

# MASON GRAPHITE

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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**NOTICE IS HEREBY GIVEN THAT** the annual meeting of the shareholders (the “**Meeting**”) of Mason Graphite Inc. (the “**Corporation**”) will be held at 1 Place Ville Marie, 40<sup>th</sup> Floor, Montréal, Québec H3B 4M4 at 10:00 a.m. (Montréal time), on Thursday, December 12, 2019, for the following purposes:

1. to receive the audited financial statements of the Corporation as at and for the fiscal year ended June 30, 2019, together with the report of the auditors thereon (the “**Financial Statements**”);
2. to elect the directors of the Corporation who will serve for the ensuing year or until their successors are appointed;
3. to appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the ensuing fiscal year and to authorize the directors to set the auditors’ remuneration; and
4. to consider such other business that may properly come before the Meeting or any adjournment thereof.

You are entitled to receive notice of and vote at the Meeting or any adjournment thereof if you were a shareholder of the Corporation on the record date, which the board of directors of the Corporation has set as the close of business on November 1, 2019.

The Circular and a form of proxy (“**Form of Proxy**”) accompany this notice. A copy of the Financial Statements has been filed and is available, under the Corporation’s profile at [www.sedar.com](http://www.sedar.com). The Circular contains details of the matters to be considered at the Meeting.

Electronic versions of the Financial Statements and of our management’s discussion and analysis for the financial year ended June 30, 2019 (collectively, the “**Financial Materials**”), the Circular and the Form of Proxy (collectively the “**Meeting Materials**”) may be accessed on our website at [www.masongraphite.com](http://www.masongraphite.com) or on the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

Should you wish to receive paper copies of the Financial Materials prior to the Meeting, please contact TSX Trust Company (“**TSX Trust**”) at 1-866-600-5869 or the Corporation at 1-514-289-3580, or send an email to [pchoquet@masongraphite.com](mailto:pchoquet@masongraphite.com) and we will send them by postal delivery at no cost within three business days of your request.

DATED at Laval, Québec as of the 7<sup>th</sup> day of November 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) “*Benoît Gascon*”

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President and Chief Executive Officer

### **IMPORTANT**

**Shareholders eligible to vote but unable to attend personally are requested to complete, sign and forthwith return to TSX Trust the enclosed Form of Proxy in the envelope provided for that purpose.**

Please note that said instrument of proxy will not be valid unless it is deposited at the offices of TSX Trust at 100 Adelaide West, Suite 301, Toronto, Ontario M5H 4H1, or faxed at 1-416-595-9593, or scanned and emailed to [TMXInvestorServices@tmx.com](mailto:TMXInvestorServices@tmx.com), prior to 10:00 a.m. (Montréal time) on December 10, 2019 or no less than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment of the Meeting, unless it is delivered to the Chairman of the Meeting at the Meeting, or any adjournment thereof.

**The Corporation urges shareholders to review the Meeting Materials before voting.**



## MANAGEMENT INFORMATION CIRCULAR

You have received this management information circular (the “**Circular**”) because you owned common shares of Mason Graphite Inc. (“**Mason Graphite**” or the “**Corporation**”) as of November 1, 2019. You are therefore entitled to vote at the annual meeting of shareholders (the “**Meeting**”) to be held on Thursday, December 12, 2019, and any postponement or adjournment thereof.

Unless otherwise stated, the information contained in this Circular is as of November 7, 2019. All dollar amount references in this Circular, unless otherwise indicated, are expressed in Canadian dollars.

### **REGISTERED SHAREHOLDERS**

You will have received a form of proxy (“**Form of Proxy**”) from the Corporation’s transfer agent, TSX Trust Company. (“**TSX Trust**”). Complete, sign and return your Form of Proxy following the instructions indicated on the form.

### **NON-REGISTERED SHAREHOLDERS**

Your shares are held in the name of an intermediary (securities broker, trustee or other financial institution). You will have received a request for voting instructions from your broker. Follow the instructions on your Voting Instruction Form to vote by telephone, Internet or fax, or complete, sign and mail the Voting Instruction Form in the envelope provided. **To vote in person at the Meeting, see the box on page 4 of the Circular.**

## **PROXY VOTING**

### **Who is soliciting my proxy?**

**The enclosed Form of Proxy is being solicited by the management of the Corporation** in connection with the annual meeting of shareholders to be held on December 12, 2019 and at every adjournment thereof, and the associated costs will be borne by the Corporation. The solicitation of proxies will be made by mail and by posting the Meeting Materials on the Corporation’s website at [www.masongraphite.com](http://www.masongraphite.com) and on our profile at [www.sedar.com](http://www.sedar.com). The solicitation of proxies may also be by telephone or other personal contact by directors of the Corporation, such directors receiving no compensation therefore. In addition, the Corporation shall, upon request, reimburse brokerage firms and other custodians for their reasonable expenses in forwarding proxies and related material to beneficial owners of shares of the Corporation.

The board of directors of the Corporation (the “**Board**”) has set the record date for the Meeting at November 1, 2019 (the “**Record Date**”).

### **How do I vote?**

If you are a registered shareholder, you may vote in person at the Meeting or you may sign the enclosed Form of Proxy appointing the named persons or some other person you choose, **who need not to be a shareholder**, to represent you as proxyholder and vote your shares at the Meeting. If your shares are held in the name of an intermediary, please see the box on page 4 for voting instructions.

### **What if I plan to attend the Meeting and vote in person?**

If you are a registered shareholder and plan to attend the Meeting on December 12, 2019 and you wish to vote your shares in person at the Meeting, do not complete or return the Form of Proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, TSX Trust, upon arrival at the Meeting. If your shares are held in the name of an intermediary, please see the box on page 4 for voting instructions.

### **What am I voting on?**

Shareholders will be asked to vote on the following matters:

1. the election of directors of the Corporation for the ensuing year;
2. the appointment of auditors of the Corporation and the authorization for the directors to set their remuneration; and
3. any such other business as may properly be brought before the Meeting or at any adjournment thereof.

### **What if I sign the Form of Proxy enclosed with this Circular?**

Signing the enclosed Form of Proxy gives authority to the officers and/or directors of the Corporation whose names are indicated on the Form of proxy, or to another person you have appointed, to vote your shares at the Meeting.

