

OFFTAKE AGREEMENT
(HIGH PURITY LARGE FLAKE GRAPHITE CONCENTRATE)

between

FOCUS GRAPHITE INC.

and

GRAFOID INC.

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OFFTAKE AGREEMENT

This Agreement is made as of the effective date of the 24th day of September, 2015.

BETWEEN **FOCUS GRAPHITE INC.** a company duly existing under the laws of Canada having its registered and head office at 912 -130 Albert St. Ottawa, Ontario, K1P 5G4

(“**Focus**”)

AND: **GRAFOID INC.** a corporation duly existing under the laws of Ontario having its registered and head office at 912 -130 Albert St. Ottawa, Ontario, K1P 5G4

(“**Grafoid**”)

WHEREAS Focus owns and is developing, and intends to produce Concentrate from the Lac Knife graphite mine, mill and related facilities located in the vicinity of the municipality of Fermont, in the Côte-Nord region of the Province of Québec (the “**Lac Knife Project**”);

WHEREAS Focus desires to sell and deliver to Grafoid, and Grafoid desires to purchase from Focus, Concentrate on the following terms and conditions;

NOW THEREFORE, in consideration of the terms and conditions set out in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties hereby agree as follows:

1. **DEFINITIONS AND INTERPRETATION**

In this Agreement, unless there is an express provision to the contrary or unless the context otherwise requires:

- (a) “**Agreement**” means this offtake agreement and includes schedules hereto, in each case as amended, modified or supplemented from time to time;
- (b) “**Annual Quantity**” means up to 1,000 tons of Concentrate to be purchased by Grafoid at its discretion for any Contract Year;
- (c) “**Annual Schedule**” has the meaning given to that term in Section 5.1;
- (d) “**Breach Notice**” has the meaning given to that term in Section 12.1;
- (e) “**Business Day**” means any day except Saturday, Sunday, a national holiday or a day on which banks are not open for business in Canada;

- (f) **“Concentrate”** means high purity large flake graphite concentrate having the chemical specifications set out in Schedule A, produced at and originating from the Production Facility or from another Source;
- (g) **“Contract Year”** means, with the exception of the First Contract Year, the period commencing on the first day of January and ending the earlier of the 31st day of December of that year or the date of termination of this Agreement;
- (h) **“Default”** has the meaning given to that term in Section 12.2;
- (i) **“Defaulting Party”** has the meaning given to that term in Section 12.2
- (j) **“Delivery Point”** means the port of Sept-Îles, or any other delivery point which may be agreed in writing by the Parties;
- (k) **“Due Amount”** has the meaning given to that term in Section 12.1;
- (l) **“Due Date”** has the meaning given to that term in Section 12.1;
- (m) **“End Date”** has the meaning given to that term in Section 2.4.1;
- (n) **“Financing Entity”** means any person providing any debt or equity financing to Focus, including by provision of a letter of credit, a guarantee or insurance in support of any debt or equity financing and including the holder of, and any agent or trustee representing the holder of, such instruments in connection with the project finance of the Lac Knife Project;
- (o) **“First Contract Year”** means the period commencing on the Start-up Date and ending on the immediately following 31st day of December;
- (p) **“FOB”** means FOB as defined in the Incoterms;
- (q) **“Governmental Authority”** means any federal, provincial, state, territorial, regional, municipal or local government or authority, quasi government authority, fiscal or judicial body, government or self-regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing.
- (r) **“Incoterms”** means the most current internationally accepted commercial terms defining the terms of trade as developed under the auspices of the International Chamber of Commerce, Paris, France;
- (s) **“Laboratory”** has the meaning given to that term in Section 4.2;
- (t) **“Lac Knife Project”** has the meaning given to that term in the Recitals;
- (u) **“Month of Scheduled Delivery”** means with respect to each Parcel, the calendar month during which the Parcel is scheduled to be delivered at the Delivery Point;

