

# MASON GRAPHITE

## MASON GRAPHITE CLOSSES \$4.15 MILLION ADDITIONAL FINANCING

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June 13, 2014  
Montreal, Quebec, Canada

**Mason Graphite Inc.** ("Mason Graphite" or the "Company") (TSX.V: LLG; OTCQX: MGPHF) is pleased to announce that it has closed the additional financing previously announced on April 28, 2014.

The Company completed an additional private placement financing through convertible debentures (the "Debentures") for aggregate gross proceeds of \$4,150,000 with three renowned Québec-based institutions: Sodémex Développement, s.e.c. (\$3,000,000), a subsidiary of the Caisse de dépôt et placement du Québec, the Fonds de solidarité FTQ (\$950,000) and the Fonds régional de solidarité FTQ Côte-Nord (\$200,000). The Company can trigger the conversion of the Debentures and anticipate the redemption under certain conditions.

In connection with the Debenture offering, the Company also issued, on a proportionate basis, an aggregate of 2,075,000 common share purchase warrants (the "Warrants"), each of which entitles the holder to purchase one common share of the Company ("Common Shares") at a price of \$0.91 for a period of 24 months following the closing of the transaction.

The net proceeds of this financing will be used to fund the continued development of the Lac Guéret project and for general corporate purposes.

The Debentures provide, among other things, that:

- The Debentures are set to mature on June 11, 2019 and bear interest at a fixed annual rate of 12%.
- The Debenture holders are entitled to convert the principal amount of the Debentures into Common Shares at a conversion price of \$0.845 per Common Share and all accrued and unpaid interest thereunder (subject to the prior approval of the TSX Venture Exchange) at a conversion price to be determined by the market price of the Common Shares at the time of settlement.
- In the event that the Company, before the repayment of principal amount of the Debentures, proceeds with the issuance of Common Shares or other convertible securities at a price that is less than \$0.65 per security (the "Subsequent Financing"), the conversion price of the Debentures will be the price per security in the Subsequent Financing, plus a 30% premium, provided that such conversion price shall in no case be lower than \$0.63.
- If the Company completes a construction project financing for the Lac Guéret project and if the Company issues Common Shares under such financing at a price per Common Share that is greater than \$1.00 (the "Construction Financing Price"), the Company shall

have the right to force the full conversion of Debentures at the conversion price equal to the Construction Financing Price less a 10% discount.

- The Debentures, the Warrants and any Common Shares issued on exercise thereof are subject to a four month and one day hold period.

In connection with the closing of the Debenture offering, the Company and Forbes & Manhattan Inc. ("F&M") agreed that effective June 1, 2014 the amended and restated independent contractor agreement between F&M and the Company dated October 1, 2012 is terminated. In addition, the Company and F&M agreed to amend certain terms of the amended and restated transfer of rights and obligations agreement dated October 1, 2012 (the "Assignment Agreement") between F&M and the Company. The amendments include removing the exclusivity of F&M's engagement under the Assignment Agreement to source and identify potential off-take partners and limiting the fees payable to F&M in connection with a successful transaction.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the 1933 Act) absent such registration or an applicable exemption from such registration requirements.

### **About Mason Graphite**

Mason Graphite is a Canadian mining company focused on the exploration and development of its 100% owned Lac Guéret graphite property, located in northeastern Québec. The property hosts a National Instrument 43-101 compliant Mineral Resource featuring 50,024,000 tonnes grading 15.6% Cg, including 6,672,000 tonnes grading 32.4% Cg, in the Measured and Indicated categories and 11,861,000 tonnes grading 17.1% Cg, including 2,637,000 tonnes grading 30.5% Cg, in the Inferred category (see press release dated December 5, 2013). Excellent potential exists for further mineral growth. A Preliminary Economic Assessment study was completed on a 7.6Mt mineral resource estimate from July 2012 which features 22 years of production at 27.4% Cg and a pre-tax internal rate of return of 33.7% (see technical report entitled "Technical Report on the Mineral Resources Estimation Update 2013, Lac Guéret Graphite Project, Quebec, Canada" issued on January 17, 2014). The Company's senior management team possesses significant graphite expertise from their experience at Timcal/Imerys, including Benoît Gascon, CPA, CA, who held executive positions for 20 years, including over 6 years as President and CEO; Jean L'Heureux, Eng., Executive Vice-President, Process Development, with over 20 years of experience; and Luc Veilleux, CPA, CA, Chief Financial Officer and Executive Vice-President, with 8 years of experience. Timcal, now owned by Imerys, is one of the largest graphite producers in the world.

### **Qualified Person**

Jean L'Heureux, Eng., Mason Graphite's Executive Vice-President of Process Development and a Qualified Person as defined by National Instrument 43-101, has reviewed and approved the scientific and technical content of this press release.

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### **Cautionary Statements**

*This press release contains "forward-looking information" within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operations of mineral deposits; (v) the risk associated with establishing title to mineral properties and assets; (vi) the risks associated with entering into joint ventures; (vii) fluctuations in commodity prices; (viii) the risks associated with uninsurable risks arising during the course of exploration, development and production; (ix) competition faced by the resulting issuer in securing experienced personnel and financing; (x) access to adequate infrastructure to support mining, processing, development and exploration activities; (xi) the risks associated with changes in the mining regulatory regime governing the resulting issuer; (xii) the risks associated with the various environmental regulations the resulting issuer is subject to; (xiii) risks related to regulatory and permitting delays; (xiv) risks related to potential conflicts of interest; (xv) the reliance on key personnel; (xvi) liquidity risks; (xvii) the risk of potential dilution through the issue of common shares; (xviii) the Company does not anticipate declaring dividends in the near term; (xix) the risk of litigation; and (xx) risk management.*

*Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, no material adverse change in metal prices, exploration and development plans proceeding in accordance with plans and such plans achieving their stated expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this press release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.*

*Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*

*The quantity and grade of reported inferred mineral resources in this news release are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to indicated or measured mineral resources.*

*The PEA is preliminary in nature and includes Inferred Mineral Resources, which are considered too geologically speculative to have mining and economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the reserves development, production, and economic forecasts on which the PEA is based will be realized.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*