

## PURCHASE AGREEMENT

D-1

**THIS AGREEMENT DATED** April 5, 2012 is made

BETWEEN:

**QUINTO MINING CORPORATION**, a corporation incorporated pursuant to the *Business Corporations Act* (British Columbia)

(the “**Vendor**”)

– and –

**MASON GRAPHITE CORP.**, a corporation incorporated pursuant to the *Business Corporations Act* (Ontario)

(the “**Purchaser**”)

### **RECITALS**

- A. The Vendor is the owner of the Mining Claims.
- B. The Vendor has agreed to sell, and the Purchaser has agreed to buy, all of the Vendor’s right, title and interest in and to the Mining Claims on the terms and subject to the conditions of this Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### **ARTICLE 1 INTERPRETATION**

**1.1 Definitions.** In this Agreement, the following terms shall have the meanings set out below:

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning;

“**Agreement**” means this Agreement including the Schedules to this Agreement as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

**“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, (i) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, civil law, rule, municipal by-law, order or other requirement having the force of law, (ii) any policy, practice, protocol, standard or guideline of any governmental authority which, although not necessarily having the force of law, is regarded by such governmental authority as requiring compliance as if it had the force of law (collectively, the **“Law”**) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation;

**“Business Day”** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario, the Province of Quebec or the State of Ohio;

**“Change of Control”** means, in respect of the Purchaser, any of the following:

- (a) the completion of an amalgamation, arrangement, merger or other consolidation or combination of Purchaser and any other Person such that immediately following any such event, the members of the board of directors of Purchaser prior to such event do not constitute a majority of the board of directors of the successor entity resulting from such event;
- (b) the acquisition by any Person or group of Persons acting jointly or in concert, of direct or indirect beneficial ownership of more than 50% of the votes attaching to the outstanding shares of the Purchaser;
- (c) the sale of all or substantially all of the Purchaser's assets; and
- (d) the liquidation, dissolution or winding up of the Purchaser, or other distribution of the assets of the Purchaser among its shareholders, for the purposes of winding up the affairs of the Purchaser;

**“Closing Date”** means the date on which the transaction of purchase and sale contemplated by this Agreement shall have been completed in accordance with the terms hereof, which date shall be the date hereof or such later date as agreed to by the Parties in writing;

**“Closing Payment”** means an amount of \$7,500,000;

**“Collateral”** has the meaning set out in Section 2.4;

**“Commercial Production”** means, in respect of the Lands or any portion thereof, the day that is 90 days following the date on which Purchaser has mined, sold and shipped from the Lands the first 10,000 metric tonnes of graphite derived from the Lands, whether to an arm's length purchaser or otherwise. For greater certainty, graphite shall be deemed to have been shipped from the Lands when it is physically removed therefrom and regardless of the form of such graphite at the time of such shipment and, for greater certainty, regardless of whether such graphite, at the time of such shipment, has undergone beneficiation or any other form of processing;

**“Commercial Production Amount”** means an amount of \$5,000,000;

**“Damages”** means, whether or not involving a third party claim, any loss, cost, liability, claim, interest, fine, penalty, assessment, damages available at law or in equity (excluding incidental, consequential, special, aggravated, exemplary or punitive damages), expense (including reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation) or diminution in value;

**“Deed of Sale and Hypothec”** means a deed of sale and hypothec in the form attached hereto as Schedule “B” which shall be prepared by Vendor’s counsel and which shall contain, *inter alia*, a resolatory clause;

**“Feasibility Study”** has the meaning ascribed thereto by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended;

**“Feasibility Study Amount”** means an amount of \$2,500,000;

**“Hypothecs”** has the meaning set out in Section 2.4;

**“Innu Agreement”** means that certain agreement in principle entered into amongst the Government of Quebec, the Government of Canada and the First Nation of Betsiamites, the First Nation of Essipit, the First Nation of Mashteuiatsh and the First Nation of Nutashkuan and dated March 31, 2004;

**“Insolvency Event”** in respect of the Purchaser, means the Purchaser becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada) or comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Purchaser; proceedings are initiated under any legislation by or against the Purchaser seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts; or, the Purchaser ceases or the Vendor determines, in good faith and on a commercially reasonable basis, that the Purchaser has threatened to cease to carry on in the normal course all or any material part of the Purchaser’s business;

**“Lands”** means the lands subject to the Mining Claims;

**“Mining Claims”** means, as of the date of this Agreement, the mining claims more particularly described in Schedule “A” and, after the date of this Agreement, said mining claims and all mining claims, mining leases and any other mining title, deed or right to mineral substances or right to carry out work on land for the purposes of exploration, appraisal, development and extraction of mineral substances resulting from the renewal, conversion or any other transformation of said mining claims including, without limitation, any mining claims obtained (by staking or map designation) in replacement of such mining claims;

**“MRNFQ”** means the Ministère des Ressources naturelles et de la Faune du Québec;

“**Notice**” has the meaning set out in Section 7.2;

“**Party**” means a party to this Agreement and any reference to a “Party” includes its successors and permitted assigns; “Parties” means every Party;

“**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization including a co-operative, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

“**Prime Rate**” means the prime rate of interest per annum quoted by the Bank of Montreal from time to time as its reference rate of interest for Canadian dollar demand loans made to its commercial customers in Canada and which Bank of Montreal refers to as its “prime rate”, as such rate may be changed from time to time;

“**Purchase Price**” means the purchase price for the Mining Claims as set out in Section 2.2;

“**Purchaser**” means Mason Graphite Corp. and its successors and assigns permitted by this Agreement;

“**Purchaser’s Indemnified Parties**” means the Purchaser and the Purchaser’s Affiliates and their respective directors, officers, employees and agents;

“**Related Parties**” means, with respect to the Purchaser: (i) the Purchaser’s Affiliates; (ii) the respective directors, officers, employees, agents and advisors (each in his/her/its individual capacity and/or on behalf of any Person) of the Purchaser and the Purchaser’s Affiliates; and (iii) the Person eligible to receive a fee or other compensation in exchange for management services provided to the Purchaser;

“**Release Date**” means the date on which the Secured Obligations have been indefeasibly paid, performed and discharged in full;

“**Secured Obligations**” has the meaning set out at Section 2.4;

“**Transfer Taxes**” has the meaning set out in Section 7.7;

“**Vendor**” means Quinto Mining Corporation and its successors and assigns permitted by this Agreement;

“**Vendor’s Indemnified Parties**” means the Vendor and the Vendor’s Affiliates and their respective directors, officers, employees and agents;

“**Warrants**” means the common share purchase warrants for the purchase of common shares of the Purchaser represented by the Warrant Certificate;

“**Warrant Certificate**” means the certificate representing the Warrants attached hereto as Schedule “C”;



**1.2 Headings and Table of Contents.** The division of this Agreement into Articles and Sections, the insertion of headings, and the provision of any table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.3 Number and Gender.** Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

**1.4 Currency.** Unless otherwise expressly stated in this Agreement, all references to money shall refer to the lawful currency of the United States of America. The Parties hereby acknowledge and agree that to the extent any amount expressed in United States currency is required to be reflected in any document in Canadian currency, such United States currency amount shall be converted to Canadian currency based on the USD-CAD Noon Rate reported by the Bank of Canada on the Business Day immediately prior to the date of execution of such document.

**1.5 Computation of Time Periods.** Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limited for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day.

## **ARTICLE 2 PURCHASE AND SALE**

**2.1 Purchase and Sale.** The Purchaser agrees to purchase from the Vendor, and the Vendor agrees to sell to the Purchaser, on the terms and subject to the conditions contained in this Agreement, for the Purchase Price, all of the right, title and interest of the Vendor in and to the Mining Claims.

**2.2 Purchase Price.** The Purchase Price for the Mining Claims shall be an amount equal to the sum of \$15,000,000.00 plus the fair market value of the Warrants, which the Vendor and the Purchaser have determined is \$1.00.

**2.3 Payment of Purchase Price.** The Purchase Price shall be paid to the Vendor in the following manner:

- (a) by payment on the Closing Date to the Vendor, by certified cheque or bank draft, or by wire transfer, as directed by the Vendor, of the Closing Payment;
- (b) by delivery on the Closing Date to the Vendor of the Warrant Certificate;
- (c) by payment to the Vendor of the Feasibility Study Amount in accordance with Section 2.5 hereof; and
- (d) by payment to the Vendor of the Commercial Production Amount in accordance with Section 2.6 hereof.

**2.4 Hypothec/Security.** To secure full and timely payment of the Purchase Price and the performance of all the Purchaser's obligations hereunder and under the Deed of Sale and

Hypothec (collectively, the “**Secured Obligations**”), the Purchaser shall hypothecate and grant a security interest in, in favour of the Vendor, all undertaking, personal property and real property of the Purchaser including, without limitation, the Mining Claims, the mineral substances and any other property derived therefrom, any other property located on the Lands and any proceeds resulting from any of the foregoing property whether from the disposition of such property or as a result of income earned on such property (collectively, the “**Collateral**”) pursuant to one or more deeds of hypothec (including, without limitation, the hypothec contained in the Deed of Sale and Hypothec) or security agreements in form and substance satisfactory to the Vendor, and free and clear of any liens or encumbrances (such hypothecs and security agreements collectively, the “**Hypothecs**”). Upon the written request of the Purchaser given at any time on or after the Release Date, the Vendor shall promptly release the Collateral from the Hypothecs. Upon such release, and at the request and expense of the Purchaser, the Vendor shall execute and deliver to the Purchaser such releases and discharges as the Purchaser may reasonably request.

**2.5 Payment of Feasibility Study Amount.** The Purchaser shall pay to the Vendor the Feasibility Study Amount, by certified cheque or bank draft, or by wire transfer, as directed by the Vendor, by no later than the fifth Business Day following the day on which a Feasibility Study is prepared and completed, at the request of and at the sole cost and expense of the Purchaser, in respect of the Lands and the Mining Claims. Notwithstanding the foregoing, should a Feasibility Study in respect of the Lands and the Mining Claims not have been prepared and completed by the day that is 36 months following the date hereof, the Purchaser shall pay to the Vendor (i) an amount equal to 50% of the Feasibility Study Amount on such day that is 36 months following the date hereof; and (ii) an amount equal to 50% of the Feasibility Study Amount on the earlier of (x) the fifth Business Day following the day on which a Feasibility Study in respect of the Lands and the Mining Claims is prepared and completed; and (y) the day that is 42 months following the date hereof. For purposes of the foregoing, the Purchaser shall provide to the Vendor a copy of the Feasibility Study in respect of the Lands and the Mining Claims promptly upon completion thereof.

**2.6 Payment of Commercial Production Amount.** The Purchaser shall pay to the Vendor the Commercial Production Amount, by certified cheque or bank draft, or by wire transfer, as directed by the Vendor, by no later than the fifth Business Day following the day on which Commercial Production is achieved. Notwithstanding the foregoing, should Commercial Production not have been achieved by the day that is 54 months following the date hereof, the Purchaser shall pay to the Vendor (i) an amount equal to 50% of the Commercial Production Amount on such day that is 54 months following the date hereof; and (ii) an amount equal to 50% of the Commercial Production Amount on the earlier of (x) the fifth Business Day following the day on which Commercial Production is achieved; and (y) the day that is 60 months following the date hereof. For purposes of the foregoing, the Purchaser shall promptly advise the Vendor upon the Purchaser achieving Commercial Production.

