

Hydro-Québec Grants an Exploitation License and Partners with Nouveau Monde Graphite to Develop Materials Used in Lithium-ion Batteries

written by Raj Shah | May 17, 2018



May 17, 2018 ([Source](#)) – Hydro-Québec (HQ) and Nouveau Monde Graphite (NMG) (TSX-V: NOU) are pleased to announce the signing of a license and a research and development agreements respecting the processing of graphite for use in lithium-ion batteries.

This collaboration will hopefully enable NMG to commercialize battery material technologies developed by HQ over the past 30 years, helping to position Québec strategically in the lithium-ion battery market.

“Graphite-based anode material for lithium-ion batteries is a globally accepted mature technology whose large-scale commercialization could potentially change transportation and energy storage methods,” said Karim Zaghib, General Director – Center of Excellence in Transportation Electrification and Energy Storage, at Hydro-Québec. *« We are looking forward to work with NMG, right here in our province of Quebec, where easy access to energy and natural resources gives a competitive edge to, and consolidates, the North-American lithium-ion battery market supply chain.”*

“We’re honored to be working with one of the most prestigious

battery material labs in the world and to act as a vector bringing these innovative technologies developed here in Québec to market,” said Éric Desaulniers, NMG’s President and CEO. “We already expect to create close to 180 regional jobs with our graphite mine and plant for the secondary processing of natural graphite. This announcement complements our initial project and demonstrates our intention to maximize the spinoffs from Québec graphite, and will probably lead to the creation of new high-quality jobs in this high-tech sector.”

The agreement provides for HQ to assist NMG in setting up a small-scale process in its demonstration plant in Saint-Michel-des-Saints, starting by the end of this year. The success of this small-scale process will lead NMG to eventually build an anode material fabrication plant with a capacity of up to 100,000 tonnes per year. This anode material fabrication plant is in addition to and complements NMG’s mining project. NMG will support in part the needs for graphite of the anode material fabrication plant. To support these projected 100 000 tonnes per year, NMG intends to enter into supply agreements with other graphite suppliers. Some high-level samples testing are already being conducted to determine the compatibility of graphite coming from another supplier, further sampling testing will be done.



From left to right, Mr. Luc Couillard, Director Strategy at Propulsion Grappe des transports électriques et intelligents, Mr. Claude Pedneault, Chief Program and Administration at the Center of Excellence in Transportation Electrification and Energy Storage , Mr. Karim Zaghib, General Director of the Center of Excellence in Transportation Electrification and Energy Storage, Mr. Éric Desaulniers, President and CEO of Nouveau Monde Graphite, Mr. James Jessop, Commercial Relations Advisor at the Center of Excellence in Transportation Electrification and Energy Storage and Mrs. Marie-Ève Chaume, Chief Communications Officer of Nouveau Monde Graphite.

License and R&D agreements

The deal between HQ and NMG includes a license and a Research and development agreement respecting the processing of graphite for use in lithium-ion batteries. The agreements will enable NMG to use HQ's patented technologies for the micronization,

spheronization, purification and natural graphite coating to serve the lithium-ion battery market.

The partnership's objectives are as follows:

- HQ and NMG will develop a functional and cost-effective process to transform flake graphite into high-quality graphite products suitable for lithium-ion batteries.
- HQ will assist NMG in its material qualification processes with leading lithium-ion battery manufacturers.
- HQ will assist NMG in the small-scale industrialization of its process in its demonstration plant in Saint-Michel-des-Saints.
- Any new intellectual property developed from this partnership will be jointly owned by HQ and NMG on a 50/50 basis.

Information related to NMG's financing

In connection with these agreements, NMG is also pleased to announce that it has closed a non-brokered private placement of 6,666,667 units in the capital of the Corporation, at a price of \$0.30 per unit (the "Unit") for an aggregate gross proceeds of \$2,000,000 (the "Offering"). Each Unit consists of one common share and one half of one common share purchase warrant. Each full warrant will entitle its holder to subscribe one common share of NMG at a price of \$0.40 for a period of 24 months following the closing of the Offering.