### **Can I appoint someone other than these directors to vote my shares?**

**Yes. Write the name of this person, who needs not to be a shareholder, in the blank space provided in the Form of Proxy.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of TSX Trust.

### **What do I do with my completed Form of Proxy?**

Return it to the Corporation's transfer agent, TSX Trust, by mail at 100 Adelaide West, Suite 301, Toronto, Ontario M5H 4H1, or faxed at 1-416-595-9593, or scanned and emailed to [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com), **no later than 10:00 a.m. (Montreal Time) on December 10, 2019.** This will ensure that your vote is recorded.

### **Where can I access the Financial Materials of the Corporation?**

Shareholders have the ability to access electronic versions of the Financial Materials on the Corporation's website at [www.masongraphite.com](http://www.masongraphite.com) or on the Corporation's profile at [www.sedar.com](http://www.sedar.com). Shareholders may also request a paper copy of the Financial Materials by calling TSX Trust at 1-866-600-5869 or the Corporation at 1-514-289-3580, or send an email to [pchoquet@masongraphite.com](mailto:pchoquet@masongraphite.com), and we will send them by postal delivery at no cost within three business days of your request.

This is in line with the Corporation's commitment to environmental stewardship as it will reduce the cost and environmental impact of producing and distributing paper copies of documents in very large quantities. It also provides Shareholders with faster access to information about the Corporation.

### **If I change my mind, can I take back my proxy once I have given it?**

Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered at the above-mentioned registered office of TSX Trust, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

#### **How will my shares be voted if I give my proxy?**

The persons named on the Form of Proxy must vote for or withhold from voting your shares in accordance with your directions, or you can let your proxyholder decide for you. **In the absence of such directions, proxies received by management will be voted in favour of the candidates nominated for election as directors of the Board, the appointment of the auditors and for the adoption of the other items on the agenda, as the case may be,** as detailed below under the heading "Business of the Meeting".

#### **What if amendments are made to these matters or if other matters are brought before the Meeting?**

The persons named in the Form of Proxy will have discretionary authority with respect to amendments or variations to matters identified in the enclosed Form of Proxy and with respect to other matters which may properly come before the Meeting. As of the time of printing of this Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the Form of Proxy will vote on them in accordance with their best judgment.

#### **How many shares are entitled to vote?**

As of the Record Date, there are 136,227,585 common shares of the Corporation (the "**Common Shares**") issued and outstanding, each of which is entitled to one vote at the Meeting. Only shareholders registered at the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns the shares, requests no later than 10 days before the Meeting that the transferee's name be included on the list of shareholders entitled to vote, in which case such transferee is entitled to vote such shares at the Meeting.

#### **Who counts the votes?**

The Corporation's transfer agent, TSX Trust, counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

#### **For general shareholder enquiries, you can contact the transfer agent:**

by mail:

TSX Trust Company, Attn: Investor Services  
100 Adelaide West, Suite 301  
Toronto ON M5H 4H1

by telephone: within Canada and the United States at 1 -866-600-5869

by fax: 1-416-361-0470

**If my shares are not registered in my name but are held in the name of an intermediary (a bank, trust corporation, securities broker, trustee or other), how do I vote my shares?**

In accordance with the requirements of *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**54-101**”), the Corporation has elected to send the notice of Meeting, this Circular and the Form of Proxy directly to those “non-registered” shareholders who do not object to their name being made known to the issuers of the securities which they own (“**NOBOs**”). The intermediaries are responsible for forwarding these documents to each non-registered shareholder who has objected to his intermediary disclosing ownership information about himself (“**OBO**”), unless that OBO has waived the right to receive them.

There are two ways you can vote your shares held by your intermediary. As required by Canadian securities legislation, you will have received from your intermediary either a request for voting instructions or a form of proxy for the number of shares you hold. For your shares to be voted for you, please follow the voting instructions provided by your intermediary. Since the Corporation has limited access to the names of its non-registered shareholders, if you attend the Meeting, the Corporation may have no record of your shareholdings or your entitlement to vote unless your intermediary has appointed you as proxyholder. Therefore, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the transfer agent, TSX Trust, upon arrival at the Meeting.

**VOTING SECURITIES AND PRINCIPAL HOLDERS**

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of the Record Date, the Corporation had 136,227,585 Common Shares issued and outstanding each carrying the right to one vote per Common Share at the Meeting. Two Shareholders present in person or represented by proxy, holding or representing in the aggregate not less than 5% of the issued and outstanding Common Shares of the Corporation, will constitute quorum.

To the knowledge of the directors and officers of the Corporation, as at the Record Date, the following persons beneficially own or control, directly or indirectly, more than 10% of the outstanding Common Shares of the Corporation:

<b>Name of Shareholder</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>	<b>Approximate % of Outstanding Shares</b>
Ressources Québec inc.	17,021,211	12.49%
Fidelity <sup>(1)</sup>	16,785,954	12.32%

(1) “Fidelity” may include the following: Fidelity Management & Research Company, Strategic Advisers Inc., FIL Limited, Crosby Advisors LLC, Fidelity SelectCo, FMR Co., Inc., Fidelity Management Trust Company, FIAM LLC, Fidelity Institutional Asset Management Trust Company and Fidelity (Canada) Asset Management ULC.

**INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as disclosed in this Circular, no director or officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors of the Corporation.

**BUSINESS OF THE MEETING**

## 1. Financial Statements

The audited financial statements of the Corporation for the fiscal year ended June 30, 2019 and the report of the auditors of the Corporation thereon (the “**Financial Statements**”) will be placed before the Meeting. Receipt at the Meeting of the Financials Statements will not constitute approval or disapproval of any matters referred to therein.

The Financials Statements and the management’s discussion and analysis of the Corporation for the year ended June 30, 2019 are available upon request to the Corporation or on the Corporation’s website at [www.masongraphite.com](http://www.masongraphite.com) or under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

## 2. Election of Directors

The articles of the Corporation provide that the Board shall consist of a minimum of three and a maximum of ten directors. The Board currently consists of six directors who are elected annually (while there is currently one vacancy). Each director is appointed to hold such office until the next annual meeting of Shareholders or until his or her successor is duly elected unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The six persons (each a “**Nominee**”) listed below are nominated for election as directors of the Corporation. All such Nominees are currently directors of the Corporation and have been since the dates indicated in the table below.

**Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Corporation will be voted FOR the election of the Nominees listed below.** If any of the Nominees should for any reason be unable to serve as a director of the Corporation, the persons named in the enclosed Form of Proxy reserve the right to nominate and vote for another nominee in their discretion.

As the Corporation has adopted a Majority Voting Policy (the “**Majority Voting Policy**”), the process for voting for election of each director will be by individual voting and not by slate. The Shareholders can vote for or withhold from voting on the election of each director on an individual basis. See “About the Board” for more information on the Corporation’s Majority Voting Policy.

Other than as set out below, there are no contracts, arrangements or understandings between any director, any executive officer or any other person pursuant to which any of the Nominees has been nominated.

### *Director Profiles*

The table below indicates, for each Nominee, his name, province and country of residence, the year he became a director and the committees of the Board of which he is a member. The table also indicates whether the candidate is independent, the number of shares of the Corporation with voting rights beneficially owned, or controlled or directed, directly or indirectly, by the Nominee, and the number of stock options held (see section below under the heading “**Stock Option Plan**”).

<b>Name, Residence, Year First Became Director, Committee(s) and Attendance</b>	<b>Biography and Directorships</b>
PAUL R. CARMEL <sup>(2)</sup> Québec, Canada  Director since March 15, 2018	<i>Chairman of the Board</i>  Mr. Carmel, ICD.D, is a professional with 30 years of experience in the mining field, having held senior management positions and board

Name, Residence, Year First Became Director, Committee(s) and Attendance	Biography and Directorships
<p>Independent</p> <p>Common Shares: None Options: None</p> <p>Attendance: Board 12/12 Compensation Committee 1/1</p>	<p>directorships with mining companies, investment banks and private equity firms. He is currently Chairman of the Board of Orbit Garant Drilling Inc. He previously held senior management roles with Richmond Mines Inc. as President and CEO and Desjardins Capital Markets as Managing Director, Head of Mining. Mr. Carmel also previously worked with Miquet Capital Inc., The Sentient Group, Caisse de dépôt et placement du Québec, UBS Securities, National Bank Financial and Inco Ltd. Mr. Carmel holds a mining engineering degree from McGill University.</p> <p>Other Public Company Board: - Orbit Garant Drilling Inc.</p>
<p><b>BENOIT GASCON</b> <sup>(2)</sup> Québec, Canada</p> <p>Director since October 15, 2012 Not independent</p> <p>Common Shares: 362,830 Options: 3,000,000</p> <p>Attendance: Board 12/12 Compensation Committee 1/1</p>	<p>Mr. Gascon is the President and Chief Executive Officer of the Corporation. He brings 30 years of experience in the graphite and carbon industries. From 1990 to 1999, he was the Chief Executive Officer of Stratmin Graphite Inc. which operates the Lac-des-Iles deposit, which currently has a graphite mine in production. He was involved with the negotiation of the take-over of Stratmin Graphite by Imerys SA, to form Timcal Graphite &amp; Carbon Inc. ("Timcal"). From 1999 to 2009, at Timcal, he held various executive positions from Senior Vice-President Sales and Deputy General Manager to Senior Vice-President, Business Development and Strategy. Mr. Gascon is a CPA, CA and holds a Bachelor in Business Administration from École des Hautes Études Commerciales (HEC).</p> <p>Other Public Company Board: - NanoXplore Inc.</p>
<p><b>FRANÇOIS LAURIN</b><sup>(1)(2)</sup> Québec, Canada</p> <p>Director since October 15, 2012 Independent</p> <p>Common Shares: 783,333 Options: 400,000</p> <p>Attendance: Board 12/12 Compensation Committee 1/1 Audit Committee 4/4</p>	<p>Mr. Laurin is a professional finance executive with over 35 years of experience and serves as Executive Vice President and Chief Financial Officer of Laurentian Bank of Canada since 2015. He previously served as Chief Financial Officer of Alderon Iron Ore Corp. from June 2013 to December 2014, and BioAmber Inc. from January 2015 to August 2015 and was President and Chief Executive Officer of Cap-Ex Iron Ore Ltd. from December 2011 to June 2013. Prior to those positions, he served as Chief Financial Officer of Consolidated Thompson Iron Mines Ltd. and numerous senior finance positions including at Transat AT Inc. and CDP Private Capital Investments. Mr. Laurin is also involved with various charitable organizations. He is a FCPA, FCA, CFA, ICD.D and holds a Bachelor of Commerce degree from McGill University.</p> <p>Other Public Company Board: none</p>
<p><b>GUY CHAMARD</b><sup>(1)</sup> Québec, Canada</p> <p>Director since December 15, 2015 Independent</p> <p>Common Shares: none Options: 100,000</p> <p>Attendance: Board 12/12 Audit Committee 4/4</p>	<p><i>Nominee of Ressources Québec inc., appointed pursuant to nomination rights granted by the Corporation pursuant to a bought deal private placement financing on April 28, 2014.</i></p> <p>Mr. Chamard brings over 30 years of engineering and construction management experience to the Mason Graphite team. He has managed the design, engineering and construction of numerous mining projects around the world. From 2007 to 2014, Mr. Chamard worked as a Senior Manager, Mines &amp; Geology for WSP Canada Inc., an engineering and construction management services firm and has worked in the position of Project Director, Industrial Services – Mining with Tetra Tech Inc., a provider of engineering, construction management and technical consulting services, since 2014. He has also gained additional valuable experience as prevention officer for construction sites and was also a lecturer for the Engineering Masters Program at the University of Sherbrooke.</p>

Name, Residence, Year First Became Director, Committee(s) and Attendance	Biography and Directorships
	Other Public Company Board: - Glen Eagle Resources Inc.
<p><b>GILLES GINGRAS</b> <sup>(1)</sup> Québec, Canada</p> <p>Director since March 15, 2018 Independent</p> <p>Common Shares: None Options: None</p> <p>Attendance : Board 12/12 Audit Committee 4/4</p>	<p>Mr. Gingras, CPA, CA, ICD.D, has more than 30 years of experience in accounting, consulting and professional services having held senior positions with Charrette Fortier Hawey and Samson Bélair Deloitte &amp; Touche, notably in the technology, manufacturing, mining and food industries. Mr. Gingras was on the Canadian Board of Directors of Deloitte from 2002 to 2010. Since 2013, he is a Director of Geomega Resources Inc. and Chairman of its audit committee. Mr. Gingras holds an accounting degree from Laval University.</p> <p>Other Public Company Board: - Geomega Resources Inc.</p>
<p><b>GASTON A. MORIN</b> Québec, Canada</p> <p>Proposed Director Independent</p> <p>Common Shares: 15,000 Options: None</p>	<p>Mr. Morin is a Professional Engineer with a Master's degree in Mining Engineering from Laval University (1973) and a Graduate from Harvard Business School (1994). He is a former Vice-President Operation-Technology of Québec Cartier Mining from 1997 to 2008 and Vice-President Technology ArcelorMittal Mine Canada from 2008 until 2013. Mr. Morin has served as chairman of the Board for the Québec Mining Association and for COREM.</p> <p>Other Public Company Board: none</p>

Note:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.