**2.7 Duty to Notify and Access.** For so long as any portion of the Feasibility Study Amount remains outstanding the Purchaser shall provide a written notice of the status of the preparation and completion of the Feasibility Study to the Vendor on the last day of each June and December, commencing on December 31, 2012. For so long as any portion of the Commercial Production Amount remains outstanding, the Purchaser shall provide written notice of the status of Commercial Production on the last day of each June and December, commencing on December 31, 2012. For so long as any portion of the Feasibility Study Amount or the

Commercial Production Amount remains outstanding, the Purchaser shall allow the Vendor or any duly authorized representative of the Vendor to inspect, at the risk of the Vendor, the Lands and any locations, to the extent such locations are within the control of the Purchaser, at which minerals, ores and other products removed from the Lands are stockpiled and processed upon the Vendor giving the Purchaser 48 hours prior written notice, provided however that it is agreed and understood that the Purchaser may refuse any such request where, in the reasonable opinion of the Purchaser, such inspection would interfere with the Purchaser's activities on the Land or at such other locations. In the event of any such refusal, the Purchaser shall allow the Vendor access in accordance with this Section 2.7 within five Business Days of the date of any such refusal.

### **ARTICLE 3 COVENANTS, REPRESENTATIONS AND WARRANTIES**

**3.1 Covenants, Representations and Warranties of the Vendor.** The Vendor covenants, represents and warrants to and in favour of the Purchaser that:

(1) *Corporate Status.* The Vendor is a corporation duly incorporated and subsisting under the laws of the province of British Columbia and has the corporate power, authority, right and capacity to own its property and assets and to enter into, execute and deliver this Agreement and to carry out the transactions contemplated by this Agreement in the manner contemplated by this Agreement.

(2) *Due Authorization.* The Vendor has the corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action.

(3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.

(4) *Residence.* The Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada).

(5) *Title.* Based solely on searches at the on-line public register of real and immoveable mining rights maintained by the MRNFQ, the Vendor is the sole owner of all right, title and interest in and to the Mining Claims, free and clear of any registered liens or encumbrances.

**3.2 No Additional Representations of Vendor.**

(1) Without limitation, the Vendor makes no representations, warranties or assertions

as to:

- (a) the presence or existence or possible presence or existence of any metal, mineral, ore, ore body or other commercially valuable substance or thing on or under the Lands or the ability of or costs to the Purchaser to explore, mine, produce or otherwise recover any financial benefit from the Mining Claims;
- (b) the existence or availability of any necessary permits or approvals under any Applicable Law or of any right, agreement, title or understanding, in respect of any surface rights or in respect of water use, flow or consumption which may be required for access, exploration, development, exploitation or any other use of any kind whatsoever of the Mining Claims; or
- (c) the accuracy or completeness of any statements, books, records, information or other disclosure provided to the Purchaser, including without limitation any statements, books, records, information or other disclosure provided to the Purchaser in respect of the matters set out in (a) and (b) above

at any time before, at or after the execution of this Agreement.

(2) Without limitation to anything else contained herein, the Vendor makes no representations or warranties as to, and assumes no liability for, the completeness, accuracy, validity or correctness of any geological data or interpretations provided by the Vendor to the Purchaser, or as to the economic viability of the Mining Claims or any exploration or mining activity on or around the Lands or the ability of any Person to derive commercial value of any type whatsoever from the Mining Claims.

(3) The Purchaser acknowledges that it is relying entirely upon its own judgment, investigation and inspection in proceeding with the transactions contemplated hereunder. Without limiting the foregoing, the Purchaser acknowledges and agrees that, except as expressly provided for herein, it is purchasing the Mining Claims on an "as is, where is" basis, that it accepts such Mining Claims in the state, condition and location as inspected by the Purchaser, and that the Vendor has made no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the title, condition, description, fitness for purpose, quality or any other thing, affecting any of the Mining Claims, or in respect of any other matter or thing whatsoever. The Purchaser further acknowledges that all written and oral information obtained from the Vendor or its employees, agents, consultants, advisors or solicitors with respect to the Mining Claims or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only, and that Vendor has not made any representation or warranty, expressed or implied, statutory or otherwise, as to the accuracy and completeness of any such information. The Vendor shall not have any liability for any representations, expressed or implied, contained in, or omitted from, any written or oral communications transmitted to the Purchaser in the course of any of its investigations of the Mining Claims, other than as specifically set out in this Agreement.



**3.3 Covenants, Representations and Warranties of the Purchaser.** The Purchaser covenants, represents and warrants to and in favour of the Vendor that:

(1) Corporate Status. The Purchaser is a corporation duly incorporated and subsisting under the laws of the province of Ontario and has the corporate power, authority, right and capacity to own its property and assets and to enter into, execute and deliver this Agreement and to carry out the transactions contemplated by this Agreement in the manner contemplated by this Agreement.

(2) Due Authorization. The Purchaser has the corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreement and instruments have been duly authorized by all necessary action on the part of the Purchaser.

(3) Enforceability of Obligations. This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.

(4) Residence. The Purchaser is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada).

(5) Applicable Law. The Purchaser hereby covenants and agrees that, in respect of the Mining Claims, it shall comply with any and all material obligations arising under Applicable Law. Without limitation to the foregoing, the Purchaser hereby covenants and agrees that it shall deal with any First Nations Persons who may claim rights in or to the Lands in accordance with Applicable Law including, without limitation, the Innu Agreement.

(6) No Liens/Good Standing. For so long as any of the Secured Obligations remain outstanding, the Purchaser hereby covenants and agrees to maintain all the Lands and the Mining Claims in good standing (including renewing the terms of the Mining Claims), free of any and all liens, encumbrances or charges, other than as provided for herein.

(7) No Consumer Sales. The Mining Claims are not being purchased by the Purchaser in the course of the business of a Person making supplies of minerals to “consumers”, as such term is defined in the *Excise Tax Act*, Canada.

(8) Financial Covenants. For so long as any of the Secured Obligations remain outstanding, the Purchaser covenants and agrees that no dividends or other distributions shall be declared or made to the shareholders of the Purchaser. The Purchaser further covenants and agrees that for so long as any of the Secured Obligations remain outstanding, no amount of any shareholder loans shall be repaid to the shareholders of the Purchaser, and the Purchaser hereby covenants and agrees to secure such postponement agreements as the Vendor may require in respect of the foregoing.



(9) *Negative Covenant.* The Purchaser hereby represents, warrants and covenants that for so long as any of the Secured Obligations remain outstanding, it shall not engage in any transactions, including purchasing or selling goods or services or agreeing to or making payment of fees, including management fees, with any Related Parties except in the ordinary course of business at prices and on terms and conditions not less favourable to the Purchaser than could be obtained on an arm's-length basis from unrelated third parties.

#### **ARTICLE 4 CLOSING ARRANGEMENTS**

**4.1 Closing.** The transactions contemplated by this Agreement shall be consummated by:

(1) delivery by the Vendor on the Closing Date of all documents and items referred to in Section 4.2 to the Purchaser in the manner as instructed by the Purchaser (unless otherwise provided herein); and

(2) delivery by the Purchaser on the Closing Date of all documents and items referred to in Section 4.3 to the Vendor in the manner as instructed by the Vendor (unless otherwise provided herein).

**4.2 Deliveries of the Vendor.** By no later than 5:00 p.m. (Toronto time) on the Closing Date, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

(1) *Deed of Sale and Hypothec.* The Deed of Sale and Hypothec and the Hypothecs, if any, duly executed by the Vendor and notarized as required, such Hypothecs free and clear of any liens or other encumbrances.

(2) *Certified Resolution.* A certified copy of a resolution of the board of directors of the Vendor authorizing the transactions contemplated herein.

(3) *Other.* Such other bills of sale, transfers, assignments and documents as the Purchaser may reasonably require to transfer title to the Mining Claims from the Vendor to the Purchaser.

**4.3 Deliveries of the Purchaser.** By no later than 5:00 p.m. (Toronto time) on the Closing Date, the Purchaser shall deliver or cause to be delivered to the Vendor:

(1) *Closing Payment.* The Closing Payment.

(2) *Warrant Certificate.* The Warrant Certificate, duly executed.

(3) *Deed of Sale and Hypothec.* The Deed of Sale and Hypothec, and the Hypothecs, if any, duly executed by the Purchaser and notarized as required, such Hypothecs free and clear of any liens or other encumbrances.

(4) *Certified Resolution.* A certified copy of a resolution of the board of directors of the Purchaser authorizing the transactions contemplated herein and the grant of security/hypothecation over the Collateral.

(5) *Other.* Such further documentation relating to the consummation of the transactions contemplated herein as the Vendor may reasonably require.

## **ARTICLE 5 INDEMNIFICATION**

**5.1 Survival.** All provisions of this Agreement and of any other agreement, certificate or instrument delivered pursuant to this Agreement shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title to the Mining Claims and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the consideration for the Mining Claims.

**5.2 Indemnity by the Vendor.** The Vendor shall indemnify the Purchaser's Indemnified Parties and save them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any incorrectness in or breach of any representation or warranty of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; or
- (b) any breach or any non fulfilment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

**5.3 Indemnity by the Purchaser.** The Purchaser shall indemnify the Vendor's Indemnified Parties and save them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (b) any breach or non fulfilment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (c) the enforcement of the rights of the Vendor hereunder or pursuant to the Deed of Sale and Hypothec and the Hypothecs; or
- (d) the payment or non-payment of any Taxes in connection with the transactions contemplated herein.

## **ARTICLE 6 POST CLOSING MATTERS**

**6.1 Further Assurances.** Subject to the terms and conditions of this Agreement, each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably

require, for the purposes of giving effect to this Agreement and to the transactions contemplated herein and, where appropriate, cooperate with each other in doing those acts and things.

**6.2 Filings & Registrations.** The Vendor shall be responsible to promptly file the Deed of Sale and Hypothec and the Hypothecs, if any, at the public register of real and immoveable mining rights maintained by MRNFQ, at the register of real rights of state resource development and at the register of personal and movable real rights and the applicable personal property security register(s) to reflect the transfer of the Mining Claims to the Purchaser and the Hypothecs, as applicable, on the public record. The Vendor shall be responsible to pay for all filing and recordation fees, costs and expenses in respect thereof. The Vendor agrees to promptly deliver to the Purchaser copies of any notification, confirmation or other document confirming the registration of the transfer of the Mining Claims from the Vendor to the Purchaser. The Vendor shall not incur any liability whatsoever to the Purchaser for any delay in or refusal to accept the filing of the Deed of Sale and Hypothec.

## **ARTICLE 7 MISCELLANEOUS**

**7.1 Relationship of the Parties.** Nothing in this Agreement shall be construed so as to make the Purchaser a partner of the Vendor or to make the Vendor a fiduciary of the Purchaser, and nothing in this Agreement shall be construed so as to make the Purchaser an owner of the Mining Claims for any purpose until the Closing.