- (v) **“Parcel”** means the quantity of Concentrate delivered to Grafoid at the Delivery Point;
- (w) **“Parties”** means Focus and Grafoid and **“Party”** means Focus or Grafoid, as the context dictates;
- (x) **“Prime Rate”** means the publicly quoted basic rate of interest (percent, per annum, compounded monthly in arrear and calculated on a 365 day year, irrespective of whether or not the year is a leap year) from time to time published by Bank of Montreal or its successor- in-title as being its prime overdraft rate as certified by any manager or assistant manager of any branch of the said bank, whose appointment and designation need not be proved and whose certification shall be final and binding on the Parties, save in the case of manifest error;
- (y) **“Production Facility”** means the mine, mill and related facilities (including transportation facilities) located at the Lac Knife Project;
- (z) **“Purchase Price”** means during the term of this Agreement, a price equal to USD \$1,910 per metric tonne of Concentrate and, following the extension of this Agreement in accordance with Section 2.4.2, the applicable market price per metric tonne of Concentrate, unless otherwise revised by the Parties in accordance with Section 6.2;
- (aa) **“Remedy Period”** has the meaning given to that term in Section 12.1;
- (bb) **“Source”** means another source of Concentrate, owned and/or controlled by Focus or acquired by it;
- (cc) **“Start-up Date”** means the date when production of Concentrate at the Production Facility commences on a commercial level as determined by Focus.

1.2 Interpretation

Unless the context otherwise expressly requires in this Agreement:

- (a) the singular includes the plural and conversely;
- (b) a gender includes all genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person (including a Party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or Governmental Authority;

- (e) reference to a body, other than a Party (including an institute, association or Governmental Authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (f) a reference to a Section or Schedule is a reference to a section of or a schedule to this Agreement;
- (g) a reference to any Party includes that Party's executors, administrators, substitutes (including, but not limited to, persons taking by novation), successors and permitted assigns;
- (h) a reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document;
- (i) a reference to a party to a document includes the person's executors, administrators, substitutes (including, but not limited to, persons taking by novation), successors and permitted assigns;
- (j) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation, code, by-law, ordinance or statutory instrument issued under it;
- (k) a reference to writing includes a facsimile or electronic mail transmission and any means of reproducing words in a tangible and permanently visible form;
- (l) a reference to "\$", "Dollars" or "USD" is to the currency of the United States of America;
- (m) a reference to a day, month or year is a reference to a calendar day, calendar month or a calendar year;
- (n) the word "including" means "including without limitation" and "include" and, "includes" will be construed similarly;
- (o) headings and any table of contents or index are for convenience only and do not form part of this Agreement or affect its interpretation;
- (p) a provision of this Agreement shall not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement;

- (q) if an act is prescribed to be done on a specified day which is not a Business Day, it shall be done instead on the next Business Day; and
- (r) a reference to a thing (including a right, obligation or concept) includes a part of that thing but nothing in this Section 1.2(r) implies that performance of part of an obligation constitutes performance of the obligation.

2. SALE OF CONCENTRATE

2.1 Purchase and Sale of Concentrate

Subject to the terms and conditions of this Agreement, in each Contract Year where Grafoid has exercised its right to purchase the Annual Quantity in accordance with Article 3, Focus shall deliver and sale to Grafoid, and Grafoid shall take delivery of and purchase from Focus, a quantity of Concentrate equal to the Annual Quantity.

2.2 Commencement of Purchase

- (a) Focus' obligation to deliver and sell Concentrate to Grafoid and Grafoid's obligation to receive, purchase and pay for Concentrate from Focus shall commence from the Start-up Date, subject to Grafoid having exercised its right to purchase the Annual Quantity for the Contract Year in accordance with Article 3;
- (b) Unless otherwise agreed between Focus and Grafoid:
 - (i) From the date of this Agreement, Focus shall periodically notify Grafoid with brief and summary details of the progress of development of the Production Facility and the then estimated Start-up Date;
 - (ii) Commencing six (6) months prior to the then estimated Start-up Date, Focus shall notify Grafoid once every month of its then estimate of the expected Start-up Date once every month; and
 - (iii) Focus shall notify Grafoid promptly of the occurrence of the Start-up Date once such has actively occurred.