**Unless such authority is withheld, the persons named in the enclosed Form of Proxy intend to vote FOR the election of the Nominees as directors of the Corporation.**

As of the date hereof, the directors of the Corporation, as a group, beneficially own, or exercise control or direction, directly or indirectly, over 1,161,163 Common Shares, or approximately 0.85% of the outstanding Common Shares of the Corporation.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as otherwise indicated herein below, to the best of the Corporation's knowledge, after having made due inquiry, the Corporation confirms that no proposed director:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

- (b) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, nor has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Gaston A. Morin is a director of Stornoway Diamond Corporation (“Stornoway”). On September 9, 2019, Stornoway filed for protection under the *Companies’ Creditors Arrangement Act* (“CCAA”). As part of the CCAA process, on October 7, 2019, the Superior Court of Québec (Commercial Division) issued an approval and vesting order approving certain transactions amongst Stornoway, its subsidiaries and certain of their secured creditors. Closing of such transactions is expected to occur on or about November 1, 2019 and remains subject to the satisfaction of certain conditions.

### 3. Appointment of Auditors

PricewaterhouseCoopers LLP have been the auditors of the Corporation since November 12, 2013. The following table sets out the fees billed (or estimated) by the Corporation’s auditors for the years ended June 30, 2018 and 2019.

Services	2018	2019
Audit Fees	\$65,000	\$63,000
Audit-Related Fees	\$24,050	\$26,750
Tax Fees	\$10,000	\$8,350
Other Fees	\$nil	\$11,350
<b>Total:</b>	<b>\$90,050</b>	<b>\$109,450</b>

For additional information about the Corporation’s auditors and the Audit Committee, please refer to the section under the heading “Audit Committee” below.

**Unless authority to do so is withheld, the persons named in the accompanying Form of Proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation until the next annual meeting of Shareholders and FOR the authorization to set the auditors’ remuneration. The proposal requires the approval of a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.**

### 4. Other Matters

The Corporation knows of no other matter to come before the Meeting other than those referred to in the notice of meeting. However, if any other matters which are not known to the management should properly come before the Meeting, **the accompanying Form of Proxy confers**

**discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.**

## **CORPORATE GOVERNANCE**

The Corporation and the Board recognize the importance of corporate governance in effectively managing the Corporation, protecting employees and shareholders, and enhancing shareholder value. The Corporation believes that its corporate governance practices are in compliance with applicable Canadian requirements for TSX Venture Exchange listed issuers. The Corporation is committed to monitoring governance developments to ensure its practices remain current and appropriate.

The Corporation's disclosure of corporate governance practices pursuant to Regulation 58-101 *respecting Disclosure of Corporate Governance Practices* is set out in Schedule "A" to this Circular in the form required by Form 58-101F2.

## **ABOUT THE BOARD**

The Board fulfils its mandate directly at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may vary depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

### ***Majority Voting Policy***

The Corporation has adopted a Majority Voting Policy to provide a meaningful way for the Shareholders to hold individual directors accountable and to require the Corporation to closely examine directors that do not have the support of a majority of Shareholders. The policy provides that forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee and that where a director nominee has more votes withheld than are voted in his/her favour, the nominee will be considered not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Pursuant to the policy, such a nominee will forthwith submit his or her resignation to the Board, such resignation to be effective on acceptance by the Board. The Board will then establish an advisory committee to which it shall refer the resignation for consideration. In such circumstances, the advisory committee will make a recommendation to the Board as to the director's suitability to continue to serve as a director after reviewing, among other things, the results of the voting for the nominee and the Board will consider such recommendation. This policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board).

## **AUDIT COMMITTEE**

The purposes of the Audit Committee are to assist the Board's oversight of: the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors. Please see Schedule "B" hereto for the Audit Committee Charter.

The Corporation's Audit Committee is currently comprised of three directors: Francois Laurin (Chair), Guy Chamard and Gilles Gingras. Each of the members of the Audit Committee is considered financially literate and independent. Please refer to the section titled "Business of the Meeting – Election of Directors – Director Profiles", for the relevant education and experience of each of the members of the Audit Committee.

## **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

## **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on either (a) an exemption in section 2.4 (*De Minimis Non-Audit Services*) of Regulation 52-110 *respecting Audit Committees* ("**Regulation 52-110**"); or (b) an exemption from Regulation 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of Regulation 52-110. As the Corporation is listed on the TSX Venture Exchange, it is relying on the exemptions provided in section 6.1 (*Venture Issuers*) of 52-110, from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*).

## **External Auditors**

The Audit Committee pre-approves all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditors. Please see page 8 for the fees paid to external auditors for the financial years ended June 30, 2018 and 2019.

## **COMPENSATION COMMITTEE**

The Corporation's Compensation Committee is comprised of three directors: Paul R. Carmel (Interim – Chair of the committee), François Laurin and Benoît Gascon (CEO). Paul R. Carmel and François Laurin are independent. The Compensation Committee is established by the Board to assist the Board in fulfilling its responsibilities relating to human resources and compensation matters.

## **EXECUTIVE COMPENSATION**

### **Oversight and Description of Director and Named Executive Officer Compensation**

#### ***Named Executive Officers***

For the financial year ended June 30, 2019, the objectives of the Corporation's compensation strategy was to ensure that compensation for its Named Executive Officers, (as defined below) is sufficiently attractive to recruit, retain and motivate high performing individuals to assist Mason Graphite in achieving its goals.