### **7.2 Notices.**

(1) *Notice* Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement (a “**Notice**”) shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (a) in the case of the Vendor addressed to it at:

**Quinto Mining Corporation**  
c/o Cliffs Natural Resources Inc.  
200 Public Square  
Suite 3300  
Cleveland, Ohio  
44114

Attention: Monica Tarasco  
E-Mail: monica.tarasco@CliffsNR.com

*And to:*

Attention: Glenn Hemminger  
E-Mail: glenn.hemminger@CliffsNR.com

*with a copy to:*

**Blake, Cassels & Graydon LLP**

Commerce Court West  
199 Bay Street, Suite 4000  
Toronto, Ontario  
M5L 1A9

Attention: Thomas A. McKee  
E-mail: tom.mckee@blakes.com

(b) and in the case of the Purchaser addressed to it at:

**Mason Graphite Corp.**

65 Queen Street West, Suite 805  
Toronto, Ontario  
M5H 2M5

Attention: Benoit Moreau  
E-mail: bmoreau@forbesmanhattan.com

*And to:*

Attention: Josh Van Deurzen  
E-mail: jvandeurzen@forbesmanhattan.com

(2) Means of Communicating Notices. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent prior to 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

(3) Change of Address for Notice. Any Party may from time to time change its address under this Section 7.2 by notice to the other Party given in the manner provided by this Section.

**7.3 Assignment.** The rights and obligations of a Party under this Agreement may not be assigned without the prior written consent of the other Party; provided, however, that the Vendor may assign its rights and obligations under this Agreement to an Affiliate upon 2 days written notice to the Purchaser.

**7.4 Acceleration.** Subject to Section 7.5, in the event, following the Closing Date, that (a) the Purchaser sells, conveys or assigns any of its right, title or interest in all or any part of the

Mining Claims; (b) the Purchaser enters into a joint venture arrangement in respect of the Mining Claims or grants any option to acquire an interest in all or any of the Mining Claims; (c) any hypothec, lien, claim or any other encumbrance is registered or claimed in respect of all or any of the Collateral; (d) any Person holding a lien with respect to any of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral; (e) all or any of the Mining Claims are allowed to expire, are abandoned, are refused for renewal or otherwise allowed to cease to exist; (f) a Change of Control occurs in respect of the Purchaser; (g) the Purchaser is the subject of an Insolvency Event; (h) the Purchaser is in default of its obligations hereunder, which default is not cured within ten days of the commencement of such default; or (i) any event, development or circumstance occurs or could reasonably be expected to occur which could have a material adverse effect on the ability of the Purchaser to perform its obligations hereunder or if any material part of the Collateral is about to be placed in jeopardy, the obligations of the Purchaser to pay to the Vendor any amount then outstanding hereunder, including any interest owing thereon shall accelerate and, notwithstanding anything else contained herein, all such outstanding amounts shall immediately be due and payable by the Purchaser to the Vendor.

**7.5 Joint Ventures.** Notwithstanding Section 7.4 hereof, the Purchaser shall not be precluded from entering into a joint venture arrangement in respect of the Mining Claims so long as any Person who would gain any rights of any sort whatsoever in or to the Mining Claims pursuant to such arrangement including, without limitation, any limited or general partner in a limited partnership arrangement or any co-venturer in a contractual joint venture arrangement agrees, in writing, prior to the time at which any such rights are gained by such Person, to be solidarily, jointly and severally liable for the obligations of the Purchaser hereunder, under the Deed of Sale and Hypothec and the Hypothecs. Prior to the consummation of any such joint venture arrangement, the Purchaser shall give prior written notice of the identity of any Person who would gain any right in or to the Mining Claims pursuant to such arrangement.

**7.6 Successors and Assigns.** This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns.

**7.7 Transfer Taxes.** The consideration payable by the Purchaser to the Vendor under this Agreement is exclusive of all applicable sales, goods and services, harmonized sales, value added, use, transfer, land transfer, land duty, municipal, local and other similar taxes or charges exigible upon the purchase and sale of the Mining Claims to the Vendor under this Agreement ("**Transfer Taxes**"). The Purchaser shall be responsible for paying any and all applicable Transfer Taxes, which, for greater clarity, shall not include any income taxes payable upon amounts received by the Vendor from the Purchaser as consideration for the transfer of the Mining Claims from the Vendor to the Purchaser. The Purchaser shall self-assess any applicable goods and services tax/harmonized sales tax and Quebec sales tax in respect of the sale of the Mining Claims directly to the relevant taxation authority, pursuant to subsections 221(2) and 228(4) of the *Excise Tax Act* (Canada) and sections 423 and 438 of *an Act respecting the Quebec sales tax*.

**7.8 Interest on Overdue Payments.** Any amount due and payable by the Purchaser hereunder that is not paid by the Purchaser on the date that such amount became due and payable pursuant to the terms hereof shall bear interest at a per annum rate equal to the Prime Rate in effect on the date that such amount became due and payable plus 2%, until paid.



**7.9 No Compensation or Set-Off.** The Purchaser shall not be entitled to compensation or set off any amount due and payable to the Vendor pursuant to this Agreement, the Deed of Sale and Hypothec or the Hypothecs against any amounts payable by the Vendor to the Purchaser whether pursuant to this Agreement or otherwise.

**7.10 Time of Essence.** Time shall be of the essence of this Agreement in all respects.

**7.11 Entire Agreement/Remedies Cumulative.** This Agreement, the Deed of Sale and Hypothec and the Hypothecs constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement, the Deed of Sale and Hypothec or the Hypothecs. The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

**7.12 Waiver.** A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver or its solicitor. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

**7.13 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**7.14 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed or electronic form and the Parties adopt any signatures received by a receiving fax machine or other electronic means as original signatures of the Parties; provided, however, that any Party providing its signature in such manner shall promptly forward to the other Party an original of the signed copy of this Agreement which was so faxed or transmitted by other electronic means.

**7.15 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable in Quebec and shall be treated, in all respects, as a Quebec contract. The Parties to this Agreement hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Quebec and all courts competent to hear appeals therefrom.


**7.16 Language.** The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English Language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

**7.17 Confidentiality.** Except as required by Applicable Law and subject to Section 6.2, no Party shall make any public announcements or statements concerning this Agreement or the transactions contemplated hereby without the prior approval of the other Party, not to be unreasonably withheld. The text of any public announcements or statements, including a news release which a Party intends to make pursuant to the foregoing exception, shall be made available to the other Party not less than two Business Days prior to publication and such other Party shall have the right to make suggestions for changes therein. If a Party is identified in such public announcement or statement it shall not be released without the consent of that Party in writing.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first written above.

**QUINTO MINING CORPORATION**



By: \_\_\_\_\_  
Name: Clifford T. Smith  
Title: Senior Vice President  
I have authority to bind the corporation.

**MASON GRAPHITE CORP.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I have authority to bind the corporation.

Schedules


- Schedule A – Mining Claims
- Schedule B – Deed of Sale and Hypothec
- Schedule C – Warrant Certificate

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first written above.

**QUINTO MINING CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:  
I have authority to bind the corporation.

**MASON GRAPHITE CORP.**

By:   
Name: BENOIT MOREAU  
Title: PRESIDENT AND CEO  
I have authority to bind the corporation.

Schedules

- Schedule A – Mining Claims
- Schedule B – Deed of Sale and Hypothec
- Schedule C – Warrant Certificate

SCHEDULE A

Mining Claims

<b>No.</b>	<b><u>Nature of the Right</u> (Type of mining title)</b>	<b><u>Mining Title Number</u></b>
1.	CDC	1037499
2.	CDC	1040948
3.	CDC	1040951
4.	CDC	1040971
5.	CDC	1041009
6.	CDC	1041010
7.	CDC	1049508
8.	CDC	1049509
9.	CDC	1049513
10.	CDC	1049514
11.	CDC	1049520
12.	CDC	1049524
13.	CDC	1100154
14.	CDC	1100155
15.	CDC	1101017
16.	CDC	1105037
17.	CDC	1105595
18.	CDC	1118429
19.	CDC	1118431
20.	CDC	1118435
21.	CDC	2104406
22.	CDC	2104415
23.	CDC	1037522
24.	CDC	1040766
25.	CDC	1040947
26.	CDC	1040957
27.	CDC	1040987
28.	CDC	1041002
29.	CDC	1041016
30.	CDC	1041024
31.	CDC	1041028
32.	CDC	1105018
33.	CDC	1105023
34.	CDC	1105024
35.	CDC	1106111
36.	CDC	1106112



<b>No.</b>	<b><u>Nature of the Right</u> (Type of mining title)</b>	<b><u>Mining Title Number</u></b>
37.	CDC	1118347
38.	CDC	1118381
39.	CDC	1118385
40.	CDC	1118455
41.	CDC	2104398
42.	CDC	2104405
43.	CDC	2104412
44.	CDC	1037518
45.	CDC	1037520
46.	CDC	1037523
47.	CDC	1040970
48.	CDC	1040989
49.	CDC	1041007
50.	CDC	1041008
51.	CDC	1041041
52.	CDC	1049511
53.	CDC	1049522
54.	CDC	1049527
55.	CDC	1049530
56.	CDC	1101019
57.	CDC	1105015
58.	CDC	1105021
59.	CDC	1105041
60.	CDC	1105054
61.	CDC	1105336
62.	CDC	1112937
63.	CDC	1112938
64.	CDC	1118548
65.	CDC	2104397
66.	CDC	2104399
67.	CDC	2104401
68.	CDC	2104417
69.	CDC	1040944
70.	CDC	1040946
71.	CDC	1040949
72.	CDC	1040952
73.	CDC	1040953
74.	CDC	1040958
75.	CDC	1040972
76.	CDC	1041011

<b>No.</b>	<b><u>Nature of the Right</u> (Type of mining title)</b>	<b><u>Mining Title Number</u></b>
77.	CDC	1049518
78.	CDC	1049519
79.	CDC	1049526
80.	CDC	1049529
81.	CDC	1081392
82.	CDC	1105005
83.	CDC	1105014
84.	CDC	1105019
85.	CDC	1105036
86.	CDC	1105039
87.	CDC	1105244
88.	CDC	1105339
89.	CDC	1106113
90.	CDC	1118351
91.	CDC	1118352
92.	CDC	1118386
93.	CDC	1118432
94.	CDC	1118433
95.	CDC	1118440
96.	CDC	1118443
97.	CDC	1118448
98.	CDC	1118550
99.	CDC	1118553
100.	CDC	1120368
101.	CDC	2104402
102.	CDC	2104407
103.	CDC	1037498
104.	CDC	1040767
105.	CDC	1040945
106.	CDC	1040960
107.	CDC	1040992
108.	CDC	1041012
109.	CDC	1041026
110.	CDC	1041029
111.	CDC	1041031
112.	CDC	1041033
113.	CDC	1049512
114.	CDC	1081393
115.	CDC	1105022
116.	CDC	1105333