2.3 Sale of Concentrate to Third Parties

In the event Grafoid elects for any Contract Year not to purchase the Annual Quantity in accordance with Article 3, Focus shall have the right, during the applicable Contract Year only, to sell such Annual Quantity to any third party on terms and conditions acceptable to Focus in its sole discretion. The right of Focus under this Section 2.3 shall be renewed annually during the term of his Agreement.

2.4 Term of Agreement

2.4.1 Term

Subject to Section 2.5, the rights and obligations under this Agreement begin on the date of this Agreement and end on the earlier of:

- (i) the date of termination in accordance with Article 13; or
- (ii) December 31st in the year of the tenth (10th) anniversary of the Start-up Date (the “**End Date**”), unless otherwise extended by Grafoid under Section 2.4.2.

2.4.2 Right to Extend

Grafoid shall have the right to extend this Agreement and its right to purchase the Annual Quantity by providing Focus with a written notice [REDACTED] [REDACTED] [Delay no notify for right to extend]. For purposes of greater certainty, the right of Grafoid to extend the term of this Agreement under this Section 2.4.2 shall immediately extinguish should any Party terminate this Agreement prior to the End Date in accordance with Article 13.

2.5 Conditions Precedent

This Agreement is conditional upon the satisfaction of the following conditions precedent:

- (a) the approval of the board of directors of each Party;
- (b) Focus having received from Grafoid a non-refundable CAD\$1,000,000 payment in cash over a twelve (12) month period, in equal monthly payments, for the option to purchase the Annual Quantity during the term of the Agreement, with a first payment occurring on or before September 30, 2015;
- (c) Focus shall have obtained the required regulatory approvals (excluding approvals relating to the Production Facility) in connection with this Agreement; and
- (d) Focus shall have granted to Grafoid, on terms satisfactory to Grafoid acting reasonably, a right of first refusal relating to the sale by Focus to any third party of any of the common shares of Grafoid held by Focus.

3. QUANTITY

3.1 Quantity of Concentrate

Commencing on the Start-up Date and continuing during the term of this Agreement, Focus shall sell to Grafoid and Grafoid shall purchase from Focus during each Contract Year, the Annual Quantity that Grafoid has elected to purchase from Focus in its sole discretion.

3.2 Determination of Annual Quantity by Grafoid

No later than [REDACTED] [Delay to advise of purchase of quantity of concentrate] and thereafter [REDACTED] [Delay to advise of purchase of quantity of concentrate], Grafoid shall deliver a written notice to Focus specifying the Annual Quantity that Grafoid has elected to purchase.

3.3 Binding Obligation

Upon the delivery by Grafoid of the written notice outlined in Section 3.2 above, the determination of the Annual Quantity Grafoid has elected to purchase under such notice shall constitute a binding and irrevocable commitment of Grafoid to purchase such Annual Quantity as set out in such notice during each Contract Year.

4. QUALITY OF CONCENTRATE

4.1 Quality - Chemical Specifications

- (a) The Concentrate will be produced from Focus' Production Facility or will come from another Source, as Focus so determines in its sole discretion;
- (b) Focus represents that the Concentrate sold to Grafoid under this Agreement shall exhibit the chemical specifications outlined in Schedule A hereto;
- (c) Parcels or any portion thereof delivered by Focus to Grafoid hereunder that do not meet specifications set out in Schedule A may be rejected by Grafoid, subject to the procedure outlined in Section 4.2.