The process for determining executive compensation is relatively informal, in view of the size and stage of the Corporation and its operations. Executive officers are involved in the process and make recommendations to the Compensation Committee, which considers and recommends to the Board for approval the discretionary components (e.g. cash bonuses) of the annual compensation of senior management. Except as otherwise described below, the Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. Upon the recommendation of the Compensation Committee, the Board may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board deem as worthy of recognition.

Compensation for the Named Executive Officers is composed primarily of three components: base fees, performance bonuses and stock based compensation. In establishing the levels of base fees, performance bonuses and the award of stock options, the Compensation Committee takes into

consideration a variety of factors, including the financial and operating performance of the Corporation, and each Named Executive Officer's individual performance and contribution towards meeting corporate objectives, responsibilities and length of service.

#### *Salary*

Amounts paid to Named Executive Officers as base salary, including merit salary increases, are determined in accordance with an individual's performance and salaries in the marketplace for comparable positions. There is no mandatory framework that determines which of these factors may be more or less important and the emphasis placed on any of these factors may vary among the executive officers. The determination of base salaries relies principally on negotiations between the respective Named Executive Officer and the Corporation and is therefore heavily discretionary.

#### *Bonus*

Mason Graphite's cash bonus awards are designed to reward an executive for the direct contribution which he or she can make to the Corporation. Named Executive Officers are entitled to receive discretionary bonuses from time to time as determined or approved by the Board, upon the recommendation of the Compensation Committee, or the Chief Executive Officer, as applicable. The Corporation does not currently prescribe a set of formal objective measures to determine discretionary bonus entitlements. Rather the Corporation uses informal goals which may include an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. Precise goals or milestones are not pre-set by the Board.

#### *Stock Option Plan*

On October 26, 2016, the Board adopted a fixed number stock Option Plan under which the Corporation is authorized to grant stock options for a maximum of 11,000,000 common shares, which is less than 10% of its issued and outstanding Common Shares, with or without vesting provisions (the "**Stock Option Plan**"). As of the date hereof, there is an aggregate of 7,170,000 options outstanding under the Stock Option Plan, which represents approximately 5.26% of the total issued and outstanding Common Shares.

The Stock Option Plan is designed to advance the interests of the Corporation by encouraging employees, officers and consultants to have equity participation in the Corporation through the acquisition of Common Shares. The following is a summary of the terms of the Stock Option Plan, which is qualified in its entirety by the provisions of the Stock Option Plan.

Options are granted pursuant to the Corporation's Stock Option Plan and in accordance with the rules of the TSX Venture Exchange. The Stock Option Plan is administered by the Board, upon the recommendations of the Compensation Committee.

Directors, officers, employees and certain consultants are eligible to receive stock options under the Stock Option Plan. Upon the termination of an optionholder's engagement with the Corporation, the stock options held by such optionholder will be cancelled 90 days following such optionholder's termination from the Corporation. Stock options granted under the Stock Option Plan are not assignable.

The terms and conditions of each option granted under the Stock Option Plan will be determined by the Board upon the recommendation of the Compensation Committee. Options will be priced in the context of the market and in compliance with applicable securities laws and TSX Venture Exchange guidelines. Vesting terms will be determined at the discretion of the Board on the recommendation of the Compensation Committee. The Board shall also determine the term of stock options granted under the Stock Option Plan, provided that no stock option shall be outstanding for a period greater than ten years.

The Board believes that, except for material changes, it is important for the Board to have the flexibility to make changes to the Stock Option Plan without requiring the shareholders' approval. Such changes include making appropriate adjustments to outstanding options in the event of certain corporate transactions, adding provisions which require the forfeiture of options in certain circumstances, specifying practices with respect to applicable tax withholdings and making other changes to enhance clarity or correct ambiguous provisions.

The Stock Option Plan does not provide for the transformation of stock options granted under the Stock Option Plan into stock appreciation rights involving the issuance of securities from the treasury of the Corporation.

The Corporation will not provide financial assistance to any optionholder to facilitate the exercise of options under the Stock Option Plan.

The table below sets out the outstanding options under the Stock Option Plan, being the Corporation's only compensation plan under which Common Shares are authorized for issuance, as of June 30, 2019.

	<b>Number of securities to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a)) as of June 30, 2019</b>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders	7,170,000	\$0.90	3,830,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>TOTAL</b>	7,170,000	\$0.90	3,830,000

### **Directors**

Compensation of directors for the financial year ended June 30, 2019 is determined according to policy in place.

The Chairman of the Board is paid \$60,000 per annum and each director other than the Chairman receives director fees of \$15,000 per annum. The Chair of the Audit Committee is paid an additional \$15,000 per annum and the Chair of the Compensation Committee is paid an additional \$10,000 per annum. Executive officers who also act as directors of the Corporation do not receive any additional compensation for services rendered in their capacity as directors. In addition, meeting fees in the amount of \$2,000 are paid for each board and committees meetings. Such fees are established at \$1,000 when attendance to such meetings is by phone.

Directors are entitled to participate in the Corporation's Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. No options were granted to board members for the year ended June 30, 2019, as the Corporation has undertaken a financing process.

During the financial year ended June 30, 2019 directors were paid fees in their capacity as directors of the Corporation as is set out in the tables below under the heading "Director and Named Executive Officer Compensation".

## Director and Named Executive Officer Compensation

The following table summarizes the compensation paid during the two financial years ended June 30, 2018 and 2019 in respect of the individuals who were carrying out the role of the Chief Executive Officer and Chief Financial Officer of the Corporation, and the most highly compensated executive officer other than the Chief Executive Officer and Chief Financial Officer at the end of the most recently completed financial year whose total compensation was individually more than \$150,000 for that financial year (the "**Named Executive Officers**") and each Director of the Corporation who is not a Named Executive Officer.

For the financial year ended June 30, 2019, the Corporation had four named executive officers, namely Benoit Gascon, President and Chief Executive Officer, Luc Veilleux, Executive Vice President, Chief Financial Officer and Corporate Secretary until June 12, 2019, Pascale Choquet, Interim Chief Financial Officer since June 12, 2019 and Jean L'Heureux, Executive Vice President, Process Development of the Corporation.