<b>No.</b>	<b><u>Nature of the Right</u> (Type of mining title)</b>	<b><u>Mining Title Number</u></b>
117.	CDC	1105334
118.	CDC	1105594
119.	CDC	1112936
120.	CDC	1118348
121.	CDC	1118349
122.	CDC	1118353
123.	CDC	1118354
124.	CDC	1118391
125.	CDC	1120369
126.	CDC	2104400
127.	CDC	2104409
128.	CDC	1037496
129.	CDC	1037521
130.	CDC	1040765
131.	CDC	1040769
132.	CDC	1040770
133.	CDC	1040950
134.	CDC	1040959
135.	CDC	1040974
136.	CDC	1040975
137.	CDC	1041003
138.	CDC	1041014
139.	CDC	1041032
140.	CDC	1049531
141.	CDC	1100157
142.	CDC	1105017
143.	CDC	1105042
144.	CDC	1105243
145.	CDC	1118383
146.	CDC	1118427
147.	CDC	1118444
148.	CDC	1118449
149.	CDC	1120348
150.	CDC	2104413
151.	CDC	1037497
152.	CDC	1037519
153.	CDC	1040768
154.	CDC	1040771
155.	CDC	1040956
156.	CDC	1040965

<b>No.</b>	<b><u>Nature of the Right</u> (Type of mining title)</b>	<b><u>Mining Title Number</u></b>
157.	CDC	1040988
158.	CDC	1040991
159.	CDC	1040997
160.	CDC	1041013
161.	CDC	1041015
162.	CDC	1041025
163.	CDC	1041030
164.	CDC	1049510
165.	CDC	1049521
166.	CDC	1049523
167.	CDC	1081395
168.	CDC	1105006
169.	CDC	1105038
170.	CDC	1105040
171.	CDC	1105335
172.	CDC	1105337
173.	CDC	1105340
174.	CDC	1105597
175.	CDC	1118357
176.	CDC	1118358
177.	CDC	1118392
178.	CDC	1118430
179.	CDC	1118441
180.	CDC	1118442
181.	CDC	1118551
182.	CDC	2104404
183.	CDC	2104408
184.	CDC	2104410
185.	CDC	2104414
186.	CDC	1040764
187.	CDC	1040973
188.	CDC	1040993
189.	CDC	1041040
190.	CDC	1041045
191.	CDC	1049507
192.	CDC	1049515
193.	CDC	1049516
194.	CDC	1049517
195.	CDC	1049525
196.	CDC	1049528

<b>No.</b>	<b><u>Nature of the Right</u> (Type of mining title)</b>	<b><u>Mining Title Number</u></b>
197.	CDC	1081394
198.	CDC	1100156
199.	CDC	1101018
200.	CDC	1105002
201.	CDC	1105003
202.	CDC	1105004
203.	CDC	1105013
204.	CDC	1105016
205.	CDC	1105025
206.	CDC	1105338
207.	CDC	1118382
208.	CDC	1118384
209.	CDC	1118428
210.	CDC	1118434
211.	CDC	1118445
212.	CDC	2104396
213.	CDC	2104403
214.	CDC	2104411
215.	CDC	2104416



**SCHEDULE B**

**Deed of Sale and Hypothec**

IN THE YEAR TWO THOUSAND AND TWELVE (2012), on the fifth (5<sup>th</sup>) day of April;

BEFORE Mtre. **Stéphanie MARTEL**, the undersigned Notary for the Province of Québec, having her professional domicile at Montréal;

APPEARED:

**QUINTO MINING CORPORATION**, a legal person (corporation) duly incorporated pursuant to the *Business Corporations Act* (British Columbia), having its registered office at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, Province of British Columbia, V7X 1L3, and a place of business at 1155 University Street, Suite 508, Montreal, Province of Québec, H3B 3A7, herein acting and represented by Viorelia Guzun, its Authorized Representative, hereunto duly authorized in virtue of a resolution of its board of directors adopted on the fourth (4<sup>th</sup>) day of April, two thousand and twelve (2012), which has not been amended and is still in full force and effect, a certified copy or extract of which resolution remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned Notary;

(hereinafter called the “**Vendor**”)

AND:

**MASON GRAPHITE CORP.**, a legal person (corporation) duly incorporated pursuant to the *Business Corporations Act* (Ontario), having its registered office at 65 Queen Street West, Suite 805, Toronto, Province of Ontario, M5H 2M5, herein acting and represented by Benoit Moreau, its President and Chief Executive Officer, hereunto duly authorized in virtue of a resolution of its board of directors adopted on the fifth (5<sup>th</sup>) day of April, two thousand and twelve (2012), which has not been amended and is still in full force and effect, a certified copy or extract of which resolution remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned Notary;

(hereinafter called the “**Purchaser**”)

**WHICH PARTIES HAVE AGREED AS FOLLOWS:**

**1. SALE**

The Vendor hereby sells and transfers, without any warranty, to the Purchaser hereto present and accepting, all of its right, title and interest, in, and to the claims and the mining rights conferred by the following claims, namely:

**DESCRIPTION**

	Nature of the Right (Type of mining title)	Mining Title Number
1.	CDC	1037499
2.	CDC	1040948
3.	CDC	1040951
4.	CDC	1040971
5.	CDC	1041009
6.	CDC	1041010
7.	CDC	1049508
8.	CDC	1049509
9.	CDC	1049513
10.	CDC	1049514
11.	CDC	1049520
12.	CDC	1049524
13.	CDC	1100154
14.	CDC	1100155
15.	CDC	1101017
16.	CDC	1105037
17.	CDC	1105595
18.	CDC	1118429
19.	CDC	1118431
20.	CDC	1118435
21.	CDC	2104406
22.	CDC	2104415
23.	CDC	1037522
24.	CDC	1040766
25.	CDC	1040947
26.	CDC	1040957
27.	CDC	1040987
28.	CDC	1041002
29.	CDC	1041016
30.	CDC	1041024
31.	CDC	1041028
32.	CDC	1105018
33.	CDC	1105023
34.	CDC	1105024
35.	CDC	1106111
36.	CDC	1106112
37.	CDC	1118347
38.	CDC	1118381
39.	CDC	1118385

40.	CDC	1118455
41.	CDC	2104398
42.	CDC	2104405
43.	CDC	2104412
44.	CDC	1037518
45.	CDC	1037520
46.	CDC	1037523
47.	CDC	1040970
48.	CDC	1040989
49.	CDC	1041007
50.	CDC	1041008
51.	CDC	1041041
52.	CDC	1049511
53.	CDC	1049522
54.	CDC	1049527
55.	CDC	1049530
56.	CDC	1101019
57.	CDC	1105015
58.	CDC	1105021
59.	CDC	1105041
60.	CDC	1105054
61.	CDC	1105336
62.	CDC	1112937
63.	CDC	1112938
64.	CDC	1118548
65.	CDC	2104397
66.	CDC	2104399
67.	CDC	2104401
68.	CDC	2104417
69.	CDC	1040944
70.	CDC	1040946
71.	CDC	1040949
72.	CDC	1040952
73.	CDC	1040953
74.	CDC	1040958
75.	CDC	1040972
76.	CDC	1041011
77.	CDC	1049518
78.	CDC	1049519
79.	CDC	1049526
80.	CDC	1049529
81.	CDC	1081392
82.	CDC	1105005
83.	CDC	1105014

84.	CDC	1105019
85.	CDC	1105036
86.	CDC	1105039
87.	CDC	1105244
88.	CDC	1105339
89.	CDC	1106113
90.	CDC	1118351
91.	CDC	1118352
92.	CDC	1118386
93.	CDC	1118432
94.	CDC	1118433
95.	CDC	1118440
96.	CDC	1118443
97.	CDC	1118448
98.	CDC	1118550
99.	CDC	1118553
100.	CDC	1120368
101.	CDC	2104402
102.	CDC	2104407
103.	CDC	1037498
104.	CDC	1040767
105.	CDC	1040945
106.	CDC	1040960
107.	CDC	1040992
108.	CDC	1041012
109.	CDC	1041026
110.	CDC	1041029
111.	CDC	1041031
112.	CDC	1041033
113.	CDC	1049512
114.	CDC	1081393
115.	CDC	1105022
116.	CDC	1105333
117.	CDC	1105334
118.	CDC	1105594
119.	CDC	1112936
120.	CDC	1118348
121.	CDC	1118349
122.	CDC	1118353
123.	CDC	1118354
124.	CDC	1118391
125.	CDC	1120369
126.	CDC	2104400
127.	CDC	2104409

128.	CDC	1037496
129.	CDC	1037521
130.	CDC	1040765
131.	CDC	1040769
132.	CDC	1040770
133.	CDC	1040950
134.	CDC	1040959
135.	CDC	1040974
136.	CDC	1040975
137.	CDC	1041003
138.	CDC	1041014
139.	CDC	1041032
140.	CDC	1049531
141.	CDC	1100157
142.	CDC	1105017
143.	CDC	1105042
144.	CDC	1105243
145.	CDC	1118383
146.	CDC	1118427
147.	CDC	1118444
148.	CDC	1118449
149.	CDC	1120348
150.	CDC	2104413
151.	CDC	1037497
152.	CDC	1037519
153.	CDC	1040768
154.	CDC	1040771
155.	CDC	1040956
156.	CDC	1040965
157.	CDC	1040988
158.	CDC	1040991
159.	CDC	1040997
160.	CDC	1041013
161.	CDC	1041015
162.	CDC	1041025
163.	CDC	1041030
164.	CDC	1049510
165.	CDC	1049521
166.	CDC	1049523
167.	CDC	1081395
168.	CDC	1105006
169.	CDC	1105038
170.	CDC	1105040
171.	CDC	1105335

172.	CDC	1105337
173.	CDC	1105340
174.	CDC	1105597
175.	CDC	1118357
176.	CDC	1118358
177.	CDC	1118392
178.	CDC	1118430
179.	CDC	1118441
180.	CDC	1118442
181.	CDC	1118551
182.	CDC	2104404
183.	CDC	2104408
184.	CDC	2104410
185.	CDC	2104414
186.	CDC	1040764
187.	CDC	1040973
188.	CDC	1040993
189.	CDC	1041040
190.	CDC	1041045
191.	CDC	1049507
192.	CDC	1049515
193.	CDC	1049516
194.	CDC	1049517
195.	CDC	1049525
196.	CDC	1049528
197.	CDC	1081394
198.	CDC	1100156
199.	CDC	1101018
200.	CDC	1105002
201.	CDC	1105003
202.	CDC	1105004
203.	CDC	1105013
204.	CDC	1105016
205.	CDC	1105025
206.	CDC	1105338
207.	CDC	1118382
208.	CDC	1118384
209.	CDC	1118428
210.	CDC	1118434
211.	CDC	1118445
212.	CDC	2104396
213.	CDC	2104403
214.	CDC	2104411
215.	CDC	2104416

(all the said claims and mining rights being hereinafter collectively called the “**Property**”).

#### **APPLICATION FOR THE OPENING OF A FILE**

In accordance with the provisions of Article 3035 of the *Civil Code of Québec*, the Vendor and the Purchaser hereby require the registrar for the land registration division of Saguenay to open a land file in the register of real rights of State resource development for each of the above described mining claims, which are located in the Municipalité de Rivière-aux-Outardes, and hereby confirm that no such land files exist.

