

HIGHLIGHTS

Monitoring Committee's Public Meeting for the Lac Guéret Project January 27, 2020

Approximately 35 people attended the meeting. It was chaired by Jean-Pierre Barry, president of the monitoring committee. Jean L'Heureux, Yves Perron, and Julie Gravel (Mason Graphite representatives), who were not able to attend due to a problem with their flight, participated via videoconference and presented a project update.

A. Project Progress Update by the Mason Graphite Team

1. Financing progress

- The financing framework is built around two main objectives: minimizing dilution for shareholders and ensuring a solid foundation for future growth.
- At least one strategic partner will need to be involved.
- Construction and development costs (CAPEX) for the facilities (mine and concentrator sites) are \$258 M. A total of \$40 M of this sum has already been invested.
- Partial financing of \$45.0 M was closed in January 2018. The sale of NanoXplore shares in 2019 generated \$28.2 M.

2. Project progress since the last meeting

- As a reminder, the status of detailed engineering is at 75% for the overall project. All government authorizations required for the start of construction have already been obtained. Construction will begin as soon as financing is complete.
- The Mason Graphite team continues to create value for the project.
- Since the last meeting, the layout of the mine infrastructure was revised in recent months in order to reduce the project's footprint, to improve water management, and to implement a R&D program for waste rock.

3. Value-added products

- The Mason Graphite team is currently working on a technical and economic study of value-added products, the main market for which is Li-ion batteries for electric vehicles. Results are expected in February 2020 and will be communicated in due course in accordance with standard requirements.
- In short, the process under study involves bringing graphite to a purity level of 99.95% C, grinding it very finely, rounding it, and finally coating it with a thin layer of carbon.

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B. Monitoring Committee's Annual Report for the Lac Guéret Project

- The monitoring committee ensures that the project is seamlessly integrated into the community. The committee is made of up of 13 community representatives.
- The first annual report will cover the period between its launch in July 2018 and December 31, 2019.
- The committee meets once per quarter (5 meetings are covered in the annual report), alternating between East and West sectors of Baie-Comeau and Pessamit. A public meeting is also held the same day. During the period under review, 170 people attended the public meetings. These meetings were broadcast on Facebook, and they generated 4,900 views.
- The monitoring committee also actively participates in the dialogue with the community to ensure that the exchanges between Mason Graphite and the community are seamless and productive.
 - 82 communications were processed during this period;
 - The majority were requests for information (72%);
 - The majority of the questions were about employment prospects (28%), project financing (28%), and the activities of the monitoring committee (20%);
 - No complaints were filed during this period;
 - The average response time is 1.2 days.
- Since its establishment, the committee's focus has been the following:
 - To establish operational procedures in accordance with its mandate (Charter adopted in January 2019);
 - To take charge of the principal components of the Lac Guéret project;
 - To develop sustainable development key performance indicators, a tool to help evaluate the project's social and environmental performance as part of an ongoing effort for continuous improvement. The selected performance indicators will be the subject of a new report in June 2020.
- All documents pertaining to the committee's work can be found at www.projetlacgueret.com/comitesuivi. The detailed annual report will be available shortly.

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C. Questions and Comments from the Public

Question 1

Are all the contracts for work taking place in Baie-Comeau [concentrator site] concluded?

Response from Mason Graphite

Calls for tenders were posted for various sectors, such as civil works, excavation, steel structures, and concrete in order to begin construction. We have several letters of intent. These contracts will be announced once financing is completed.

Question 2

In terms of mine development, will you be tendering and will local contractors be invited to participate?

Response from Mason Graphite

Initial development and mine preparation work will be done by a contractor. Once our employees are hired, they will take over. There will be calls for tenders and, yes, local contractors will be invited to participate, as they always are.