4.2 Independent Analysis

- (a) Subject to Article 7, in the event that any Parcel or any portion thereof delivered by Focus to Grafoid hereunder does not meet the specifications set out in Schedule A, the Parties agree to have such Parcel of Concentrate analyzed by an accredited and independent laboratory approved by the Parties (the "**Laboratory**") using a mutually acceptable sampling protocol;
- (b) If the product is found by the Laboratory to comply with the specifications set out in Schedule A, Grafoid shall be obliged to accept the Parcel and pay the cost of the analysis;
- (c) If the product is found by the Laboratory not to comply with the specifications outlined in Schedule A, Focus shall pay the costs of the analysis and Grafoid shall be entitled to (i) reject the Parcel; or (ii) accept delivery of the Parcel, at a price to be negotiated and agreed upon by the Parties. If a price cannot be agreed upon, Grafoid shall reject the Parcel;

- (d) In the event that Grafoid rejects the Parcels for failure to comply with the specifications set out in Schedule A hereto, Grafoid shall give notice to Focus and shall comply with any reasonable instructions for the return of the rejected Parcel at Focus' cost;
- (e) Grafoid will properly store and care for any Parcel which is subject to the procedure set forth in this Section 4.2.

5. SHIPMENT AND DELIVERY

5.1 Annual Schedule

Subject to Grafoid having exercised its right to purchase the Annual Quantity in accordance with Article 3, the Parties shall agree on the delivery schedule ("**Annual Schedule**") for each Contract Year not later than [REDACTED] [Delay to agree on delivery schedule]. For the First Contract Year, the Annual Schedule shall be mutually agreed not later than [REDACTED] [Delay to agree on delivery schedule]. Each Annual Schedule shall provide the estimated Parcels to be delivered and the Month of Scheduled Delivery. Such Annual Schedule shall be the delivery schedule in effect for such Contract Year unless otherwise agreed in writing between the Parties. It is mutually understood that the actual delivery months for individual Parcels may vary from the Annual Schedule.

5.2 Delivery

Pursuant to this Agreement, and except as set forth in this Section 5.2, Focus shall deliver each Parcel of Concentrate FOB at the Delivery Point, or, notably in the case of a delivery of a Parcel of Concentrate from another Source, as otherwise mutually agreed in writing between Focus and Grafoid prior to the delivery of such Parcel. The Incoterms applicable to a delivery of Concentrate on a FOB basis are deemed to be incorporated into this Agreement as if they had been set out in full and apply except to the extent that the obligations of the Parties as so defined in those Incoterms are varied by the express provisions of this Agreement.

6. PRICE AND PAYMENT

6.1 Price

The total price payable by Grafoid to Focus for each Parcel delivered hereunder shall equal the sum of:

- (a) The weight of the Parcel of Concentrate (expressed in metric tons) multiplied by the Purchase Price; less
- (b) A discount of 10%.

6.2 Price Adjustment

In any Contract Year, should the difference between the Purchase Price and the production costs of the Concentrate result in a profit margin of less than 10% for Focus, the Parties agree to review and renegotiate the Annual Quantity and Purchase Price of the Concentrate. In such a case, the definition of “Annual Quantity” and “Purchase Price” shall be adjusted accordingly as agreed to in writing between the Parties at such time.

6.3 Payment Terms

- 6.3.1 Grafoid shall make its payments under this Agreement in US dollars and directly remit all amounts in immediately available funds to such bank account duly notified by Focus (including details thereof).
- 6.3.2 All invoices to be issued by Focus under this Agreement shall be accompanied by (i) bill of lading, (ii) weight certificate issued by Focus, (iii) certificate of analysis issued by Focus, and (iv) as applicable, all other documents that may be required to deliver and sell the Concentrate, notably in the case of delivery of Concentrate from another Source or to another Delivery Point.
- 6.3.3 Grafoid shall make payment into the account referred to in Section 6.3.1 within fifteen (15) days from the date of the invoice sent by Focus with all documents required to be provided under Section 6.3.2.
- 6.3.4 In the case of delay in the settlement of any amount imputable to Grafoid, Focus shall be entitled, without prior form or notice, to charge interests on such unpaid amount at the Prime Rate plus 2% from the due date therefor to the actual date of payment.
- 6.3.5 Focus shall be entitled to suspend deliveries to Grafoid until all arrears have been paid in full, together with interest calculated in accordance with Section 6.3.4. Furthermore, Focus shall be entitled to sell to third parties the portion of the Annual Quantity for the Contract Year not delivered to Grafoid in accordance with this Section 6.3.5 while any arrears remain unpaid. In such a case, the Parties agree that, following payment of the arrears by Grafoid, the Annual Quantity (and the Annual Schedule) for the Contract Year shall be adjusted accordingly.
- 6.3.6 All payment charges associated with payments to Focus (other than those imposed by Focus' bank) shall be borne by Grafoid. All bank charges of Focus' bank shall be borne by Focus.