#### **2. NO WARRANTY**

The Purchaser acknowledges and agrees that it is relying entirely upon its own judgment, investigation and inspection in proceeding with the transactions contemplated in this Deed and in the Purchase Agreement. Without limiting the foregoing, the Purchaser acknowledges and agrees that it is purchasing the Property on an “as is, where is” basis, without any warranty, legal or conventional, that it accepts such Property in the state, condition and location as inspected by the Purchaser, and that the Vendor has made no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the title, condition, description, fitness for purpose, quality or any other thing, affecting the Property or any part thereof, or in respect of any other matter or thing whatsoever, except as expressly stated in the Purchase Agreement and in this Deed.

#### **3. POSSESSION**

In virtue of these presents, the Purchaser shall become the owner of the Property at the date hereof (hereinafter called the “**Date of Transfer**”), with immediate possession as and from such date.

#### **4. PURCHASER’S COVENANTS**

The Purchaser hereby covenants in favour of the Vendor as follows:

- 4.1 to take the Property in its state at the Date of Transfer;
- 4.2 to pay the Purchase Price (as defined in Section 5), as and when due as contemplated at Section 5 hereof, and to perform its other obligations under this Deed;



- 4.3 to pay as and when they fall due all assessments, rates, taxes and any other payments, whether federal, provincial, municipal, school, general, or special, levied in respect of the Property.

## 5. PRICE

The present sale is made for and in consideration of the price of FIFTEEN MILLION UNITED STATES DOLLARS (US\$15,000,000.00) (the "**Purchase Price**"), which is equivalent to FOURTEEN MILLION NINE HUNDRED FORTY-THREE THOUSAND CANADIAN DOLLARS (CAN\$14,943,000.00) at a conversion rate of 1:0.9962 being the USD-CAD Noon Rate reported by the Bank of Canada on the fourth (4<sup>th</sup>) day of April, two thousand and twelve (2012), on account of which the Vendor hereby acknowledges having received from the Purchaser the sum of SEVEN MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (US\$7,500,000.00), whereof quit for so much.

As for the balance, namely the sum of SEVEN MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (US\$7,500,000.00) (hereinafter called the "**Balance of the Purchase Price**"), the Purchaser hereby undertakes to pay same to the Vendor as set forth in the purchase agreement entered into between the Vendor and Purchaser on the fifth (5<sup>th</sup>) day of April, two thousand and twelve (2012) (as amended, supplemented or otherwise modified from time to time) (herein called the "**Purchase Agreement**").

Insofar as it is required, the parties hereby renounce to their right to recover any property transferred by this Deed or the Purchase Agreement in the case of eviction pursuant to section 1797 of the *Civil Code of Québec*.

## 6. INTEREST ON OVERDUE PAYMENTS

Any amount due and payable by the Purchaser under this Deed or under the Purchase Agreement that is not paid by the Purchaser on the date that such amount became due and payable shall bear interest at a per annum rate equal to the "Prime Rate" in effect on the date that such amount became due and payable plus two per cent (2%), until paid.

For the purposes hereof, the term "**Prime Rate**" means the prime rate of interest per annum quoted by the Bank of Montreal from time to time as its reference rate of interest for Canadian dollar demand loans made to its commercial customers in Canada and which Bank of Montreal refers to as its "prime rate", as such rate may be changed from time to time.

## 7. HYPOTHEC

### 7.1 Principal Hypothec

To secure the obligations of the Purchaser to pay the Purchase Price (including without limitation the Balance of the Purchase Price), in capital, interest, costs, and accessories, as and when due as contemplated at Section 5 hereof, and the performance of all the Purchaser's obligations under this Deed and under the Purchase Agreement (hereinafter collectively called the "**Secured Obligations**"), the Purchaser hereby hypothecates, as and from the date hereof, in favour of the Vendor, for an amount of FOURTEEN MILLION NINE HUNDRED FORTY-THREE THOUSAND CANADIAN DOLLARS (CAN\$14,943,000.00) plus interest thereon at the rate of twenty percent (20%) per annum, the following property, present and future, (hereinafter collectively called the "**Hypothecated Property**").

- (a) the Property;
- (b) all mining claims, mining leases and any other mining title, deed or right to mineral substances or right to carry out work on land for the purposes of exploration, appraisal, development and extraction of mineral substances resulting from the renewal, conversion or any other transformation of the Property, including, without limitation, any mining claims obtained (by staking or map designation) in replacement of the Property, (all such additional property collectively, the "**Additional Property**");
- (c) all the mineral substances and other products of the soil and all fruits thereof, from the time of their extraction, resulting or derived from the Property or the Additional Property and any transformation thereof, wherever situated;
- (d) all property which may be or become incorporated into the Property or the Additional Property or permanently physically attached or joined thereto or the lands subject to the Property or the Additional Property so as to ensure the utility thereof or which is used by the Purchaser for the operation of its enterprise on the Property or the Additional Property or the lands subject thereto;
- (e) all property which may be located from time to time on the Property or the Additional Property or the

lands subject to the Property or the Additional Property;

- (f) all fruits and revenues emanating from any of the Hypothecated Property, including without limitation the proceeds of any sale, assignment or other disposition of any of the Hypothecated Property, any claim resulting from such a sale, assignment or other disposition, as well as any property acquired in replacement thereof;
- (g) all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Hypothecated Property;
- (h) all rights of action of the Purchaser in respect of the Hypothecated Property.

## 7.2 Additional Hypothec

To secure the payment to the Vendor of any amounts not secured by the hypothec granted in Section 7.1 above, including without limitation any interest payable on the overdue interest, any amounts which may be expended by the Vendor to preserve and protect the hypothecs created in this Deed, to preserve and protect the Secured Obligations and to exercise and enforce its rights under this Deed, the Purchaser hereby hypothecates the Hypothecated Property in favour of the Vendor for a further sum of TWO MILLION NINE HUNDRED EIGHTY-EIGHT THOUSAND SIX HUNDRED CANADIAN DOLLARS (CAN\$2,988,600.00), with interest thereon at the rate of twenty percent (20%) per annum.

## 8. PROVISIONS IN RESPECT OF THE PROPERTY AND OTHER HYPOTHECATED PROPERTY

8.1 *Payment of taxes.* The Purchaser binds and obliges itself to pay as and when they fall due all assessments, rates, and taxes, whether federal, provincial, municipal, school, general, or special, which may affect and encumber the Hypothecated Property, and Purchaser shall deliver to the Vendor evidence of the payment thereof without subrogation in favour of third persons within thirty (30) days after any of them become due.

8.2 *No alienation of the Hypothecated Property.* Unless otherwise expressly permitted under the Purchase Agreement, the Purchaser binds and obliges itself not to alienate or transfer, or

grant any interest in, in whole or in part, the Property or the Additional Property.

8.3 *Hypothecs or prior claims.* The Purchaser undertakes to keep the Hypothecated Property free of all prior claims, hypothecs, or encumbrances whatsoever, subject to Permitted Liens. The Purchaser undertakes to furnish to the Vendor, at Purchaser's expense and on demand of the Vendor, any renunciation, cession of rank, acquittance, or release that the Vendor may deem necessary to protect the priority of its rights on the Hypothecated Property.

For the purposes of this Deed, "Permitted Liens" means:

(a) the hypothec or other security in favour or for the benefit of the Vendor presently existing or hereafter created;

(b) inchoate or statutory liens for taxes, assessments or governmental charges which have not been assessed and are not delinquent, or if assessed, are being contested in good faith by appropriate proceedings commenced within ten (10) days of the date on which the Purchaser knew or ought to have known of such lien and provided, that in any such case, (x) the effect of such proceedings is to stay any enforcement of such lien and (y) the Vendor has been provided with security satisfactory to the Vendor in an amount, sufficient in the Vendor's reasonable opinion, to satisfy such liens;

(c) minor title defects or irregularities not in the aggregate materially and adversely affecting the use of the Hypothecated Property to which they relate, to the extent such title defects or irregularities are not created, caused, or permitted to be created or caused, by the Purchaser; and

(d) other encumbrances which are, from time to time, expressly permitted in writing by the Vendor.

8.4 *Repayment of sums expended by the Vendor.* The Purchaser shall repay to the Vendor, on demand, all monies advanced by the Vendor to pay any expenses made for the preservation and protection of the hypothec granted in this Deed and the preservation and protection of the Hypothecated Property, or to ensure the execution of any of the Secured Obligations, with interest on all such monies at the rate stipulated hereinabove at Section 6 from the date of such advance by the Vendor.

8.5 *Compliance with applicable laws.* The Purchaser shall comply with any and all material obligations arising under the

applicable laws in respect of the Property, the Additional Property and any other Hypothecated Property.

8.6 *Good Standing.* The Purchaser shall maintain the Property and the Additional Property in good standing (including renewing the term of the Property and the Additional Property, as applicable).

## 9. **DEFAULT AND RECOURSES**

### 9.1 Default

The Purchaser shall be in default hereunder upon the occurrence of any of the following events or conditions (an “**Event of Default**”):

- (a) the occurrence of an event set out at Section 7.4 of the Purchase Agreement;
- (b) the Purchaser does not observe or perform any of its obligations under this Deed, any other Secured Obligations, or under the General Security Agreement granted to the Vendor by the Purchaser and dated with even date herewith;
- (c) any representation, warranty or statement made by or on behalf of the Purchaser to the Vendor, in this Deed, in the General Security Agreement granted to the Vendor by the Purchaser and dated with even date herewith, or in the Purchase Agreement is untrue in any material respect when made; or
- (d) the Vendor challenges or threatens to challenge the validity or enforceability of this Deed or of the hypothecs granted hereunder.

### 9.2 **RECOURSES**

In case of an Event of Default which is continuing, the Vendor shall be entitled, without prejudice to Vendor’s other rights and recourses:

- (a) to exact the immediate payment of the whole of the Secured Obligations then remaining unpaid, the Purchaser losing the benefit of the term, together with any other amounts owing to the Vendor hereunder, plus capital, interest, costs, and accessories;

- (b) to execute any obligation which has not been fulfilled by the Purchaser in the place and at the expense of the latter;
- (c) to exercise all the hypothecary recourses to which it is entitled by law, the whole in accordance with Articles 2748 and following of the *Civil Code of Québec*; and
- (d) to exercise the resolutive clause set forth in Section 10 below.

## **10. RESOLUTORY CLAUSE**

- 10.1 In case of an Event of Default which is continuing, the Vendor, at its choice, and without prejudice to its other recourses under the present Deed or at law, may demand the resolution of the present sale, after having complied with the formalities required under the *Civil Code of Québec*.
- 10.2 In such case, the Vendor shall take back the Property and, if applicable, the Additional Property and the Vendor shall be entitled to keep the amounts paid by the Purchaser for the Property without prejudice to any other recourse it may have hereunder or at law. For greater certainty, the Vendor shall not be obligated to reimburse the Purchaser or any other person for any fees, expenses or any other costs incurred by the Purchaser or such other person in conducting any exploration, appraisal, development or any other work in respect of the Property and, if applicable, the Additional Property.

