

MONTREAL, QUEBEC--(Marketwired - Sep 25, 2015) - [Mason Graphite Inc.](#) ("Mason Graphite" or the "Company") (TSX VENTURE:LLG)(OTCQX:MGPHF) reports the results of a Feasibility Study for the development of its Lac Guéret graphite project located in northeastern Québec, Canada.

The Feasibility Study was prepared in partnership with several Quebec-based engineering firms:

- GoldMinds Geoservices, for the Mineral Resources Estimate;
- Met-Chem Canada Inc., for the mining and Mineral Reserves Estimate;
- Soutex, for the process development; and
- Gesmine Inc., for the economic part, based on Engineering by Hatch.

Feasibility Study Results Highlights	Pre-Tax	Post-Tax
NPV at 8% Discount Rate	\$600 M	\$352 M
Internal Rate of Return (IRR)	44.1	% 34.3 %
Payback Period	2.3 years	2.6 years
Average annual graphite concentrate production	51,900 tonnes	
Average production costs of graphite concentrate	\$376 / tonne	
Weighted average selling price <sup>(1)</sup> (in USD \$1,465 <sup>(2)</sup> )	\$1,905 / tonne	
Direct CAPEX	\$115.6 M	
Indirect CAPEX	31.3 M	
Contingency (9.8%)	14.4 M	
Mason Graphite's Costs	4.6 M	
Total CAPEX	\$165.9 M	
Projected construction period	13 to 16 months	

Unless otherwise noted, all monetary figures presented herein are expressed in Canadian dollars.

<sup>(1)</sup> FCA Baie-Comeau: Free Carrier Incoterms - Seller is responsible for delivery to the custody of buyer's carrier.

<sup>(2)</sup> Foreign exchange rate \$0.77 USD = \$1.00 CAD used throughout this press release.

#### Operational Highlights

Project life of 25 years

4.7 million tonnes of ore processed at average project life grade of 27.8% Cg

Process designed for standard purity of 96% Cg in coarse products, capable of reaching up to 97.5% Cg in the same size fractions

Waste-to-Ore stripping ratio of 0.8:1

Mineral Reserves of 63 million tonnes at 17.2% Cg <sup>(3)</sup>

<sup>(3)</sup> The Mineral Reserves are included in the Measured and Indicated Mineral Resources of 65.7 Mt grading 17.2% Cg (19.1 Mt of Measured Resources grading 17.9% Cg and 46.6 Mt of Indicated Resources grading 16.9% Cg) that were reported in the Company's press release dated December 15, 2014. The reference point for the Mineral Reserves Estimate included in the table above is the mill feed. Mineral Resources are not Mineral Reserves and do not have a demonstrated economic viability.

Benoît Gascon, President and CEO of Mason Graphite commented "We are thrilled about the excellent results of the Feasibility Study, which represent an important milestone as the Company moves towards becoming a leader in the sector. In the two years since issuing our PEA results, our team has been deeply involved in every aspect of this study, working with all the partners from 25 different firms. These results give us, in a very detailed way, what is needed to successfully build and operate the project. All components have been derived using measured and calculated, not factored, values. Based on our extensive experience in graphite production, we are confident that they are realistic and achievable."

The mining, the concentration process, the infrastructures and the operations were developed from the results of multiple studies, including metallurgical testing, piloting, equipment testing at manufacturers' facilities and trade-off studies. This has resulted in an improved and more flexible process, better suited for the range of ore types found in the deposit.

When compared with the results of the Company's Preliminary Economic Assessment ("PEA"), the following can be highlighted:

- The life of the project has been increased to 25 years from 22 years as reported in the PEA;
- The location of the concentrator has been moved to Baie-Comeau, which significantly reduces the size and CAPEX requirements for the camp at Lac Guéret;
- An additional polishing and flotation line has been added in the concentrator;

- An additional building at the concentrator site has been added for shipments preparation and warehousing;
- The OPEX has been reduced by 12% (at comparable scope, now with Incoterms delivery basis of FCA Baie-Comeau as opposed to FCA Lac Guéret); and
- The greenhouse gas emissions have been reduced through the use of hydroelectric power, making the operations greener and even more environmentally friendly.

The new location of the concentrator in Baie-Comeau also provides additional advantages such as improved access to skilled labour and its retention, considering workers will be able to enjoy a better quality of life and return home after work, and better access to service providers.

On a USD basis, the selling price assumed in the Feasibility Study is lower than the selling price assumed for the purposes of the PEA and is based on the 60-month average graphite prices published by Industrial Minerals magazine for the 60-month period ending in July 2015 (this period is deemed representative as it includes a peak and a downturn in prices). To calculate the FCA Baie-Comeau weighted average sales price, Mason Graphite integrated the exchange rate, the transportation costs and the size distribution of the finished products. Furthermore, a pricing premium was applied on some sales for those markets with more stringent requirements.