Name and Position	Year Ended June 30	Salary, consulting fee, retainer or commission (\$)	Bonus <sup>(10)</sup> (\$)	Committee or meeting fees (\$)	Perquisites <sup>(11)</sup> (\$)	All other Compensation (\$)	Total compensation (\$)
<b>Benoit Gascon</b> <sup>(1)</sup> President, Chief Executive Officer and Director	2018	315,000	-	-	-	-	315,000
	2019	321,700	160,000	-	-	-	481,700
<b>Luc Veilleux</b> <sup>(2)</sup> Former Executive Vice President, Chief Financial Officer and Corporate Secretary	2018	128,550	-	-	-	-	128,550
	2019	60,000	75,000	-	-	-	135,000
<b>Pascale Choquet</b> <sup>(3)</sup> Interim Chief Financial Officer	2019	11,700	-	-	-	-	11,700
<b>Jean L'Heureux</b> Executive Vice President, Process Development	2018	189,000	-	-	-	-	189,000
	2019	206,300	115,000	-	-	-	321,300
<b>Paul R. Carmel</b> <sup>(4)</sup> Chairman of the Board	2018	-	-	18,180	-	-	18,180
	2019	-	-	88,000	-	-	88,000
<b>François Laurin</b> Director	2018	-	-	25,625	-	-	25,625
	2019	-	-	56,000	-	-	56,000
<b>Guy Chamard</b> Director	2018	-	-	15,125	-	-	15,125
	2019	-	-	41,000	-	-	41,000
<b>Patrick Godin</b> <sup>(5)</sup> Former Director	2018	-	-	13,810	-	-	13,810
	2019	-	-	29,583	-	-	29,583
<b>Gilles Gingras</b> <sup>(6)</sup> Director	2018	-	-	7,340	-	-	7,340
	2019	-	-	35,000	-	-	35,000
<b>Geoffrey Scott Moore</b> <sup>(7)</sup> Former Director	2018	-	-	6,250	-	-	6,250
	2019	-	-	-	-	-	-
<b>Alastair Neill</b> <sup>(8)</sup> Former Director	2018	-	-	3,125	-	-	3,125
	2019	-	-	-	-	-	-
<b>Tyrone Docherty</b> <sup>(9)</sup> Former Director	2018	-	-	15,000	-	-	15,000
	2019	-	-	-	-	-	-

Notes:

- (1) Executive Officers who also act as Directors do not receive any additional compensation for services rendered in their capacity as Director.
- (2) Luc Veilleux resigned as Executive Vice President, Chief Financial Officer and Corporate Secretary on June 12, 2019.
- (3) Pascale Choquet was appointed Interim Chief Financial Officer on June 12, 2019.
- (4) Paul R. Carmel was appointed as Chairman of the Board on March 15, 2018.
- (5) Patrick Godin was appointed as director on November 22, 2017 and resigned on May 3, 2019.
- (6) Gilles Gingras was appointed as director on March 15, 2018.
- (7) Geoffrey Scott Moore resigned as director of the Corporation on March 15, 2018.
- (8) Alastair Neill resigned as director of the Corporation on November 22, 2017.
- (9) Tyrone Docherty resigned as Chairman of the Board on March 15, 2018.
- (10) Compensation paid in the form of discretionary performance based bonuses paid in 2019, but for the years 2017 and 2018.
- (11) "Perquisites" means benefits that are not offered to all the employees and that, in aggregate, are greater than the following amounts for the financial year: a) \$15,000, if the total salary of the Named Executive Officer or Director does not exceed \$150,000; b) 10% of the Named Executive Officer's or Director's salary, if his total salary is greater than \$150,000 but less than \$500,000; c) \$50,000, if the Named Executive Officer's or Director's salary is \$500,000 or greater.

### **Stock Options and Other Compensation Securities**

Options are granted pursuant to the Corporation's Stock Option Plan and in accordance with the rules of the TSX Venture Exchange. See above under the heading "*Stock Option Plan*" for a description of the material terms of the Corporation's Stock Option Plan. The Corporation does not have any other incentive plan under which compensation securities are awarded.

No options or other compensation securities were granted to directors and named executive officers for the year ended June 30, 2019.

No options were exercised by the directors and named executive officers during the year ended June 30, 2019.

### **Long Term Incentive Plan**

The Corporation does not currently have a long term incentive plan.

### **Defined Benefit or Actuarial Plan**

The Corporation does not currently have a defined benefit or actuarial plan under which benefits are determined primarily by final compensation (or average final compensation) and years of services.

### **Employment, Consulting and Management Agreements**

#### ***Summary of Material Terms***

The following describes the respective consulting and employment agreements entered into by the Corporation and its Named Executive Officers as of the date hereof.

<b>Name</b>	<b>Monthly Fees</b>	<b>Severance on Termination</b>	<b>Severance on Change of Control<sup>(1)</sup></b>
<b>Benoit Gascon</b> President and Chief Executive Officer	\$27,083	12 months' fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change in Control in the event that the Change of Control is approved by the Board. Otherwise 36 months base fees plus aggregate cash bonuses paid in the 36 months prior to the Change in Control.

<b>Jean L'Heureux</b> Executive Vice President, Process Development	\$17,917	12 months' fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change in Control in the event that the Change of Control is approved by the Board. Otherwise 36 months base fees plus aggregate cash bonuses paid in the 36 months prior to the Change in Control.
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(1) Becomes payable within one year following the date of a Change of Control when the Corporation either terminates the executive officer's appointment or alters his/her position and/or responsibilities in a materially adverse manner.

For the purpose of the agreements set forth above, "Change of Control" is defined as the acquisition by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Canada Business Corporations Act*) of: (1) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (2) shares or rights or options to acquire shares of any material subsidiary of the Corporation or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the material subsidiary; or (3) more than 50% of the material assets of the Corporation, including the acquisition of more than 50% of the material assets of any material subsidiary of the Corporation.

### **Summary of Termination Payments**

The estimated incremental payments, payables and benefits that might be paid to the Named Executive Officers pursuant to the above noted agreements in the event of termination without cause or after a Change of Control (assuming such termination or Change of Control is effective as of the Record Date) are detailed below:

Named Executive Officer		Termination not for Cause (\$)	Change of Control Approved by Board (\$)	Change of Control Not Approved by Board (\$)
<b>Benoit Gascon</b>	Salary and Quantified Benefits	325,000	650,000	975,000
	Bonus	N/A	160,000	160,000
	Total	325,000	810,000	1,135,000
<b>Jean L'Heureux</b>	Salary and Quantified Benefits	215,000	430,000	645,000
	Bonus	N/A	115,000	115,000
	Total	215,000	545,000	760,000

The Corporation has not, as yet, adopted a policy restricting its Named Executive Officers or directors from purchasing instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officers or directors.