## **11. NOTICES**

Any notice or other communication which may be or is required to be given or made pursuant to the present Deed must be made or given in accordance with the provisions of the Purchase Agreement.

## **12. GOODS AND SERVICES TAX AND THE QUEBEC SALES TAX**

- 12.1 If applicable, the Purchaser shall self-assess any applicable GST and QST in respect of the sale of the Property directly to the relevant taxation authority, pursuant to subsections 221(2) and 228(4) of the *Excise Tax Act* (Canada) and sections 423 and 438 of an *Act respecting the Québec sales tax*.



### 13. VENDOR'S DECLARATION

The Vendor declares that, as at the Date of Transfer:

- 13.1 The Vendor is a legal person that is not a non-resident of Canada within the meaning and for purposes of the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec).

### 14. PURCHASE AGREEMENT

This sale is made in execution of the Purchase Agreement. The Purchase Agreement shall survive the execution, delivery and publication of this Deed and shall remain in full force and effect thereafter in accordance with its terms. The parties hereto confirm and acknowledge that not all representations, warranties, covenants and indemnities contained in the Purchase Agreement have been incorporated in this Deed, but all such representations, warranties, covenants and indemnities contained in the Purchase Agreement shall survive and shall remain in full force and effect in accordance with the Purchase Agreement. If there is a conflict between the terms and conditions of the Purchase Agreement and this Deed, the terms of the Purchase Agreement shall prevail, it being understood that, for greater certainty, where this Deed covers a subject or creates obligations that are not set out or contemplated in the Purchase Agreement, same shall not be deemed to be a conflict.

### 15. GENERAL PROVISIONS

- 15.1 *Putting the Purchaser in default.* The mere lapse of time for the fulfilment by the Purchaser of any of the Secured Obligations shall put the Purchaser in default, without the necessity of any notice or putting in default.
- 15.2 *Cumulative Rights and Recourses.* No single or partial exercise of any right or recourse by the Vendor hereunder shall preclude any other or further exercise thereof or the exercise of any other right or recourse, all the rights and recourses of the Vendor provided for in this Deed being cumulative and in addition to any right or recourse that the Vendor may have pursuant to any other agreement or law, whether present or future.
- 15.3 *Waiver.* A waiver of any default, breach or non-compliance under this Deed is not effective unless in writing and signed by the party to be bound by the waiver or its solicitor. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a Party of any default, breach or non-compliance under this Deed shall not

operate as a waiver of that party's rights under this Deed in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

- 15.4 *Assignment.* The rights and obligations of a party under this Agreement may not be assigned without the prior written consent of the other party; provided, however, that the Vendor may assign its rights and obligations under this Deed to an Affiliate (as such term is defined in the Purchase Agreement) upon 2 days written notice to the Purchaser.
- 15.5 *Severability.* Any provision of this Deed which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Deed, all without affecting the remaining provisions of this Deed or affecting the validity or enforceability of such provision in any other jurisdiction.
- 15.6 *Successors and Assigns.* This Deed shall enure to the benefit of and shall be binding upon the parties and their respective successors and permitted assigns.
- 15.7 *Governing Law .* This Deed shall be governed by the laws of the Province of Québec.
- 15.8 *Interpretation.* The descriptive headings of the articles, sections or paragraphs contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of the provisions hereof.
- 15.9 *Language.* The parties acknowledge that they have required that the present Deed, as well as all documents, notices and legal proceedings executed, given or instituted pursuant hereto or relating directly or indirectly, be drafted in the English language only; les parties reconnaissent avoir requis que le présent acte ainsi que tous les documents, avis et procédures judiciaires exécutés, donnés ou intentés directement ou indirectement à la suite de ou relativement au présent acte soient rédigés en langue anglaise seulement.

**16. PARTICULARS REQUIRED UNDER SECTION 9 OF AN ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES (R.S.Q. c. D-15.1)**

The Vendor and the Purchaser (hereinafter also called the “**Transferor**” and the “**Transferee**” for purposes of the present declarations) in order to conform to the provisions of the above



described Act, establish and acknowledge the following particulars and facts:

- (a) the name and address of the Vendor and/or Transferor are as follows:

**QUINTO MINING CORPORATION**  
595 Burrard Street  
P.O. Box 49314  
Suite 2600, Three Bentall Centre  
Vancouver, BC V7X 1L3  
Canada

- (b) the name and address of the Purchaser and/or Transferee are as follows:

**MASON GRAPHITE CORP.**  
65 Queen Street West, Suite 805  
Toronto, Ontario  
M5H 2M5

- (c) the immovable property herein sold and/or transferred is situated in the *Municipalité de Rivière-aux-Outardes*;
- (d) according to the Transferor and the Transferee, the amount of the consideration for the transfer of the immovable property herein sold is FOURTEEN MILLION NINE HUNDRED FORTY-THREE THOUSAND CANADIAN DOLLARS (CAN\$14,943,000.00);
- (e) according to the Transferor and the Transferee, the amount constituting the basis of imposition of the transfer duties is FOURTEEN MILLION NINE HUNDRED FORTY-THREE THOUSAND CANADIAN DOLLARS (CAN\$14,943,000.00);
- (f) the amount of transfer duties, if applicable, is TWO HUNDRED TWENTY-TWO THOUSAND SIX HUNDRED FORTY-FIVE CANADIAN DOLLARS (CAN\$222,645.00);
- (g) the transfer of the immovable property is exempt from the payment of transfer duties pursuant to Section 17(e) of the Act, the immovable property transferred being one of those referred to in Section 8 of the *Mining Act* (R.S.Q., chapter M-13.1); and
- (h) there is no transfer of both a corporeal immovable and movables in section 1.0.1 of the said act.

**WHEREOF ACT**, at the City of Montreal, under number  
of the minutes of the undersigned Notary.

**AFTER THE PARTIES** had declared that they had taken cognizance of these presents, and have expressly exempted the said Notary from reading them or causing them to be read, the said parties have signed these presents, all in the presence of the undersigned Notary.

**QUINTO MINING CORPORATION**

Per: \_\_\_\_\_  
Name: Viorelia Guzun  
Title: Authorized Representative

**MASON GRAPHITE CORP.**

Per: \_\_\_\_\_  
Name: Benoit Moreau  
Title: President and Chief  
Executive Officer

\_\_\_\_\_  
**Stéphanie MARTEL, Notary**

**SCHEDULE C**

**Warrant Certificate**

## WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) APRIL 5, 2012, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

EXERCISABLE ONLY PRIOR TO 5:00 P.M. (TORONTO TIME) ON THE EXPIRY DATE.

**2012-A-1 WARRANTS TO PURCHASE COMMON SHARES  
OF  
MASON GRAPHITE CORP.**

(a corporation subsisting under the laws of the Province of Ontario)

Certificate Number 2012-A-1

Number of warrants  
represented by this  
certificate 2,041,571

**THIS CERTIFIES THAT**, for value received, **QUINTO MINING CORPORATION** (the "**Holder**") is entitled, at any time prior to the Expiry Time (as defined below), to purchase for \$0.75 (the "**Exercise Price**") one common share (a "**Common Share**") in the capital stock of Mason Graphite Corp. (the "**Company**"), for each Warrant evidenced hereby, by surrendering to the Company at its principal office at 65 Queen Street West, Suite 805, Toronto, Ontario M5H 2M5, this Warrant, together with a Subscription Form, duly completed and executed, and cash or a certified cheque, money order or bank draft in lawful money of Canada payable to or to the order of the Company for the amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time these Warrants and all rights hereunder shall be void and of no value.

## 1. Definitions

In this Warrant, including the preamble, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings, namely:

- (a) “**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto are not open for business;
- (b) “**Common Shares**” means the common shares of the Company as such shares were constituted on the date hereof, as the same may be reorganized, reclassified or redesignated pursuant to any of the events set out in Section 12 hereof;
- (c) “**Company**” means Mason Graphite Corp., a corporation formed under the laws of the Province of Ontario and its successors and assigns;
- (d) “**Current Market Price**” at any date, means the weighted average of the sale prices per Common Share at which the Common Shares have traded on the stock exchange upon which the Common Shares may be listed, or, if the Common Shares in respect of which a determination of current market price is being made are not listed thereon, on such stock exchange on which such shares are listed as may be selected for such purpose by the directors, or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market, for any 20 consecutive trading days selected by the Company commencing not later than 30 trading days and ending no later than 5 trading days before such date; provided, however, if such Common Shares are not traded during such 30 day period for at least 20 consecutive trading days, the simple average of the following prices established for each of 20 consecutive trading days selected by the Company commencing not later than 30 trading days and ending no later than 5 trading days before such date:
  - (i) the average of the bid and ask prices for each day on which there was no trading, and
  - (ii) the closing price of the Common Shares for each day that there was trading,or in the event that at any date the Common Shares are not listed on any exchange or on the over-the-counter market, the current market price shall be as determined by the directors or such firm of independent chartered accountants as may be selected by the directors acting reasonably and in good faith in their sole discretion; for these purposes, the weighted average price for any period shall be determined by dividing the aggregate sale prices during such period by the total number of Common Shares sold during such period;
- (e) “**Equity Shares**” means the Common Shares and any shares of any other class or

series of the Company which may from time to time be authorized for issue if by their terms such shares confer on the holders hereof the right to participate in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Company beyond a fixed sum or a fixed sum plus accrued dividends;

- (f) “**Exercise Price**” means \$0.75 in Canadian funds per Common Share, unless such price shall have been adjusted in accordance with the provisions of Section 12, in which case it shall mean the adjusted price in effect at such time;
- (g) “**Expiry Date**” means April 5, 2014;
- (h) “**Expiry Time**” means 5:00 p.m. (Toronto time) on the Expiry Date;
- (i) “**Form of Transfer**” means the form of transfer annexed hereto as Schedule “B”;
- (j) “**Holder**” means the registered holder of this Warrant;
- (k) “**person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof;
- (l) “**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;
- (m) “**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”;
- (n) “**this Warrant**”, “**Warrant**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean or refer to the warrants represented by this warrant certificate and any deed or instrument supplemental or ancillary thereto and any schedules hereto or thereto and not to any particular article, section, subsection, clause, subclause or other portion hereof; and
- (o) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (p) “**U.S. Person**” means a “U.S. person” as such term is defined in Regulation S”;
- (q) “**U.S. Securities Act**” means United States Securities Act of 1933, as amended.

## 2. Expiry Time

After the Expiry Time, all rights under any Warrants evidenced hereby, in respect of which the right of subscription and purchase herein provided for shall not theretofore have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.



### **3. Exercise Procedure**

The Holder may exercise the right of purchase herein provided for by surrendering or delivering to the Company prior to the Expiry Time at its principal office:

- (a) this Warrant, with the Subscription Form duly completed and executed by the Holder or its legal representative or attorney, duly appointed by an instrument in writing in form and manner satisfactory to the Company, and
- (b) cash or a certified cheque, money order or bank draft payable to or to the order of the Company in lawful money of Canada at par in the City of Toronto in an amount equal to the Exercise Price multiplied by the number of Common Shares for which subscription is being made.

