At the same time the demand for lithium-ion batteries is draining a lot of the supply. There's not so much new mines coming up into production so I see 2017 as being very important to keep going the uptrend. That's where people will realize there's not so much graphite into production. It's very important for the lithium-ion battery. A little bit like lithium last year. Lithium is very sensitive to the lithium-ion battery market because, I think it's 75% of the market is graphite. For the lithium-ion battery is now 25% of the whole graphite market so it's less sensitive to this market...to access the full interview, [click here](#)

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Nouveau Monde Graphite CEO on adding another half a dozen linebackers to the Board

Eric Desaulniers, President, CEO and Director of Nouveau Monde Graphite Inc. (TSXV: NOU) in an update interview with InvestorIntel's CEO Tracy Weslosky discuss the recent name change and the addition of half a dozen industry leaders to the Board that will "reflect very well where we want to go".

Discussing Nouveau Monde Graphite's 'synergy' with Nemaska Lithium Inc., Eric identifies target markets including but not limited to the lithium-ion battery market. With a competitive location for strong infrastructure and ease of access to high grade graphite Nouveau Monde Graphite has a 100% ownership of the Matawinie graphite deposit, on which a 43-101 Preliminary Economical Assessment has been completed...to access the complete interview, [click here](#)

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Nouveau Monde Achieves 99.9% Graphite Purity

Nouveau Monde Mining Enterprises Inc. (TSXV: NOU) (“Nouveau Monde”) has garnered strong support from key institutional shareholders, including Desjardins – the largest association of credit unions in North America, Sodémex – a mining investment fund controlled by the Caisse de dépôts du Québec which is the second largest pension fund in Canada, FTQ – Québec’s largest central labour body, SIDEX – a major institutional fund established by the Government of Québec to invest in Québec mineral exploration companies, Matrix Advisors of New York City and Dundee Corporation of Toronto.

When considering the company’s Preliminary Economic Assessment (PEA) results, it is not hard to see why the company has managed to attract the big wigs of the investment community. The Matawinie graphite project showed a pre-tax NPV of \$403.7 million and IRR of 31.2%. With reasonable operating costs of \$660 per tonne of concentrate, and a mine-life of 25.7 years, the project promises revenue of \$2,430.9 million, with initial capital costs of \$144.5 million.

In addition, Matawinie is projected to have the lowest environmental footprint in the industry, in one of the most advanced mining friendly jurisdictions in the world in Québec, Canada. A local, environmentally friendly, and safe supply of natural graphite is now a priority for all North-American lithium-ion battery manufacturers and Nouveau have

suitably positioned themselves to target the growing need for value-added graphite products necessary for the anode material.

In October 2016, Nouveau, along with four collaborators, announced the purchase of a micronising and spheronising mill in Tennessee, USA, that is being used to produce and optimise the yield of spherical graphite from various mining projects. Refined spherical graphite yields are often around 30% due to heavy processing losses, **Nouveau et al have however reported attractive yields as high as 50% which is almost unprecedented.**

Numerous new sources of graphite will be required to meet the demand created by the growing electric car market. Tesla began producing lithium-ion batteries at their Nevada Gigafactory site in Q1 2016, and each battery will require up to 150kg of refined spherical graphite. The starter market alone could consume the production of two Gigafactories and it is more than plausible that up to four Gigafactory sites could be necessary in as little as five years, particularly if grid-energy storage were to take off.

Matawiniet's, PEA results shows an indicated resource of almost 2 million tonnes of graphite, or up to 1 million tonnes of SPG given their spheronising yields; Enough for around 720,000 Tesla Model 3 battery anodes.

Matawinie's metallurgy is a strong feature, boasting a high proportion of large and jumbo flakes from which a high purity concentrate has been extracted. On the 6th of December 2016, the company announced the successful purification of their graphite and spherical graphite products to grades of up to 99.9%, giving the green light to their value-added production ability.

As of the 1st November 2016, Nouveau Monde appointed Charles-Olivier Tarte, a former Imerys Financial Controller, as Chief

Financial Officer. His experience includes overseeing the financial management of the Lac-des-Îles (QC) natural graphite mine, the Terrebonne (QC) second transformation plant & the Westlake (OH) Americas sales office and as such his knowledge of the graphite market can do nothing but strengthen the already first class team that Nouveau have worked hard to construct.