## CAPITAL & OPERATING COSTS

### Capital Costs Breakdown

Mining and Crushing	\$ 14,460,640
Concentrator - Wet Process	39,528,462
Concentrator - Drying, Sieving and Packaging	19,818,604
Concentrator - Control, Services and Utilities	17,260,405
Tailings and Water Management	10,439,112
Building and Office Complex	14,072,326
Total Direct Costs	115,579,549
Indirect costs:	
Engineering, Procurement, Construction and Management	18,196,126
Construction - Temporary Facilities and Operations	7,263,503
Commissioning	1,600,675
Others	4,238,301
Total Indirect Costs	31,298,605
Contingency (9.8%)	14,394,059
Mason Graphite's Costs	4,621,545
Grand Total	\$ 165,893,758

A thorough risk analysis on the different components of the CAPEX (Direct and Indirect) was conducted and yielded a 9.8% contingency for an 80% confidence factor to meet the overall construction costs.

### Cash Operating Costs Breakdown (per tonne of finished product)

Mining and Crushing	\$ 33
Ore Transportation	128
Processing	176
General and Administration	39
Total	\$ 376

Operating Costs Breakdown (for the Project Life of 25 years)	Annual Average	Average (per tonne of finished products)
Labour	\$ 5,205,521	\$ 100
Energy	2,195,178	43
Supplies and Consumables	4,617,813	89
Ore Transportation	6,636,760	128
Fees and Services	833,573	16
Total	\$ 19,488,845	\$ 376
Projected Revenues from Sales	\$ 98,816,605	\$ 1,905

Categories	Unit	Tonnes (t)	Grade (% Cg)
Proven	Unit 1 (6 to 10% Cg)	2,343,000	8.5
	Unit 2 (10 to 25% Cg)	13,265,000	16.3
	Unit 3 (> 25% Cg)	3,325,000	30.6
	All units	18,933,000	17.8
Probable	Unit 1 (6 to 10% Cg)	6,655,000	8.4
	Unit 2 (10 to 25% Cg)	31,350,000	15.9
	Unit 3 (> 25% Cg)	5,937,000	31.7
	All units	43,942,000	16.9
Total Proven and Probable	Unit 1 (6 to 10% Cg)	8,998,000	8.4
	Unit 2 (10 to 25% Cg)	44,615,000	16.0
	Unit 3 (> 25% Cg)	9,262,000	31.3
	All units	62,875,000	17.2

(4) The Mineral Reserves presented in the table above, effective as of September 25, 2015, are included in the Measured and Indicated Mineral Resource of 65.7 Mt grading 17.2% Cg (19.1 Mt of Measured Resource grading 17.9% Cg and 46.6 Mt of Indicated Resource grading 16.9% Cg) as disclosed in the Company's press release dated December 15, 2014. The Mineral Reserves account for mining dilution and ore loss and the reference point is the mill feed. The cut-off grade used is 6% Cg.

The pit design presented in the Feasibility Study considers only 7.5% (4.7 million tonnes) of the Mineral Reserves presented above. This initial mining scenario provides flexibility to the Company to extend the project life beyond what has been presented in this Feasibility Study. Pit optimization techniques were used to determine the best location for the 25-year open pit within the deposit. This provided a pit with a high head grade and a low waste to ore stripping ratio.

## SENSITIVITY ANALYSES

Luc Veilleux, Executive Vice-President and CFO of Mason Graphite commented "The exchange rate and sales prices used for the Feasibility Study reflect the current market dynamics. Several sources forecast sales prices that, if they materialize, would have a positive impact on the project's economics."

Discount Rate	Net Present Value (NPV)	
	Before Tax	After Tax
6%	\$ 767 M	\$ 455 M
8%	\$ 600 M	\$ 352 M
10%	\$ 477 M	\$ 276 M

Sales Price	Net Present Value (NPV @ 8%)	
	Before Tax	After Tax
+ 5%	\$ 649 M	\$ 381 M
+ 10%	\$ 698 M	\$ 409 M
+ 15%	\$ 747 M	\$ 437 M

President and CEO Benoît Gascon commented "At Mason Graphite, we are very proud of the continued support of our shareholders and financial partners and we look forward to further expanding our relationship through the development of a project that the Company considers financially and technically viable. The results speak volumes to the quality of the project and the Company. We will continue to discuss with our more than 20 identified institutional shareholders, many of whom are local and some of them government sponsored, to advance the project towards financing and execution. At the appropriate time, other financing alternatives, such as royalties and strategic partnerships, will be evaluated to provide the Company with the most efficient and optimal financing package."

Tayfun Eldem, Chairman of the Board of Directors commented "Graphite is not a typical mining and processing operation. Graphite is a technical additive used by the customers in the manufacturing of a wide range of products. In reality, processing knowledge and distribution capabilities are the key to a successful operation. Therefore we are very excited to have at the helm of the Company a team with true graphite experience cumulating over five decades in the sector. The team has a proven track record of successfully producing, developing and marketing graphite into all applications, including the value-added markets. We believe that the Lac Guéret deposit possesses one of the world's highest graphite grades and, when combined with our access to low cost hydroelectric power available in Quebec, should allow Mason Graphite to become one of the lowest cost producers in the world."