6.4 Taxes, Tariffs and Duties

All taxes (excluding income taxes and Quebec Mining duties payable by Focus), including for greater certainty any goods and services taxes and Quebec sales tax, duties and other governmental fees or charges within the jurisdiction where a Parcel is loaded shall be for Grafoid's account and, as may be applicable, all taxes, duties and other

governmental fees or charges within any jurisdiction where a Parcel is discharged shall also be for Grafoid's account.

7. WEIGHT AND ANALYSIS DETERMINATION

- 7.1 The weights and analysis determined by Focus at the Production Facility shall be final for settlement purposes. Grafoid has the right to verify weights and analysis on arrival of the Parcel and, in case of any discrepancies, shall notify Focus immediately, but no later than [REDACTED] [Delay to notify Focus of discrepancies]. In such a case, the provisions of Section 4.2 shall apply.

8. TITLE AND RISK OF LOSS

8.1 Focus Warranties on Title

Focus warrants that at the time of transfer of title of the Parcel of Concentrate to Grafoid, Focus will have good and marketable title to the Parcel of Concentrate, free and clear of all liens and encumbrances other than any lien or encumbrances which may exist on such Concentrate for the benefit of a Financing Entity.

8.2 Risk of Loss and Insurance

- (a) Risk of loss or damage or destruction to the Concentrate sold under this Agreement shall pass from Focus to Grafoid when the Concentrate passes the rail of the vessel provided by Grafoid at the Delivery Point.
- (b) Insurance from and after the passage of risk of loss shall be the responsibility of Grafoid, at its expense.

9. REPRESENTATIONS AND WARRANTIES

- 9.1 Each of the Parties hereby represents and warrants to the other Party as follows and acknowledges that the other Party is relying on such representations and warranties in entering into this Agreement:

- (a) It is a company duly existing under the laws of its governing jurisdiction and it is duly organized and validly subsisting under such laws;
- (b) It has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and to carry out and perform all of its obligations and duties hereunder and thereunder;
- (c) It has duly obtained all corporate and regulatory authorizations for the execution, delivery and performance of this Agreement (with the exception, in the case of Focus, of (i) the approval from the TSX Venture Exchange and (ii) the required approvals for the development and construction of the Production Facility) and

such execution, delivery and performance and the consummation of the transactions herein and therein contemplated does not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under the provisions of its constating documents or any shareholders or directors resolution or any indenture, agreement or other instrument whatsoever to which it is a party or by which it is bound and does not contravene any applicable laws;

- (d) This Agreement has been duly executed and delivered by it and is valid, binding and enforceable against it in accordance with its terms; and
- (e) It has not committed an act of bankruptcy, it is not insolvent, has not proposed a compromising arrangement to its creditors generally, has not had any petition for a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, has not taken any proceedings with respect to a comprise or arrangement, has not taken any proceeding to have itself declared bankrupt or wound up, has not taken any proceeding to have a receiver appointed in respect of any part of its assets, has not had any encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or become levied upon any of its property.

10. LIABILITY

10.1 Indemnification by Grafoid

Focus shall not be liable to Grafoid and Grafoid shall indemnify in safe harmless Focus from any claims, suits, charges, and losses for personal injury, death or property damage to the extent, arising out of or resulting from the handling, possession, resale, use or disposal of the Concentrate, whether alone or in combination with other substances, by Grafoid or the agents, employees, or costumers of Grafoid.

10.2 Limitation of liability

Neither Party to this Agreement shall be liable or responsible to the other Party, whether arising under contract, tort (including negligence - unless there's a proof in case of gross negligence), strict liability or otherwise, for special damages of any kind or for consequential damages relating to damage to property, personal injury, disruption and production, or loss profits, or business opportunities, of any nature arising at any time in connection with this Agreement.