Any Warrant and cash, certified cheque, money order or bank draft referred to in the foregoing clauses (a) and (b) shall be deemed to be surrendered only upon delivery thereof to the Company at its principal office in the manner provided in Section 27 hereof.

This Warrant is exchangeable, upon the surrender hereof by the Holder, for new certificates of like tenor representing, in the aggregate, warrants entailing the right to subscribe for the same number of Common Shares which may be subscribed for hereunder.

This Warrant may not be exercised in the United States or by or on behalf of a U.S. Person (as that term is defined in Regulation S adopted by the United States Securities Exchange Commission under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")) unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and the holder of this Warrant Certificate has furnished an opinion of counsel of recognized standing in form and substance satisfactory to the Corporation to such effect.

### **4. Entitlement to Certificate**

Upon such delivery and payment as aforesaid, the Company shall cause to be issued to the Holder hereof the Common Shares subscribed for not exceeding those which such Holder is entitled to purchase pursuant to this Warrant and the Holder hereof shall become a shareholder of the Company in respect of such Common Shares with effect from the date of such delivery and payment and shall be entitled to delivery of a certificate or certificates evidencing such Common Shares and the Company shall cause such certificate or certificates to be mailed to the Holder hereof at the address or addresses specified in such subscription within five (5) Business Days of such delivery and payment.

### **5. Transfer of Warrants**

Subject to the following provisions of this Section 5 and applicable law, the Warrants evidenced hereby and/or any portion of the rights to subscribe for and purchase Common Shares hereunder may be transferred by the holder hereof. No transfer of the Warrants evidenced

hereby or any portion of the rights hereunder will be valid unless duly entered on the appropriate register of transfers, upon the surrender to the Company of this Warrant Certificate accompanied by a duly completed Transfer Form in substantially the form attached as Schedule "B" hereto executed by the registered holder hereof or its executors, administrators or other legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Company, and, upon compliance with all applicable securities laws and such other reasonable requirements as the Company may prescribe, such transfer will be duly recorded by the Company on the applicable registers.

Notwithstanding the foregoing, the Company shall not register such transfer if it has reason to believe that the transferee is a person in the United States or a U.S. Person or is acquiring the Warrants evidenced thereby for the account or benefit of a person in the United States or a U.S. Person. Any Warrant Certificate issued to a transferee in a transfer contemplated by this section shall bear the same legends as this Warrant Certificate.

**6. Partial Exercise**

The Holder may subscribe for and purchase a number of Common Shares less than the number the Holder is entitled to purchase pursuant to this Warrant. In the event of any such subscription and purchase prior to the Expiry Time, the Holder shall in addition be entitled to receive, without charge, a new certificate in respect of the balance of the Warrants represented by this certificate and which were then not exercised.

**7. No Fractional Shares**

Notwithstanding any adjustments provided for in Section 12 hereof or otherwise, the Company shall not be required upon the exercise of any Warrants, to issue fractional Common Shares in satisfaction of its obligations hereunder. Any fractional Common Shares shall be rounded down to the nearest whole number. Where a fractional Common Share would, but for this Section 7, have been issued upon exercise of a Warrant, no cash or other consideration shall be issued to the Holder in respect thereof.

**8. Not a Shareholder**

Nothing in this certificate or in the holding of the Warrants evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Company.

**9. No Obligation to Purchase**

Nothing herein contained or done pursuant hereto shall obligate the Holder to purchase or pay for or the Company to issue any securities except those Common Shares in respect of which the Holder shall have exercised its right to purchase hereunder in the manner provided herein.

## 10. Ranking of Warrants

All 2012-A-1 Warrants of the Company shall rank *pari passu*, notwithstanding the actual date of the issue thereof.

## 11. Covenants

- (a) The Company covenants and agrees that:
  - (i) so long as any Warrants evidenced hereby remain outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the right of purchase herein provided for should the Holder determine to exercise its rights in respect of all the Common Shares for the time being called for by such outstanding Warrants; and
  - (ii) all Common Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Common Shares may at the time be purchased pursuant to the provisions hereof, shall be issued as fully paid and non-assessable Common Shares and the holders thereof shall not be liable to the Company or to its creditors in respect thereof.
- (b) So long as any Warrants evidenced hereby remain outstanding, the Company shall use all reasonable efforts to preserve and maintain its corporate existence subject to any take-over of the Company pursuant to a formal take-over bid, a consolidation, amalgamation or merger of the Company with or into any other corporation or corporations, or a conveyance or transfer of all or substantially all the assets of the Company to any corporation lawfully entitled to acquire and operate same, provided, however, that the corporation making the take-over bid or formed by such consolidation, amalgamation or merger or which acquires by conveyance or transfer all or substantially all the assets of the Company shall, simultaneously with such take-over, consolidation, amalgamation, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.

## 12. Adjustment to Exercise Price

The Exercise Price in effect at any time is subject to adjustment from time to time in the events and in the manner provided as follows:

- (a) If and whenever at any time after the date hereof the Company:
  - (i) issues Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common

Shares as a stock dividend; or

- (ii) makes a distribution on its outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares; or
- (iii) subdivides its outstanding Common Shares into a greater number of shares; or
- (iv) consolidates its outstanding Common Shares into a smaller number of shares;

(any of such events being called a “**Common Share Reorganization**”), then the Exercise Price will be adjusted effective immediately after the effective date or record date for the happening of a Common Share Reorganization, as the case may be, at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which is the number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

- (b) If and whenever at any time after the date hereof the Company fixes a record date for the issue of rights, options or warrants to the holders of all or substantially all of its outstanding Common Shares under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, where:
  - (i) the right to subscribe for or purchase Common Shares, or the right to exchange securities for or convert securities into Common Shares, expires not more than 45 days after the date of such issue (the period from the record date to the date of expiry being herein in this Section 12 called the “**Rights Period**”), and
  - (ii) the cost per Common Share during the Rights Period (inclusive of any cost of acquisition of securities exchangeable for or convertible into Common Shares in addition to any direct cost of Common Shares) (herein in this Section 12 called the “**Per Share Cost**”) is less than 95% of the Current Market Price of the Common Shares on the record date,

(any of such events being called a “**Rights Offering**”), then the Exercise Price will be adjusted effective immediately after the end of the Rights Period to a price determined by

multiplying the Exercise Price in effect immediately prior to the end of the Rights Period by a fraction:

- (A) the numerator of which is the aggregate of:
  - (1) the number of Common Shares outstanding as of the record date for the Rights Offering; and
  - (2) a number determined by dividing the product of the Per Share Cost and:
    - (I) where the event giving rise to the application of this subsection 12(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the number of Common Shares so subscribed for or purchased during the Rights Period, or
    - (II) where the event giving rise to the application of this subsection 12(b) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common Shares for which those securities so subscribed for or purchased during the Rights Period could have been exchanged or into which they could have been converted during the Rights Period,

by the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

- (B) the denominator of which is:
  - (1) in the case described in subparagraph 12(b)(A)(2)(I), the number of Common Shares outstanding, or
  - (2) in the case described in subparagraph 12(b)(A)(2)(II), the number of Common Shares that would be outstanding if all the Common Shares described in subparagraph 12(b)(A)(2)(II) had been issued,

as at the end of the Rights Period.

Any Common Shares owned by or held for the account of the Company or any subsidiary or affiliate (as defined in the *Securities Act* (Ontario)) of the Company will be deemed not to be outstanding for the purpose of any such computation.



If by the terms of the rights, options or warrants referred to in this Section 12, there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, will be calculated for purposes of the adjustment on the basis of:

- (I) the lowest purchase, conversion or exchange price per Common Share, as the case may be, if such price is applicable to all Common Shares which are subject to the rights, options or warrants, and
- (II) the average purchase, conversion or exchange price per Common Share, as the case may be, if the applicable price is determined by reference to the number of Common Shares acquired.

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 12 as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in this Section 12, the Exercise Price will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

If the Holder has exercised this Warrant in accordance herewith during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period therefor (the “**Entitlement Period**”), the Holder will, in addition to the Common Shares to which it is otherwise entitled upon such exercise, be entitled to that number of additional Common Shares equal to the result obtained when (A) the Exercise Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Common Shares received upon the exercise of this Warrant during such period, (B) the resulting product is divided by the Exercise Price as adjusted for such Rights Offering pursuant to this subsection, and (C) the number of Common Shares acquired by the Holder during the Entitlement Period in accordance with the terms hereof is subtracted from the resulting divided product; provided that the provisions of Section 7 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled. Such additional Common Shares will be deemed to have been issued to the Holder immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to such Holder within ten (10) Business Days following the end of the Rights Period.

- (c) If and whenever at any time after the date hereof the Company fixes a record date for the issue or the distribution to the holders of all or substantially all its Common Shares of:



- (i) shares of the Company of any class other than Common Shares;
- (ii) rights, options or warrants to acquire shares or securities exchangeable for or convertible into shares or property or other assets of the Company;
- (iii) evidence of indebtedness; or
- (iv) any property or other assets,

and if such issuance or distribution does not constitute (A) a Common Share Reorganization, (B) a Rights Offering or (C) the issue of rights, options or warrants to the holders of all or substantially all of its outstanding Common Shares under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, where:

- (a) the right to subscribe for or purchase Common Shares, or the right to exchange securities for or convert securities into Common Shares, expires not more than 45 days after the date of such issue, and
- (b) the cost per Common Share during the Rights Period, inclusive of the Per Share Cost, is 95% or more than the Current Market Price of the Common Shares on the record date

(any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price will be adjusted effective immediately after such record date to a price determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (C) the numerator of which is:
  - (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less
  - (2) the aggregate fair market value (as determined by action by the directors of the Company, subject, however, to the prior written consent of the stock exchange upon which the Common Shares may be listed, where required) to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and
- (D) the denominator of which is the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company or any subsidiary

or affiliate (as defined in the *Securities Act* (Ontario)) of the Company will be deemed not to be outstanding for the purpose of any such computation.