Nouveau Monde – A Corner of the Graphite Triangle

We guess it's just the way of the world that the markets don't seem to be able to "walk and chew gum at the same time". As Lithium has grown in furore, its fellow traveler graphite has been somewhat eclipsed and investors have definitely forgotten that there is a relationship between the two as graphite is a big(ger) component in Lithium Ion batteries. With up to 150kg of graphite required for the LiB in an electric vehicle, new sources of graphite are in demand, specifically in North America where there is currently limited supply. Admittedly the price of graphite is lower than Lithium's but that does not change the fact that graphite is a key part of the mix.

Like all things related to the mining space, trends come and go, and graphite lit up part of the darkest period of the mining slump for a brief while. There was the usual large inflow of players and then the gradual fade back to reality. The impetus for the initial rush was the lack of Western production of graphite, which was virtually nil. Two to three years on (depending on when you date the resurgence in graphite interest) the number of mines to have made it to production is almost negligible and the West is as much if not

more dependent upon Chinese supply as before.

The fleeting nature of the graphite boomlet meant that many companies managed to raise a bit of money and a few companies managed to raise a lot, but the roll call of those still around and still with cash on the balance sheet is much reduced. Fortunately for those that survived the down times we are now seeing a revival in mining financing that is spilling out of first mover sub-sectors (like Lithium and Gold) into other metals/minerals now.

It is therefore worth looking at one of the survivors in the graphite space and highlight what it is doing, so a review of Nouveau Monde (TSXV:NOU)(OTC:NMGRF)(FRANKFURT:NM9) seems timely.

Our first encounter with this company was in October 2013 when we met with the CEO, Eric Desautelliers on their London roadshow. The thing that struck us most was the quality of the share register, because when it comes down to it a quality shareholder base will more likely be around for the long-term than a mass of flippers or hedge funds. Currently the institutional base of Nouveau Monde consists of four of the major Quebec-based institutions with around 30% of the shares. As those in the mining space know the *Quebecois* look after their own and if the management is serious and the project is in the best interests of the province then the wagons are circled and support given through the down-times. This has proved to be the case with this company as the base is heavyweight indeed, with the names being:

- Desjardins – Largest association of credit unions in North America
- SIDEX – Major Québec Government fund to invest in Québec mineral exploration companies
- Fonds de Solidarite – FTQ – Québec's largest central labor body
- SODEMEX – Québec-based mining investment fund

We would note again that these are NOT the type of institutions that invest in concept stories with no interest in moving to eventual production. The thing that clearly excites the local institutions is that Nouveau's Matawinie project has the potential to take up the slack when North America's only existing producing site, the Lac-des-Îles mine of Imerys, shuts down around 2020. This promises to keep Quebec in contention as the go-to place for this mineral in North America., Moreover we suspect they also want to be in the picture for industrial spin-off benefits such as battery plants which would make sense in view of the province's endowment with Lithium and the likelihood of two major mines (one being Nemaska's) being functional before the decades end.

The rundown of Imerys's Lac-des-Îles mine is no secret as the company has disclosed that it is nearly depleted, with enough ore through 2020, with output varying between 20,000 to 25,000 tons per year, representing 95% to 100% of North American supply. At the risk of seeming like a body-snatcher, Nouveau Monde is plotting on moving into the space to be left with the soon-defunct Imerys operation and is designing its operation to produce 50,000 tons per year to enable the capacity to deliver large quantities, so effectively doubling North American supply.



This map above is what we like to call the Graphite Triangle. Unlike the Bermuda Triangle where things mysteriously disappear, the Graphite Triangle is where real projects in the graphite space appear. Matawinie's proximity to Imerys' processing plant on the outskirts of Montreal is patently obvious and with it the transport links to take the product to other North American locations or to Europe. This then begs the question as to whether Nouveau Monde might end up as a target for Imerys to plug their production pipeline's "leak" post-2020?


Conclusion

With the stragglers in the Graphite space likely to be repurposed for other metals/minerals in the resurgent mining space the serious players will have a less crowded stage on which to perform... and it shall be all about performance. Nouveau is on the cusp of the DFS process which shall then lead into the funding and mine-build. It is fortunate that the sentiment amongst investors has turned to the better thus potentially making the funding task easier than it would have been over the last two years. With a capex of \$122mn it is neither the cheapest mine to build nor is it the largest capex we have seen in the graphite space. With an NPV of over \$400mn, it shows the type of strong multiple of NPV over capex that we like to see, and that makes it worthwhile for a project to “get out of bed in the morning”.