11. FORCE MAJEURE

- 11.1** For the purposes of this Agreement, "Force Majeure" means any enforceable event which is not within the reasonable control of the Party invoking its application to excuse non-performance hereunder, which could not have been prevented by the exercise of reasonable diligence by such Party, including, without limitation, war, hostility, military operation of any character, civil commotion, sabotage, quarantine, restriction, power shortage, landslide, acts of God, acts of government, fire, floods, explosions, epidemic,

strikes or other labor disputes, interference by indigenous peoples or embargos, provided that lack of funds on the part of such Party shall not constitute an event of Force Majeure excusing performance hereunder.

- 11.2 If either Party fails to meet any of its obligations under this Agreement within the time periods prescribed, and such failure is caused by an event of Force Majeure, such failure shall be deemed not to constitute a breach by such Party of its obligations hereunder and the time for performing those obligations shall be extended by a period of time equal to the length of time during which such event of Force Majeure prevents performance of those obligations; provided that the breach of any obligation to pay a sum of money due hereunder shall not be excused by an event of Force Majeure.
- 11.3 If a Party desires to invoke Force Majeure, such Party shall give notice to the other Party of the commencement of the event of Force Majeure and reasonable evidence of such event and the actions taking to attempt to cure it. The Party affected by the event of Force Majeure shall (a) use reasonable efforts to put itself in a position to carry out its obligations; (b) provide ongoing periodic notice in writing to the other Party of the status of such event of Force Majeure; and (c) provide immediate notice of the termination of such event of Force Majeure. Nothing in this Section 11.3 shall require a Party affected by an event of Force Majeure to settle labour disputes contrary to its wishes or question validity of an act of any act of Governmental Authority (including any department or agency). Subject to the requirement to use reasonable efforts referred to above, there shall be no obligation to remove or remedy a Force Majeure event resulting from any actions by indigenous peoples.
- 11.4 Should the event of Force Majeure continue unabated for a non-interrupted period of thirty (30) Business Days or more from the date of actual occurrence, then the Parties shall meet to determine their future course of action.

12. DEFAULT

12.1 Breach

- (a) If any Party fails to make any payment due under this Agreement (a “**Due Amount**”) by the due date for payment (the “**Due Date**”), the Party in breach may remedy such breach by making payment of the Due Amount together with interest at the Prime Rate plus 2% (payable from and including the Due Date) within the Remedy Period.
- (b) If either Party otherwise breaches any provisions of this Agreement in any material respect (not involving payment), the Party not in breach may give a notice (a “**Breach Notice**”) to the Party in breach to cure the breach, the Party in breach may remedy such breach within the Remedy Period.

- (c) The “**Remedy Period**” in relation to:
- (i) a breach of paragraph (a) above shall be the period from the Due Date to the date that is five (5) Business Days thereafter; and
 - (ii) a breach of paragraph (b) above shall be the period from the date of the relevant Breach Notice to the date that is twenty (20) Business Days thereafter.

12.2 Default

If a breach referred to in Section 12.1 is not remedied within the relevant Remedy Period, then upon expiry of that Remedy Period, such breach shall constitute a default (a “**Default**”) under this Agreement by the Party in breach (the “**Defaulting Party**”) effective on the expiry of that Remedy Period.

12.3 Rights and Remedies of the Non-Defaulting Party

The rights and remedies provided for in this Article 12 with respect to the Non-Defaulting Party shall, unless otherwise specifically provided in this Agreement, be in addition to and not exclusive of any other rights or remedies available to the Non-Defaulting Party under this Agreement or at law.

