

Mason Graphite Presents Its Updated Feasibility Study Economic Results for the Lac Gu eret Graphite Project

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MONTREAL, Dec. 05, 2018 - [Mason Graphite Inc.](#) (“Mason Graphite” or the “Company”) (TSX.V: LLG; OTCQX: MGPHF) presents detailed updated economics for the Lac Gu eret graphite project (the “Project”).

On October 25th, 2018, Mason Graphite communicated its new construction budget for the Project in its Corporate and Project update. This new budget is part of a full update of the economics of the Project (“Project Economics”).

Beno t Gascon, President and Chief Executive Officer of Mason Graphite, commented: “As we are completing the detailed engineering, have started receiving equipment and have begun pre-construction work at mine site, we have updated the economics of the project. This update demonstrates, once again, that our project remains financially very robust and is becoming a reality at the dawn of an imminent and unique growth period for natural graphite, driven by the Li-ion batteries and electric vehicles revolution, expected for many years. Furthermore, this does not take into account the potential returns of the value-added and Li-ion battery materials program, another very strong upside potential for our shareholders.”

The technical and financial data was prepared by GoldMinds Geoservices, BBA and Soutex and validated by Qualified Persons, all independent of Mason Graphite.

Project Economics Update Highlights

- No change to the Mineral Resources;
- No change to the Mineral Reserves;
- No material changes to the Project scope (production capacity and process unchanged);
- Updated Capital Expenditures (“CAPEX”), Operating Expenditures (“OPEX”) and Natural Graphite sale prices;
- Updated NPV, IRR and Payback period.

Main Economic Parameters¹

Initial Mine Life	25 years
Average annual graphite concentrate production and sales (tonnes)	51,900
Weighed average selling price, FCA Baie-Comeau (\$ / tonne of concentrate)	1,933
Average production cost of graphite (\$ / tonne of concentrate)	484
Total initial CAPEX (\$ M)	258.2
Total sustaining CAPEX (\$ M)	16.9
Rehabilitation costs, both sites (\$ M)	15.8

¹ Unless otherwise noted, all monetary figures presented herein are expressed in Canadian dollars. Figures may not add up due to rounding.

Project Economics	Pre-Tax	Post-Tax
Total Sales, 25 years (\$ M)	2,506	n/a
Cumulative Cashflow, 25 years (\$ M)	1,588	977
NPV at 8% Discount Rate (\$ M)	484	278

Internal Rate of Return	27.7	% 21.7	%
Payback Period	3.7 years	4.4 years	

MINERAL RESOURCES AND MINERAL RESERVES

Using the updated operating costs and updated natural graphite sale prices, GoldMinds Geoservices (“GMG”) verified that the Mineral Resources estimated in 2014 were still valid. Using a revised cut-off grade of 5.75% Cg, the pit constrained Mineral Resources (Measured + Indicated) are now estimated at 65,540,000 tonnes, a change of -0.25% compared to 2014. The average graphite grade remains unchanged at 17.2% Cg.

Open Pit Mineral Resources Tonnes	Grade
Measured	19,021,000 17.9% Cg
Indicated	46,519,000 16.9% Cg
Total Measured + Indicated	65,540,000 17.2% Cg
<i>Inferred</i>	<i>17,613,000 17.3% Cg</i>

Since the Mineral Reserves were constrained by the duration of the economic analysis (25 years) and not the Mineral Resources, they remain unchanged at 4,741,000 tonnes (Proven + Probable) at 27.8% Cg.

Open Pit Mineral Reserves Tonnes	Grade
Proven	2,003,000 25.1% Cg
Probable	2,738,000 29.8% Cg
Total Proven + Probable	4,741,000 27.8% Cg

CAPITAL EXPENDITURES

The construction budget for the Project was prepared by the Mason Graphite construction team. The budget considers the “owner’s built” construction approach and integrates equipment orders, firm and budget quotes from suppliers and technical data made available through the detailed engineering progress.