The old real estate adage “Position, Position, Position” comes to mind when sorting the most likely winners from the also-rans. Nouveau definitely has itself well positioned in the Graphite Triangle of Quebec and that has brought it the support of major institutions with a vested interest in seeing the mining of graphite continue and expand in the province. Beyond that it ticks most of the boxes that Imerys would need to tick in hunting for a replacement for its current capacity in North America.

Nouveau **Monde** **graphite**
targets **North** **American**

Lithium-ion battery market

July 12, 2016 – Nouveau Monde Mining Enterprises Inc.  (TSXV: NOU | Frankfurt: NM9 | OTC Pink: NMGRF) owns the Matawinie graphite property, located in the Saint-Michel-des-Saints area, approximately 130 km north of Montreal, Québec. The project is also in close proximity to the Lac-Des-Îles mine, the only graphite producer in North America. The company is targeting the North American lithium-ion battery market which has given priority to obtaining local, green and safe supply of natural graphite.

In this interview with InvestorIntel Publisher Tracy Weslosky, Nouveau Monde President and CEO Eric Desaulniers:

- Discusses the recent private placement raising \$2.31 million and the robust economic assessment of the Matawinie project.
- Outlines the quality requirements for graphite in the market at present.
- Details the infrastructure advantages and the presence of skilled local labour in the proposed mining area.
- Indicates where the graphene potential is.

As InvestorIntel has reported previously, Nouveau Monde is one of several companies that have joined forces to acquire a micronizing and spheronizing mill to produce spherical graphite, which they describe as a critical step in the production of anode material used in lithium-ion batteries. The partners' ultimate goal is to achieve full qualification of their materials by lithium-ion battery manufacturers. They see themselves as taking part in the first real effort by junior graphite companies to address the needs of the battery makers. Just as importantly, the technology will represent a major improvement over methods at present employed in China.

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Nouveau Monde graphite tests boost aim to beat Chinese technology

Nouveau Monde Mining Enterprises Inc. (TSXV: NOU) has announced significant metallurgical results averaging 98.2% C(t) for all flake sizes and reaching as high as 99.1% C(t) for the jumbo flakes of +48 mesh. The results were from a key part of the company's Matawinie graphite property, located in the Saint-Michel-des-Saints area, approximately 130 km north of Montreal, Québec. The project is also in close proximity to the Lac-Des-Îles mine, the only graphite producer in North America. Moreover, the company is part of an alliance aiming at bettering Chinese technology.

You can read the full details of the announcement here on InvestorIntel. But the key point was summed up by President and CEO Eric Desaulniers when he pointed out that “the key takeaway for us is that industry experts commonly agree that obtaining these exceptionally high purities on all flake sizes, from a simple low cost process, is one of the most important factors for a successful graphite project. As such, these results places Nouveau Monde in the enviable position of being able to develop products suitable for multiple markets across the entire graphite sector, including the growing lithium battery market.”

This breakthrough comes just over a month after a very important announcement – and one that should be revisited in light of the metallurgical results.

That is, that Nouveau Monde is one of several companies that have joined forces to acquire a micronizing and spheronizing mill to produce spherical graphite, which they describe as a critical step in the production of anode material used in lithium-ion batteries. The other partners include Elcora Advanced Materials Corp (TSXV: ERA | OTCQB: ECORF), Northern Graphite Corp (TSXV: NGC) and Australian-based Metals of Africa (ASX: MTA) – the last mentioned, incidentally, last week raising A\$4 million to progress its graphite project in Mozambique.

The key fact here is that the ultimate goal of all the participating mining companies is to achieve full qualification of their materials by lithium-ion battery manufacturers.

They see themselves as taking part in the first real effort by junior graphite companies to address the needs of the battery makers. Just as importantly, the technology will represent a major improvement over methods at present employed in China.

The other recent factor in the Nouveau-Monde story was the report by analyst Éric Lemieux from Toronto-based PearTree Securities. After a visit to the Matawinie project he pronounced that he was “impressed with the pace of work and the scope of the graphite mineralization”. The area is interesting also because while graphite-bearing rock had been noted in the past, historically graphite had not been much of a focus of exploration in the area.

Lemieux placed great stress on the project’s proximity to infrastructure, and to skilled labour in a nearby town. It could also access low cost electricity, water and amenities.

The latest metallurgical testing concerned material taken from the Tony block. Lemieux had identified this block as appearing to hold potential in terms of geographic location, being accessible by road and just 140km from the Port of Montreal.

He also wrote of the Tony block: “We were impressed with the

graphite mineralization, the potential for economic concentration and quality as well as with the area's physiognomy in support of mining operations".