- (d) If and whenever at any time after the date hereof there is a Common Share Reorganization, a Rights Offering, a Special Distribution, a reclassification or redesignation of the Common Shares outstanding at any time or change of the Common Shares into other shares or into other securities (other than a Common Share Reorganization), or a consolidation, plan of arrangement, amalgamation or merger of the Company with or into any other corporation or other entity (other than a consolidation, plan of arrangement, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Common Shares or a change of the Common Shares into other shares), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity (any of such events being called a “**Capital Reorganization**”), the Holder, upon exercising this Warrant after the effective date of such Capital Reorganization, will be entitled to receive and shall accept in lieu of the number of Common Shares to which such Holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property which such Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares to which such Holder was theretofore entitled upon exercise of this Warrant. If determined appropriate by action of the directors of the Company, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 12 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 12 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the exercise hereof. Any such adjustment must be made by and set forth in an amendment to this Warrant approved by action by the directors of the Company and will for all purposes be conclusively deemed to be an appropriate adjustment.
- (e) If at any time after the date hereof and prior to the Expiry Time any adjustment in the Exercise Price shall occur as a result of:
- (i) an event referred to in subsection 12(a);
  - (ii) the fixing by the Company of a record date for an event referred to in subsection 12(b); or
  - (iii) the fixing by the Company of a record date for an event referred to in subsection 12(c) if such event constitutes the issue or distribution to the holders of all or substantially all of its outstanding Common Shares of (A) Equity Shares, or (B) securities exchangeable for or convertible into Equity Shares at an exchange or conversion price per Equity Shares less

than the Current Market Price on such record date or (C) rights, options or warrants to acquire Equity Shares at an exercise, exchange or conversion price per Equity Share less than the Current Market Price on such record date,

then the number of Common Shares purchasable upon the subsequent exercise of this Warrant shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the exercise of this Warrant immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the Exercise Price. To the extent any adjustment in subscription rights occurs pursuant to (i) this subsection 12(e) as a result of a distribution of exchangeable or convertible securities other than Equity Shares referred to in subsection 12(a), or (ii) as a result of the fixing by the Company of a record date for the distribution of rights, options or warrants referred to in subsection 12(b), the number of Common Shares purchasable upon exercise of this Warrant shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Common Shares which would be purchasable based upon the number of Common Shares actually issued and remaining issuable immediately after such expiration, and shall be further readjusted in such manner upon expiration of any further such right. To the extent that any adjustment in subscription rights occurs pursuant to this subsection 12(e) as a result of the fixing by the Company of a record date for the distribution of exchangeable or convertible securities other than Equity Shares or rights, options or warrants referred to in subsection 12(c), the number of Common Shares purchasable upon exercise of this Warrant shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number which would be purchasable pursuant to this subsection 12(e) if the fair market value of such securities or such rights, options or warrants had been determined for purposes of the adjustment pursuant to this subsection 12(e) on the basis of the number of Equity Shares issued and remaining issuable immediately after such expiration, and shall be further readjusted in such manner upon expiration of any further such right.

### **13. Rules Regarding Calculation of Adjustment of Exercise Price**

- (a) The adjustments provided for in Section 12 are cumulative and will, in the case of adjustments to the Exercise Price, be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs, subject to the following subsections of this Section 13.
- (b) No adjustment in the Exercise Price is required to be made unless such adjustment would result in a change of at least 1% in the prevailing Exercise Price; provided, however, that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustments.
- (c) No adjustment in the Exercise Price will be made in respect of any event described in Section 12, other than the events referred to in clauses 12(a)(iii) and

- (iv), if the Holder is entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Holder had exercised this Warrant prior to or on the effective date or record date of such event.
- (d) If at any time a dispute arises with respect to adjustments provided for in Section 12, such dispute will be conclusively determined by the auditors of the Company or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action by the directors of the Company and any such determination, where required, will be binding upon the Company, the Holder and shareholders of the Company. The Company will provide such auditors or accountants with access to all necessary records of the Company.
- (e) In case the Company after the date of issuance of this Warrant takes any action affecting the Common Shares, other than action described in Section 12, which in the opinion of the board of directors of the Company would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Company but subject in all cases to the prior written consent of the stock exchange upon which the Common Shares may be listed, where required, and any necessary regulatory approval. Failure of the taking of action by the directors of the Company so as to provide for an adjustment on or prior to the effective date of any action by the Company affecting the Common Shares will be conclusive evidence that the board of directors of the Company has determined that it is equitable to make no adjustment in the circumstances.
- (f) If the Company sets a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, decides not to implement its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Exercise Price will be required by reason of the setting of such record date.
- (g) In the absence of a resolution of the directors of the Company fixing a record date for a Special Distribution or Rights Offering, the Company will be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.
- (h) As a condition precedent to the taking of any action which would require any adjustment to this Warrant, including the Exercise Price, the Company shall take any corporate action which may be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.

- (i) The Company will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 12, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Exercise Price.
- (j) The Company covenants to and in favour of the Holder that so long as this Warrant remains outstanding, it will give notice to the Holder of its intention to fix a record date for any event referred to in subsections 12(a), (b) or (c) (other than the subdivision or consolidation of the Common Shares) which may give rise to an adjustment in the Exercise Price, and, in each case, such notice must specify the particulars of such event and the record date or the effective date for such event; provided that the Company is only required to specify in such notice such particulars of such event as have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days prior to each such applicable record date or effective date.

#### 14. Consolidation and Amalgamation

- (a) The Company shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other corporation (herein called a “**successor corporation**”) whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Company and the successor corporation shall have executed such instruments and done such things as, in the opinion of counsel to the Holder, are necessary or advisable to establish that upon the consummation of such transaction:
  - (i) the successor corporation will have assumed all the covenants and obligations of the Company under this Warrant, and
  - (ii) the Warrant will be a valid and binding obligation of the successor corporation entitling the Holder, as against the successor corporation, to all the rights of the Holder under this Warrant, *mutatis mutandis*.
- (b) Whenever the conditions of subsection 14(a) shall have been duly observed and performed the successor corporation shall possess, and from time to time may exercise, each and every right and power of the Company under this Warrant in the name of the Company or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Company may be done and performed with like force and effect by the like directors or officers of the successor corporation.



## **15. Representation and Warranty**

The Company hereby represents and warrants with and to the Holder that the Company is duly authorized and has the corporate and lawful power and authority to create and issue this Warrant and the Common Shares issuable upon the exercise hereof and perform its obligations hereunder and that this Warrant represents a valid, legal and binding obligation of the Company enforceable in accordance with its terms.

## **16. If Share Transfer Books Closed**

The Company shall not be required to deliver certificates for Common Shares while the share transfer books of the Company are properly closed, prior to any meeting of shareholders or for the payment of dividends or for any other purpose and in the event of the surrender of any Warrant in accordance with the provisions hereof and the making of any subscription and payment for the Common Shares called for thereby during any such period delivery of certificates for Common Shares may be postponed for a period of time not exceeding five (5) Business Days after the date of the re-opening of said share transfer books. Provided however that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder, if the Holder has surrendered the same and made payment during such period, to receive such certificates for the Common Shares called for after the share transfer books have been re-opened.

## **17. Lost Certificate**

If this certificate evidencing the Warrants becomes stolen, lost, mutilated or destroyed, the Company may, on such terms as it may in its discretion impose, issue and countersign a new certificate of like denomination, tenor and date as the certificate so stolen, lost mutilated or destroyed.

## **18. Legends on Common Shares**

Any certificate representing Common Shares issued upon the exercise of this Warrant prior to the date upon which the Company becomes a reporting issuer in any province or territory of Canada, will bear legends in substantially the following form:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) [INSERT THE DISTRIBUTION DATE], AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

## **19. Governing Law**

This Warrant shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Ontario. The parties hereto hereby irrevocably attorn to the non-exclusive jurisdiction of the Courts of the Province of Ontario.

## **20. Severability**

If any one or more of the provisions or parts thereof contained in this Warrant should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Warrant in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Warrant in any other jurisdiction.

## **21. Headings**

The headings of the sections, subsections and clauses of this Warrant have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Warrant.

## **22. Numbering of Sections, etc.**

Unless otherwise stated, a reference herein to a numbered or lettered section, subsection, clause, subclause or schedule refers to the section, subsection, clause, subclause or schedule bearing that number or letter in this Warrant.

## **23. Gender**

Whenever used in this Warrant, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

## **24. Day not a Business Day**

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

## **25. Computation of Time Period**

Except to the extent otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".



**26. Binding Effect**

This Warrant and all of its provisions shall enure to the benefit of the Holder and his heirs, executors, administrators, legal personal representatives, permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

**27. Notice**

Any notice, document or communication required or permitted by this Warrant to be given by a party hereto shall be in writing and is sufficiently given if delivered personally, or if sent by prepaid registered mail, or if transmitted by any form of recorded telecommunication tested prior to transmission, to such party addressed as follows:

(a) to the Holder, in the register to be maintained pursuant to Section 5 hereof; and

(b) to the Company at:

65 Queen Street West  
Suite 805  
Toronto, Ontario  
M5H 2M5

Attention: Corporate Secretary  
Telecopier: (647) 438-2701

Notice so mailed shall be deemed to have been given on the fifth (5<sup>th</sup>) Business Day after deposit in a post office or public letter box. Neither party shall mail any notice, request or other communication hereunder during any period in which applicable postal workers are on strike or if such strike is imminent and may reasonably be anticipated to affect the normal delivery of mail. Notice transmitted by a form of recorded telecommunication or delivered personally shall be deemed given on the day of transmission or personal delivery, as the case may be provided that if such day is not a Business Day then the notice, request or other communication shall be deemed to have been given and received on the first Business Day following such day. Any party may from time to time notify the other in the manner provided herein of any change of address which thereafter, until change by like notice, shall be the address of such party for all purposes hereof.

**28. Time of Essence**

Time shall be of the essence hereof.

*[Signature page follows]*

**IN WITNESS WHEREOF** the Company has caused this Warrant certificate to be signed by its duly authorized officer as of this 5<sup>th</sup> day of April, 2012.

**MASON GRAPHITE CORP.**

Per: \_\_\_\_\_  
Authorized Signatory

**SCHEDULE "A"**

**SUBSCRIPTION FORM**

**TO: MASON GRAPHITE CORP.**  
65 Queen Street West  
Suite 805  
Toronto, Ontario  
M5H 2M5

The undersigned hereby subscribes for \_\_\_\_\_ common shares ("**Common Shares**") of **Mason Graphite Corp.** (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated as of the 5<sup>th</sup> day of April, 2012 issued by the Corporation to the Holder (as defined in the Warrant Certificate)) at the purchase price of **CDNS0.75** per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant Certificate and encloses herewith a certified cheque, bank draft or money order in lawful money of Canada payable to the Corporation or has transmitted same day funds in lawful money of Canada by wire to such account as the Corporation directed the undersigned in payment of the subscription price.

By executing this subscription form the undersigned represents and warrants that the undersigned is not a U.S. Person or a Person within the United States and that the Common Shares are not being subscribed for on behalf of a U.S. person (as such terms are defined for purposes of the United States Securities Act of 1933, as amended).

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

<u>Name in Full</u>	<u>Address</u> (include Postal Code)	<u>Number of</u> <u>Common Shares</u>
---------------------	-----------------------------------------	------------------------------------------

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**NAME:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_  
**Address:** \_\_\_\_\_

If any Warrants represented by this Warrant Certificate are not being exercised, a new Warrant certificate representing the number of Warrants which are not exercised hereby will be issued and delivered with the Common Share certificate(s).

**SCHEDULE "B"**

**FORM OF TRANSFER**

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto *(name)*  
\_\_\_\_\_ (the "**Transferee**"), \_\_\_\_\_ *(residential*  
*address)* \_\_\_\_\_ Warrants of Mason Graphite Corp. (the "**Company**") registered in the  
name of the undersigned on the records of the Company represented by the within Warrant  
certificate, and irrevocably appoints the Secretary of the Company as the attorney of the  
undersigned to transfer the said securities on the books or register of transfer, with full power  
of substitution.

**DATED** the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature Guaranteed

\_\_\_\_\_  
(Signature of Holder, to be the same as  
appears on the face of this Warrant  
Certificate)