13. TERMINATION

13.1 Termination

This Agreement and any obligation arising out of or relating thereto may be terminated:

- (a) by the written agreement of Focus and Grafoid;
- (b) notwithstanding Section 11.4, by either Party if the other Party is affected by an event of Force Majeure which event shall be continuing uninterrupted for a period of more than twelve (12) months after the date of its first occurrence;
- (c) by the Non-Defaulting Party following the occurrence of a Default which is not cured by the Defaulting Party before the expiry of the Remedy Period; or
- (d) by either Party, if the other Party at any time becomes or is adjudicated bankrupt or commits any act of bankruptcy, makes a general assignment for the benefit of creditors, is so ordered by a court of competent jurisdiction, permits or suffers a receiver to be appointed for all or any of its property, takes advantage of any law for the benefit of insolvent persons, permits or suffers any attachment, garnishment or execution against it, ceases to carry on business or otherwise acknowledges its insolvency.

13.2 Notice of Termination

If either Party wishes to exercise any termination right pursuant to this Article 13, it shall give the other Party notice of such termination. Unless otherwise specified in such Notice, this Agreement (except as otherwise provided) shall terminate with immediate effect on the date of delivery of such Notice. Any termination of this Agreement pursuant to this Article 13 shall be without prejudice to any other rights or remains a Party may be entitled to hereunder or at law.

14. NOTICES

- 14.1** All notices, requests, demands and other communication required or provided for under this Agreement shall be given in writing in the English language, which shall include communications by facsimile and electronic mail, and shall be forwarded to the following respective addresses of the Parties hereto unless any other address has been specified by a Party hereto by written notice thereof to the other Party.

In the case of Focus:

FOCUS GRAPHITE:
130 Albert Street
Suite 912
Ottawa, Ontario Canada K1P 5G4
Contact person: Judith Mazvihwa Maclean
Fax No.: 613-241-8632
Email: jmazvihwa@focusgraphite.com

In the case of Grafoïd:

GRAFOID:
130 Albert Street
Suite 912
Ottawa, Ontario Canada K1P 5G4
Contact person: Gary Economo
Fax No.: 613-241-8632
Email: geconomo@grafoïd.com

- 14.2** Any and all notices, requests, demands and other communications required or otherwise contemplated to be made under this Agreement shall be in writing and shall be deemed to have been fully given:

- (a) if delivered personally, when received;
- (b) if send by courier, on the fifth Business Day following deposit with the courier service provider; or

- (c) if transmitted by facsimile or by electronic mail, on the date delivered to the recipient if a Business Day, and if not, on the next following Business Day.

15. CONFIDENTIALITY

15.1 The terms and conditions of this Agreement and all information flowing from any Party under this Agreement shall be treated by the Parties as confidential and each Party undertakes that neither it nor its employees, agents or representatives shall, without the prior written consent of the other Party, disclose such terms, conditions or information to third parties unless disclosure relates to information already within the public domain or is:

- (a) required by applicable laws, regulations, orders of courts, government, regulatory authorities or authorized governmental institutions, or regulations of stock exchanges to be disclosed;
- (b) reasonably necessary for submission to an arbitrator pursuant to Section 17 hereof or for the purposes of any administrative or legal proceedings involving both Parties;
- (c) requested by courts, government, authorized governmental institutions or stock exchanges to be disclosed;
- (d) reasonably necessary for financing purposes, provided that any parties to whom disclosures are made have agreed to be bound by the same confidentiality obligations herein; and/or
- (e) transmitted to legal and financial advisers or auditors of either Party who are bound to treat any information disclosed to them as confidential.

15.2 Survival

The confidentiality obligations of the Parties under Section 15.1 shall survive the termination of this Agreement.

16. GOVERNING LAW AND JURISDICTION

16.1 This Agreement shall be governed by, interpreted and construed in accordance with the laws prevailing in the Province of Quebec and the Federal Laws of Canada applicable therein.

16.2 Subject to the provisions of Section 17, the Parties agree that the Courts of the Province of Quebec, in the judicial district of Montreal, shall have jurisdiction to hear any action or other legal proceedings based on any provisions of this Agreement.