## PROJECT SUMMARY

### *Location*

The Lac Guéret deposit is located some 285 km north of Baie-Comeau, the location chosen for the concentrator plant which will

be located in the Jean-Noel-Tessier industrial park. The land is governed by a Memorandum of Understanding ratified with Baie-Comeau Development Corporation (la Société d'expansion de Baie-Comeau) and the City of Baie-Comeau, which will provide Mason Graphite, among other benefits, a decreasing property tax credit over 5 years and a commitment of the City to conduct the work necessary to allow the plant to connect to the City's infrastructures.

### *Mine & Concentrator*

The Feasibility Study considers an open pit mining operation using a 100% owner-operated fleet which has been selected to deliver an average of 190,000 tonnes of ore per year (around 520 tonnes per day) of mill feed that will be crushed on site and then transported on an existing road to Baie-Comeau for processing. The concentrator will produce an average of 51,900 tonnes per year of finished products (142 tonnes per day).

For the 25-year life of the project, the ore mined is projected to yield an average grade of 27.8% Cg. At the concentrator, the ore will go through a process involving grinding, flotation, dewatering, drying and commercial sieving. The concentrator has been designed for the standard purity of 96 % Cg for the coarse products and will be capable of reaching purities of up to 97.5 % Cg for the same sizes (as demonstrated in the pilot plant). The final products will be bagged and shipped by road to North American markets or shipped overseas in containers.

The project will see the creation of approximately 100 jobs with the following distribution:

- 10 at the Lac Guéret site;
- 60 at the Baie-Comeau site (concentrator and administration) and
- 30 for the ore transportation.

### *Health & Safety and Environment*

Health & safety as well as environmental protection were fundamental for the project and were fully integrated in the facilities and operations designs. Best available technology and engineering concepts were used while the footprints for both the mining and concentrator sites were minimized.

### *Community Relations*

Since the beginning of the project in 2012, Mason Graphite has been deeply involved with the communities. A Cooperative Agreement was signed with the Pessamit First Nation in the summer of 2014 and negotiations are underway for the Impact Benefit Agreement ("IBA") to be established this fall. Consultations with the community of Baie-Comeau are also underway and information meetings were held in June 2015 with both communities. The Company reports enthusiasm from the local stakeholders and is thankful for the hard work and cooperation demonstrated by both the Pessamit First Nation and the local community of Baie-Comeau, where further consultation meetings are planned later this fall.

### *Value Added Graphite Study*

The Company is also running a second detailed study in order to enter the value-added graphite market. The study, which should be completed in 2016, is being completed in partnership with the National Research Council and Hatch. The value added-market involves further purification, micronization and, in the case of anode material for Li-ion batteries, shaping and coating.

### *Technical Report Filing*

The Technical Report will be posted on Mason Graphite's website at [www.masongraphite.com](http://www.masongraphite.com) and on SEDAR at [www.sedar.com](http://www.sedar.com), within 45 days following this news release.

## QUALIFIED PERSONS CONSENT

The scientific and technical 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: Claude Duplessis, Eng. of Goldminds, Jeffrey Cassoff, Eng. of Met-Chem Canada Inc., Geneviève Gauthier, Eng. and Pierre Roy, Eng. of Soutex, Mohamed Bouna Aly, Eng. of Gesmine Inc., each of whom are independent of Mason Graphite.

Jean L'Heureux, 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 five decades of experience in graphite production, sales, and research and development. For more information, visit [www.masongraphite.com](http://www.masongraphite.com).

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On Behalf of the Board

Benoît Gascon, CPA, CA, President & Chief Executive Officer

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### Cautionary Statements Regarding Forward-Looking Information

*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. Forward-looking information includes, without limitation, statements regarding the results of the Feasibility Study including statements about the projected IRR, NPV, payback period and future capital and operating costs, the projected revenues from sales, the estimation of mineral reserve and resources statements, the market and future price of graphite, permitting and the ability to finance the project.*

*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 based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, graphite and other metals prices, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the estimation of mineral reserves and resources, the assumption with respect to currency fluctuations, the timing and amount of future exploration and development expenditures, receipt of required regulatory approvals, the availability of necessary financing for the project, the completion of the environment assessment process, permitting and such other assumptions and factors as set out herein.*

*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: volatile stock price; risks related to changes in graphite prices; sources and cost of power facilities; the estimation of initial and sustaining capital requirements; the estimation of labour and operating costs; the general global markets and economic conditions; the risk associated with exploration, development and operations of mineral deposits; the estimation of mineral reserves and resources; the risks associated with uninsurable risks arising during the course of exploration, development and production; risks associated with currency fluctuations; environmental risks; competition faced in securing experienced personnel; access to adequate infrastructure to support mining, processing, development and exploration activities; the risks associated with changes in the mining regulatory regime governing the Company; completion of the environmental assessment process; risks related to regulatory and permitting delays; risks related to potential conflicts of interest; the reliance on key personnel; financing, capitalization and liquidity risks including the risk that the financing necessary to fund continued exploration and development activities at Lac Guéret may not be available on satisfactory terms, or at all; the risk of potential dilution through the issue of common shares; the risk of litigation.*

*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. 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.*

*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.*

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