The securities issued pursuant to the Offering are subject to a restricted period of four months and a day, from the date of issuance under applicable Canadian securities legislation.

NMG expects to be able to file shortly all required documentation to satisfy the conditional acceptance of the TSX Venture Exchange.

Some directors and two insiders have subscribed Units in the Offering, which constitutes a “related party transaction” within the meaning of *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (“Regulation 61-101”) and *TSXV Policy 5.9 – Protection of Minority Security Holders in Special Transactions*. However, the directors of NMG who voted in favour of the Offering have determined that the exemptions from formal valuation and minority approval requirements provided for respectively under subsections 5.5(a) and 5.7(1)(a) of Regulation 61-101 can be relied on as neither the fair market value of the Units issued to this insider nor the fair market value of the consideration paid exceed 25% of NMG’s market capitalization. None of the NMG’s directors has expressed any contrary views or disagreements with respect to the foregoing. The persons who have subscribed in the Offering are: Guy Bourassa, a director, 70,000 Units, Pierre Renaud, a director, 33,340 Units, Nathalie Jodoin, a director, 40,000 Units, Jean Philippe Aubé, a director, 40,000 Units, Patrice Boulanger, a director, 35,000 Units, Charles Armand Turpin, an insider, 833,333 Units and Virginie Fortin, an insider, 160,000 Units.

About Hydro-Québec

Hydro-Québec generates, transmits and distributes electricity. It is Canada’s largest electricity producer and one of the world’s largest hydroelectric power producers. Its sole shareholder is the Québec government. It uses mainly renewable generating options, in particular large hydropower. Its research institute, IREQ, conducts R&D in energy efficiency, energy storage and various other energy-related fields. www.hydroquebec.com/en

About the Center of Excellence in Transportation Electrification and Energy Storage

The mission of the Center of Excellence in Transportation Electrification and Energy Storage is to conduct battery materials research for Hydro-Québec. With 70 employees, including 27 researchers, its 2018 operating budget is \$20 million, sourced entirely from outside revenue, generated chiefly by the sale of licenses to use its technologies. The center of excellence is headed by Karim Zaghib, an expert of international renown. Dr. Zaghib was recently named one of the [World's Most Influential Scientific Minds](#) for the third year running. The center of excellence commercializes Hydro-Québec's battery technologies, protected by 800 patents. It will also create new research partnerships and develop new technologies.

About Nouveau Monde Graphite

In 2015, Nouveau Monde Graphite discovered a major and high-quality graphite deposit on its Matawinie property, located in Saint-Michel-des-Saints, 150 km north of Montreal, Quebec. The discovery led to the announcement of a pre-feasibility study on October 25, 2017. The pre-feasibility study results reveal projected graphite concentrate production levels of 52,000 tonnes per year over a 27-year period. In the summer of 2018, NMG will be launching its first tonnes of concentrated graphite flake manufactured in demonstration plant. NMG's Demonstration plant as a production capacity of 2000 tonnes of concentrated flake graphite for a two-year period.

Moreover, in a vertical integration and sustainable development perspective, the company is planning the establishment of a large-scale graphite secondary transformation facility, catering the needs of the blooming lithium-ion battery market. With over 60 of experience in the world of graphite, NMG's team develops its projects with the utmost respect of neighbouring communities, while favouring a minimal ecological footprint. NMG's project is privileged by direct access to the workforce

and infrastructure needed to operate, such as an abundant affordable and renewable source of hydroelectricity.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

All statements, other than statements of historical fact, contained in this press release including, but not limited to (i) the obtaining of the necessary authorizations and permits; (ii) the schedule, outlook and forecast of the contracts with HQ ; and (iii) generally, the "About Nouveau Monde Graphite" paragraphs which essentially describe the Corporation's outlook and objectives, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, and 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 forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. 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 Nouveau Monde is available in the SEDAR database (www.sedar.com) and on the Corporation's website at: www.nouveaumonde.ca