17. DISPUTE RESOLUTION

17.1 Arbitration

Any dispute relating to or arising out of this Agreement, including in connection with the interpretation or application of this Agreement, or breach thereof, which is not resolved by agreement between the Parties within a reasonable period not exceeding thirty (30) days from the date such dispute is communicated by one Party to the other, may be referred by either Party hereto to be finally determined by arbitration by a single arbitrator sitting in Montreal, Quebec. If the Parties have not agreed upon a person to act as arbitrator hereunder within thirty (30) days after a Party's request for arbitration, either of the Parties may apply to the Superior Court of Quebec to select and appoint a single arbitrator. The single arbitrator shall be qualified by education and experience to determine the subject matter of the dispute. The Parties agree that arbitration shall be the exclusive method for resolution of the dispute anticipated herein to the exclusion of any recourse before the courts of competent jurisdiction. Any decision or award of the arbitrator shall be final and binding on both Focus and Grafoïd. In all cases, the proceeding shall be conducted in the English language and the arbitrator shall be English speaking. Each Party shall bear its own cost for any arbitration, provided that, the arbitrator finds that any Party has caused undue delay in the arbitration or has otherwise acted unreasonably in initiating or causing such arbitration to be initiated or during the course of the arbitration, then the arbitrator may, in his or her sole discretion award costs against such Party. The arbitration shall be pursuant to and subject to the provisions of the *Civil Code of Quebec* and *Code of Civil Procedure of Quebec*.

17.2 Procedures

Despite the foregoing, recourse before the courts of competent jurisdiction is permitted for a measure of conservation (such as a seizure before judgment), and injunctions, if applicable, and to homologate or execute any an arbitration award as the case may be.

18. COSTS

- 18.1** Each Party shall pay its own costs in respect of the negotiation, drafting and conclusion of this Agreement.

19. ENTIRE AGREEMENT

- 19.1** This Agreement sets forth the entire understanding of the Parties with respect to the subject matter hereof and supersedes all previous arrangements, correspondences, representations, proposals, understandings and communications, whether written or oral, including the letter of intent dated June 18, 2015. Neither this Agreement nor any provision hereof can be waived, changed, amended, discharged or terminated except by an instrument in writing signed by the Party against which the enforcement of any waiver, change, discharge or termination is sought.

20. RELATIONSHIP OF THE PARTIES

21.1 No Partnership

This Agreement is not intended to, and will not be deemed to, create any partnership between or among the parties including, without limitation, a commercial partnership. The obligations and liabilities of the Parties will be several and not joint and no Party will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of any other Party. Nothing herein contained will be deemed to constitute a Party the partner, agent or legal representative of the other Party or to create any fiduciary relationship between or among the Parties.

21. ASSIGNMENT

21.1 Except as otherwise provided herein, a Party may not assign or transfer this Agreement, in whole or in part, without the prior written consent of the other Party.

21.2 Notwithstanding the foregoing, Focus may assign to any Financing Entity all or part of its right, title, and/or interest in the payment obligations of Grafoid under this Agreement.

22. BENEFIT OF AGREEMENT

22.1 This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, and no other person shall have any right or obligation hereunder, except to the extent contemplated under this Agreement.

23. NON-WAIVER

23.1 No course of performance and no delay or failure by any Party in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice its rights, powers or remedies. No single exercise of any right or power shall preclude the further exercise thereof or the exercise of any other right or power hereunder. No right, power or remedy conferred upon any Party by this Agreement shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise, except as expressly provided herein. No waiver of any provision of this Agreement shall be effective unless made in writing signed by the Party against whom such waiver is sought to be enforced.

24. SEVERABILITY

24.1 If any provision of this Agreement shall be invalid, illegal or unenforceable, then the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

25. AMENDMENTS

- 25.1** Any amendment to this Agreement shall only be effective if in writing and executed by or on behalf of both Parties.

26. EXECUTION IN COUNTERPARTS

- 26.1** This Agreement may be executed in any number of counterparts and by the Parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have duly executed this Agreement effective as of the date first above written

FOCUS GRAPHITE INC.

By: (s) Marc-André Bernier
Authorized Signatory

I have the authority to bind the Corporation.

GRAFOID INC.

By: (s) Gordon Chiu
Authorized Signatory

I have the authority to bind the Corporation

SCHEDULE A
PRODUCT SPECIFICATIONS

[Redacted - Product Specifications of Concentrate]