Graphite - 101

- Graphite, diamonds and coal, are crystalline forms of Carbon

\[
\text{C} \quad \text{Individual layers are Graphene} \\
\text{Graphite} \quad \text{Combined layers form Graphite}
\]

- Graphite is an essential but often unrecognized material for modern life
- It has broad industrial applications due to its unique properties*:
  - Properties of both metals and non-metals (ideal for industrial applications)
  - Highest natural strength and stiffness of any material
  - Lightest weight of all reinforcement materials
  - Very high melting point; low thermal expansion/shrinkage
  - High electrical and thermal conductivity
  - Low frictional resistance and hydrophobic behaviour (excellent lubricant)
  - Non-toxic, chemically inert and high resistance to corrosion

*Properties vary depending on the purity and size of the graphite crystals; this directly affects the price of the resource

Graphite is not a homogenous commodity; it occurs naturally in 3 forms:

- Flake*
  - Highest Price, Lowest Supply
  - High Purity: 85%-98% carbon

- Amorphous
  - Least graphitic of the three
  - Lower Purity: 60%-90% carbon

- Vein/Lump
  - Uncommon & highly localized; <1% of world production;
  - Marginal applications

- Flake size and purity directly affects the price
- Natural medium/large flake graphite forecasted between $1,750 and $2,000/t

The Opportunity

<table>
<thead>
<tr>
<th>Graphite Global Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>2025</td>
</tr>
<tr>
<td>2030</td>
</tr>
</tbody>
</table>

- Graphite is not an openly traded mineral
- Prices are negotiated between end users and producers for annual and, sometimes, multi-year contracts
- Prices for graphite vary according to different parameters such as carbon content (purity), size, impurities and shape
- Continuous contact with customers is necessary
- There is a market for 100% of mined graphite material (from large to fine flakes)
- Market Study is underway to identify all end users in all market segments
Lac Guéret – Fundamentals for Success

Market
An essential and highly desirable product
Increasing graphite consumption and demand

Deposit
Exceptionally high grade ore body
Average 20.4% Carbon as Graphite (Cgr)

Track Record
Experienced Management Team
Imerys and Timcal Graphite & Carbon

Location
Ideally located & excellent mining jurisdiction
Côte-Nord in northeastern Québec

Location
- Property consists of 215 claims covering 11,630 ha (116 km²) in northeastern QC.
- 288 km from Baie-Comeau service centre, + 660 km to Montreal
- All-weather access from Hwy 389 and main logging roads throughout property
- Good accessibility to labour
- Excellent mining jurisdiction

Current NI 43-101 – GC Zone
Mineral Resource based on 2006 drilling program (2,149m)

<table>
<thead>
<tr>
<th>Categories</th>
<th>Unit</th>
<th>Tonnes</th>
<th>Grade (% Cgr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured (M)</td>
<td>Unit 1 (4 to 10% Cgr)</td>
<td>31,200</td>
<td>7.82</td>
</tr>
<tr>
<td></td>
<td>Unit 2 (10 to 27% Cgr)</td>
<td>122,800</td>
<td>14.85</td>
</tr>
<tr>
<td></td>
<td>Unit 3 (&gt;27% Cgr)</td>
<td>144,900</td>
<td>36.72</td>
</tr>
<tr>
<td></td>
<td>All units</td>
<td>298,900</td>
<td>24.39</td>
</tr>
<tr>
<td>Indicated (I)</td>
<td>Unit 1 (4 to 10% Cgr)</td>
<td>2,672,500</td>
<td>6.09</td>
</tr>
<tr>
<td></td>
<td>Unit 2 (10 to 27% Cgr)</td>
<td>2,089,200</td>
<td>16.83</td>
</tr>
<tr>
<td></td>
<td>Unit 3 (&gt;27% Cgr)</td>
<td>2,535,300</td>
<td>36.2</td>
</tr>
<tr>
<td></td>
<td>All units</td>
<td>7,297,000</td>
<td>20.24</td>
</tr>
<tr>
<td>M + I</td>
<td>Unit 1 (4 to 10% Cgr)</td>
<td>2,703,700</td>
<td>6.67</td>
</tr>
<tr>
<td></td>
<td>Unit 2 (10 to 27% Cgr)</td>
<td>2,212,000</td>
<td>18.3</td>
</tr>
<tr>
<td></td>
<td>Unit 3 (&gt;27% Cgr)</td>
<td>2,608,200</td>
<td>36.96</td>
</tr>
<tr>
<td></td>
<td>All units</td>
<td>7,528,500</td>
<td>20.4</td>
</tr>
</tbody>
</table>

M&I Average Grade: 20.4%
Inferred Average Grade: 17.29%

Source: TD Securities research department (Craig Miller)

Timeline & Key Milestones

- 2012
  - TSX-V Listing
  - Drilling Program (±18,000 metres)
  - NI 43-101 Mineral Resource Update
  - Metallurgical Testwork
  - Preliminary Economic Assessment (PEA)
  - Feasibility Study
  - Environmental Studies and Permitting
  - Construction
  - Commercial Production
- 2013
- 2014
- 2015

Metal Equivalence

<table>
<thead>
<tr>
<th>Graphite</th>
<th>Gold</th>
<th>Silver</th>
<th>Copper</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.4%</td>
<td>9.1 g/t</td>
<td>800 g/t</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: TD Securities research department

Management Team

Benoit Gascon, CEO
Over 20 yrs of experience in the Graphite & Carbon industries. He was the CEO of Stratmin Graphite which operates the Lac-des-îles deposit; one of North America’s only producing graphite mines. He was responsible for negotiating the complete take-over of Stratmin Graphite by Imerys SA, a world leader in Industrial Minerals, to form Timcal Graphite & Carbon.

Benoit Moreau, President & COO

Greg Duras, CFO

Simon Marcotte, Corporate Development

Share Structure

Capitalization Summary (Oct. 23, 2012)

- Shares Outstanding: 56,896,645
- Options: 500,000
- Warrants: 16,627,653
- Fully Diluted: 74,024,298
- Cash Position: ~$6.2 M

www.masongraphite.com