In light of the Corporation's size, the Board does not deem it necessary to consider at this time the implications of the risks associated with its compensation policies and practices.

### **Management contracts**

As at the date of this Circular, and during the financial year ended June 30, 2019, no management functions of the Corporation or any of its subsidiaries were to any substantial degree performed other than by the directors or executive officers of the Corporation or subsidiary.

#### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

As at the date of this Circular, and during the financial year ended June 30, 2019, no director or executive officer of the Corporation or Nominee (and each of their associates and/or affiliates) was indebted, including under any securities purchase or other program, to (i) the Corporation or its subsidiaries, or (ii) any other entity which is, or was at any time during the financial year ended June 30, 2019, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of the Corporation, no informed person of the Corporation or any associate or affiliate of the foregoing has had any material interest, direct or indirect, in a transaction having been concluded since the beginning of the most recently completed fiscal year or in any proposed transaction which has or would affect in a material manner the Corporation or one of its subsidiaries.

#### **DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION**

The Corporation maintains insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers. The Corporation has purchased in respect of directors and officers an aggregate of \$10,000,000 in coverage. The approximate amount of premiums paid by the Corporation during the financial year ended June 30, 2019 in respect of such insurance was \$20,487.

#### **ADDITIONAL INFORMATION AND CONTACT INFORMATION**

Additional information relating to the Corporation may be found under the profile of the Corporation on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's audited financial statements and related management's discussion and analysis for the financial year ended June 30, 2019, which can be found under the profile of the Corporation on SEDAR. Shareholders may also request these documents from the Corporation by email at [pchoquet@masongraphite.com](mailto:pchoquet@masongraphite.com) or by telephone at 1-514-289-3580.

#### **APPROVAL OF THE BOARD**

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

Laval, Québec, November 7, 2019

#### **BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) *"Benoit Gascon"*

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President and Chief Executive Officer

## **SCHEDULE "A"**

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES MASON GRAPHITE INC.**

The board of directors of the Corporation (the "**Board**"), after reviewing the policies, rules and guidelines concerning disclosure, by listed Corporations, of their corporate governance practices, adopted by certain Canadian stock exchanges as well as by the Canadian Securities Administrators, has undertaken the implementation of guidelines which in the Board's opinion, are appropriate given the size of the Corporation and its current stage of development.

#### **BOARD OF DIRECTORS**

The Board is currently comprised of six members (one seat being currently vacant), of which only Benoit Gascon, President and Chief Executive Officer of the Corporation, is not an "independent" member pursuant to Regulation 58-101 (within the meaning of paragraph 1.4 of Regulation 52-110). Conversely, Messrs. Paul R. Carmel, François Laurin, Guy Chamard and Gilles Gingras are independent directors.

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- a majority of the directors are not management of the Corporation and are considered independent of the Corporation;
- under the by-laws of the Corporation, any two directors may call a meeting of the Board; and
- the Board practice is to hold in-camera meetings with the independent directors at the end of each Board or committee of the Board meeting to the extent required.

The Corporation is of the opinion that each of its directors is a person whose knowledge and experience are relevant to the business of the Corporation and makes a disinterested, high quality contribution. For all these reasons, the Corporation believes that all its directors are concerned with performing their duties and assuming their responsibilities in the best interests of the Corporation and all the shareholders rather than in their own interest or that of a particular group of shareholders.

#### **DIRECTORSHIPS**

The boards of directors to which each of the Corporation's Directors is a party to are indicated under the section of the circular titled "Business of the Meeting – Election of Directors".

#### **ORIENTATION AND CONTINUING EDUCATION**

The Board is responsible for ensuring that new directors are provided with an orientation and education program, which includes written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. The Board ensures that all directors are apprised of changes in the Corporation's operations and business.

## **ETHICAL BUSINESS CONDUCT**

The Board is apprised of the activities of the Corporation and ensures that it conducts such activities in an ethical manner. The Board has not adopted a written code of business conduct and ethics, however, the Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct. In particular, the Board ensure that directors exercise independent judgement in considering transactions and certain activities of the Corporation by holding in camera sessions of independent directors, when applicable, and by having each director declare his or her interest in a particular transaction and abstaining from voting on such matters, where applicable.

## **NOMINATION OF DIRECTORS**

The Board is solely responsible for identifying new candidates for nomination to the Board. The process by which candidates are identified is through recommendations presented to the Board, which establishes and discusses qualifications based on corporate law and regulatory requirements as well as education and experience related to the business of the Corporation.

## **COMPENSATION**

The Compensation Committee is responsible for recommending to the Board the compensation of the directors and senior officers of the Corporation. The process for determining executive compensation is relatively informal, in view of the size and stage of the Corporation and its operations. The Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. Upon the recommendation of the Compensation Committee, the Board may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board deems as worthy of recognition. Please refer to the section titled "Executive Compensation" of the Circular for more information.

The Compensation Committee considers and discusses proposals received from its members and the Chief Executive Officer of the Corporation regarding the compensation of management and the directors. Please refer to the section titled "Compensation Committee" of the Circular.

## **OTHER BOARD COMMITTEES**

The Board has no other committee than the Audit Committee and the Compensation Committee.

## **ASSESSMENT OF THE BOARD**

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. The Chairman of the Board encourages discussion amongst the Board as to evaluation of the effectiveness of the Board as a whole and of each individual director. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

## SCHEDULE "B"

### AUDIT COMMITTEE CHARTER

#### 1. PURPOSE

**1.1** The primary functions of the Audit Committee of Mason Graphite Inc. (the "Corporation") are to fulfill its responsibilities in relation to reviewing the integrity of the Corporation's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Corporation's compliance with legal and regulatory requirements; selecting the external auditors for shareholder approval; and reviewing the qualifications, independence and performance of the external auditors.

#### 2. MEMBERSHIP AND ORGANIZATION

**2.1 Composition** - Subject to paragraph 2.6, the Audit Committee shall consist of not less than three independent members of the Board. At the invitation of the Audit Committee, members of the Corporation's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.