Capital Expenditures Breakdown	Initial (\$ M)	Sustaining (\$ M)
Direct CAPEX		
Lac Guéret Site (Mine and Mining Camp)	13.3	6.0
Baie-Comeau Site – Concentrator	107.7	1.0
Baie-Comeau Site – Tailings and Water Management	11.9	9.5
Baie-Comeau Site – Infrastructure and Utilities	9.0	0.3
Total Direct Capex	141.9	16.8
Indirect CAPEX		
Engineering and Procurement Services	21.8	
Freight, Handling and Duties	5.5	
Lac Guéret Site – Construction Indirects	6.0	
Baie-Comeau Site – Construction Indirects	23.7	<i>Included in Sustaining Direct CAPEX Above</i>
Pre-Operational Verifications & Commissioning	2.4	
First Fills, Spares, Consumables	2.1	
Total Indirect CAPEX	61.5	
Owner&rsquo;s Costs		
Lac Guéret Site – Pre-Production	1.7	
Baie-Comeau Site – Pre-Production	5.3	
Other Owner’s Costs (Engineering, Procurement…)	13.1	<i>Included in Sustaining Direct CAPEX Above</i>
Total Owner’s Costs	20.1	
Contingency		

Contingency (13.4% of Direct + Indirect + Owner's)	29.6	
Escalation	5.1	<i>Included in Sustaining Direct CAPEX Above</i>
Total Contingency	34.7	
Total CAPEX	258.2	16.8

OPERATING EXPENDITURES

The OPEX were updated to take into account cost escalation, Project improvements, increased energy requirements, rentals and the new tailings management method.

The OPEX estimates were prepared by Mason Graphite with the assistance of BBA for the mining sector and Soutex for the concentrator sector.

Operating Expenditures per Sector	Average Annual Costs (\$ M)	\$ / tonne of Concentrate
Mining and mining camp operations	2.8	54
Ore transportation	7.5	144
Concentrator operations	12.4	238
General and Administration	2.5	48
Total OPEX	25.1	484

Operating Expenditures Breakdown per Nature	Average annual costs (\$ M)	\$ / tonne of concentrate	Proportion
Ore transportation	7.5	144	30 %
Labour (workers and staff)	5.6	109	22 %
Energy (electricity and fuel)	4.5	87	18 %
Consumables	3.6	70	15 %
Maintenance, spare parts	1.7	32	7 %
Rentals	1.3	26	5 %
Fees, services, local taxes	0.8	16	3 %
Total OPEX	25.1	484	100 %

CONSTRUCTION FINANCING UPDATE

Mason Graphite has been receiving financing interests from both existing and potentially new investors regarding various financial instruments. With the help of its financial advisor, National Bank Financial Inc., the Company is reviewing its financing options with the objective of maximising shareholders' value.

As of November 30th, 2018, the Company had approximately \$ 30 M of cash liquidity.

MARKETING UPDATE

Discussions with potential customers are progressing, the Company receiving interest from large international groups, which could eventually become important partners for Mason Graphite.

CONSTRUCTION UPDATE

Mason Graphite has received all of the necessary authorizations and has started the tree clearing operation at the Lac Guéret Site. The Company expects this operation to be completed by mid-December 2018.

NI-43-101 TECHNICAL REPORT

Within the next 45 days, Mason Graphite will publish and file under SEDAR an updated technical report

respecting National Instrument 43-101 Standards of Disclosure for Mineral Projects to support the disclosures of this press release.

QUALIFIED PERSONS CONSENT

The scientific, technical and economic information contained in this news release pertaining to the Lac Guéret project has been reviewed and approved by the following Qualified Persons, as defined by National Instrument 43-101, who consent to the inclusion of their names in this release:

Qualified Person	Responsibilities
Claude Duplessis, P. Eng. (GMG)	Mineral resources estimation and constraining pit shell CAPEX (initial and sustaining) OPEX (G&A) Economic analysis (pre-tax)
Merouane Rachidi, P.Geo., Ph.D. (GMG)	
Angelo Grandillo, P. Eng. (BBA)	Mineral Reserves OPEX (Mining and ore transportation)
Jeffrey Cassoff, P. Eng. (BBA)	
Luciano Piciacchia, P. Eng. Ph.D. (BBA)	Rehabilitation costs
Simon Fortier, P. Eng. (Soutex)	OPEX (Processing)

Jean L'Heureux, P. Eng., M. Eng., Executive Vice-President, Process Development for Mason Graphite, and a Qualified Person, as defined by NI 43-101, for Mason Graphite was responsible for verifying the data herein and has read and approved this press release.

About Mason Graphite and the Lac Guéret Project

Mason Graphite is a Canadian mining and processing company focused on the development of its 100% owned Lac Guéret natural graphite deposit located in northeastern Québec. The Company is led by a highly experienced team that has over six decades of experience in graphite production, sales, and research and development. For more information, visit www.masongraphite.com.

[Mason Graphite Inc.](#) On Behalf of the Board

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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.

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