**2.2 Appointment and Removal of Audit Committee Members** - Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of shareholders of the Corporation at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

**2.3 Chair** - At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.

**2.4 Independence** - Subject to paragraph 2.6, each member of the Audit Committee shall be an "independent" (as such term is used in National Instrument 52-110 - Audit Committees ("NI 52-110")).

**2.5 Financial Literacy** - Subject to paragraph 2.6, members of the Audit Committee shall be financially literate or agree to become financially literate within a reasonable period of time following the member's appointment. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

**2.6 Venture Issuer** - For so long as the Corporation is a "venture issuer" as defined in NI 52-110, it is not required to comply with the provisions of paragraph 2.1 "Composition", 2.4 "Independence" or 2.5 "Financial Literacy" above. In the event the Corporation cannot comply with all or a part of these provisions, then the Committee shall be comprised of not less than three members of the Board, a majority of whom are not officers or employees of the Corporation or a subsidiary of the Corporation.

#### 3. MEETINGS

**3.1 Meetings** - The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board or the President and CEO may call a meeting of the Audit

Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a Chair from their number for a meeting.

**3.2 Secretary and Minutes** - The Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

**3.3 Quorum** - A majority of the members of the Audit Committee shall constitute a quorum. If a quorum cannot be obtained for an Audit Committee meeting, members of the Board who would qualify as members of the Audit Committee may, at the request of the Chair or the Chairman of the Board, serve as members of the Audit Committee for that meeting.

**3.4 Access to Management and Outside Advisors** - The Audit Committee shall have unrestricted access to management and employees of the Corporation, and, from time to time may hold meetings with the external auditor, the CFO or the President and CEO. The Audit Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any officer of the Corporation. The Corporation shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

**3.5 Meetings Without Management** - The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

#### **4. FUNCTIONS AND RESPONSIBILITIES**

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by applicable corporate securities laws, the binding requirements of the stock exchanges on which the securities of the Corporation are listed, and all other applicable laws.

##### **4.1 Financial Reports**

- (a) **General** - The Audit Committee is responsible for reviewing the integrity of the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The external auditors are responsible for auditing the Corporation's annual consolidated financial statements and, if requested by the Corporation, for reviewing the Corporation's unaudited interim financial statements.
- (b) **Review of Annual Financial Reports** - The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the external auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation to determine whether they present fairly, in all material respects in accordance with International Financial Reporting Standards ("IFRS") in which the financial statements of the Corporation are prepared from time to time, the financial condition, results of operations and cash flows of the Corporation. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.
- (c) **Review of Interim Financial Reports** - The Audit Committee shall review the interim consolidated financial statements of the Corporation, the external auditors review report thereon, if applicable, and the related MD&A to determine whether they present fairly, in all material respects in

accordance with IFRS, the financial condition, results of operations and cash flows of the Corporation. After completing its review, if advisable, the Audit Committee shall, if so authorized by the Board, approve the interim financial statements and the related MD&A, or if not authorized by the Board, then approve and recommend for Board approval.

(d) **Review Considerations** - In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the external auditors to discuss the financial statements and MD&A;

(ii) review the disclosures in the financial statements;

(iii) review the audit report or review report prepared by the external auditors;

(iv) discuss with management, the external auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting;

(ix) review results of the Corporation's whistleblowing program; and

(x) review any other matters, related to the financial statements, that are brought forward by the external auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or applicable law.

**4.2 Approval of Other Financial Disclosures** - The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing financial results of the Corporation and any other material financial disclosure, including in Management Information Circulars and Annual Information Forms.

#### **4.3 External Auditors**

(a) **General** -The Audit Committee shall be responsible for oversight of the work of the external auditors in auditing and reviewing the Corporation's financial statements and internal controls over financial reporting.

(b) **Appointment and Compensation** - The Audit Committee shall review and, if advisable, select and recommend (i) for shareholder approval, the appointment of the external auditors and (ii) for shareholder or Board approval, as applicable, the compensation of the external auditors.

(c) **Annual Review Report** - At least annually, the Audit Committee shall obtain and review a report by the external auditors describing: (i) their internal quality-control procedures and (ii) any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting

one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.

- (d) **Audit Plan** - At least annually, the Audit Committee shall review a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.
- (e) **Quarterly Review Report** - If the external auditors review the Corporation's unaudited interim financial statements, then the Audit Committee shall review a quarterly review report prepared by the external auditors in respect of each of the interim financial statements of the Corporation.
- (f) **Independence of External Auditors** - At least annually, and before the external auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Corporation, discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors, and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs.
- (g) **Evaluation and Rotation of Lead Partner** - At least annually, the Audit Committee shall review the qualifications and performance of the lead partners of the external auditors. The Audit Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Corporation and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- (h) **Pre-Approval of Non-Audit Services** - The Audit Committee shall pre-approve any retainer of the external auditors for any non-audit service to the Corporation in accordance with applicable law and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.
- (i) **Hiring Practices** - The Audit Committee shall review and approve guidelines regarding the hiring of employees or former employees of the external auditors.

#### 4.4 Internal Controls

- (a) **General** - The Audit Committee shall monitor the system of internal control.
- (b) **Establishment, Review and Approval** - The Audit Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the external auditors: (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions; (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings; (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators; (iv) any related significant issues and recommendations of the external auditors together with management's

responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

**4.5 Whistleblowing Procedures** - The Audit Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by the Corporation from employees or others, regarding accounting, internal accounting controls, or auditing matters.

**4.6 Succession Planning** - In consultation with the Board, the Audit Committee shall review succession plans for the CFO and Controller of the Corporation. The Audit Committee shall review candidates for the position of CFO of the Corporation and make recommendations to the Board with respect to the appointment of a CFO.

**4.7 Adverse Investments and Transactions** - The Audit Committee shall review any investments and transactions that could adversely affect the well-being of the Corporation.

**4.8 Audit Committee Disclosure** - The Audit Committee shall review and approve any audit committee disclosures required by securities regulators in the Corporation's disclosure documents.

**4.9 Assessment of Regulatory Compliance** - The Audit Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.

**4.10 Delegation** - The Audit Committee may designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

## **5. REPORTING TO THE BOARD**

**5.1** The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.