

MARKETING AGREEMENT

THIS AGREEMENT is made effective the 1st day of October, 2017 (the “**Effective Date**”)

BETWEEN:

FOCUS GRAPHITE INC., a corporation incorporated under the laws of Canada
(hereinafter referred to as “**Focus**”)

-and-

GRAFOID INC., a corporation incorporated under the laws of Ontario
(hereinafter referred to as “**Grafoid**”)

(Focus and Grafoid are collectively referred to as the “**Parties**”, each a “**Party**”)

WHEREAS Grafoid has been providing marketing development and related services to Focus for many years and incurred costs and expenditures related to these services;

AND WHEREAS Grafoid has the requisite technical and industry knowledge and expertise to provide the services described herein;

AND WHEREAS Focus has advanced to Grafoid \$1,722,000 between October 1, 2017, and December 31, 2017 (the “**Transfer**”) as a pre-paid expense in return for the Services (as defined below);

AND WHEREAS Grafoid has invoiced Focus for \$650,000 for the Services (as defined below) provided between October 1, 2017, and December 31, 2017, leaving \$1,072,000 as pre-paid expense;

AND WHEREAS the parties wish to formalize their existing relationship by this Agreement;

AND WHEREAS Focus wishes to continue to obtain the Services from Grafoid and Grafoid wishes to supply the Services (as defined below) to Focus in accordance with and subject to the terms and conditions hereinafter contained;

NOW THEREFORE, in consideration of the premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties:

THE SERVICES

1. **Engagement for the Services.** Focus hereby engages and retains Grafoid to provide the following services and Grafoid accepts the engagement on the terms and conditions set forth in this Agreement:

- (a) to provide marketing development and related services for Focus' business projects, including without limitation the Lac Knife crystalline flake graphite deposit, as more fully described in Schedule A (the "**Lac Knife Project**");
- (b) to assist in the development of additional offtake agreements with third parties. Grafoid communicates directly with potential users of Focus' graphite from the Lac Knife Project and shares graphite samples with potential clients for testing and analysis of the graphite substitutability for in the technology industry such as battery components, cathodes (highly conductive, ultra fine, and expanded graphite for battery use), and anodes (super fine grade of coated spherical graphite for lithium batteries).
- (c) to assist in the technology development of three Graphite products, namely Graphite boron, Graphite polymer, and Graphite silicon anode;
- (d) to use its commercially reasonable best efforts to arrange for purchasers of \$175-million in securities of Focus to be used for capital expenditure funding to allow Focus to bring the Lac Knife Project into production (On October 30, 2017, Focus announces it has created a 613AH/KG reversible capacity silicon, enhanced graphite anode for Lithium Ion Batteries which nearly doubled theoretical capacity of 327 AH/KG) (the "**Capital Expenditure Financing**");
- (e) to work closely with Focus and other stakeholders to support the delivery of the business objectives of Focus;
- (f) to manage and use Focus' trade-marks and other intellectual property as set out in Schedule B as needed in support of its marketing development and related services; and
- (g) other services as described in Schedule C of this Agreement.

(collectively the "**Services**")

2. In the event that Focus requires additional services and such matters are not within the scope of this Agreement, the Parties may negotiate for Grafoid to provide such additional services. Where such additional services are provided, they will be governed by the terms of this Agreement unless otherwise agreed to in writing by the Parties.

3. **Provision of Services.** The Services will be provided by Grafoid who will supervise and manage any Grafoid employees and consultants that they may from time to time designate to provide the Services. Any such employees and consultants Grafoid may so designate will be managed by and take their instructions solely from their supervisor as assigned by Grafoid in Grafoid's sole and absolute discretion.
4. Grafoid may add or reduce the number of Grafoid employees or consultants designated to provide the Services in their sole or absolute discretion.
5. **Status of Employees.** The Parties acknowledge and agree that the Grafoid employees or consultants providing the Services are for all purposes employees or consultants of Grafoid and they will not be employees, agents or contractors of Focus as a result of their providing the Services. As such, Grafoid will be solely responsible for hiring, firing, classification, day to day management and supervision, and performance evaluations in regard to such employees or consultants, all of which will be conducted in accordance with Grafoid's procedures and policies as may be amended from time to time in Grafoid's sole and absolute discretion. Focus will have no role in any employee matters or issues relating to the consulting relationship, if any, including but not limited to any of the matters referenced in this section.
6. **Salaries and Deductions.** Grafoid will be solely responsible for all paying all consultant and employee salaries, payroll deductions and remittances required to be made by law as a result of providing and performing the Services. Such deductions and remittances shall include, but not be limited to, any assessments or levies for income tax, employment insurance premiums, Canada Pension Plan contributions, provincial health care contributions, and workers compensation contributions. Grafoid will indemnify Focus and its directors and officers against any and all such payroll deductions, remittances, assessments, levies and any interest or penalties attributable thereto. Grafoid's obligations under this paragraph will survive the termination or expiration of this Agreement.

TERM AND CONSIDERATION

7. **Term.** This Agreement shall commence on the Effective Date and continue until terminated in accordance with the terms of this Agreement (the "**Term**").
8. **Consideration.**
- (a) In consideration of Grafoid providing the Services Focus will pay to Grafoid \$200,000 per month. Grafoid will issue monthly invoices for such amount, and each invoice must be paid within 30 days of Grafoid delivering it to Focus, failing which Grafoid may charge interest at its discretion.
 - (b) Focus will pay to Grafoid a 3% success fee for its assistance in completing the Capital Expenditure Financing. Whether or not the Capital Expenditure Financing is completed, Focus will be responsible for all expenses related to the Capital Expenditure Financing including, but not limited to, the reasonable fees and disbursements of legal counsel to Grafoid, out-of-pocket expenses, and reasonable

travel if required. Focus shall pay any outstanding expenses within a reasonable period of receipt of invoice from Grafoid therefore.

REPRESENTATIONS AND WARRANTIES

9. **Representations and Warranties of Grafoid.** Grafoid represents and warrants as follows:

- (a) Grafoid has the authority to provide the Services hereunder, and it abides by all governmental regulations to which it is subject;
- (b) the entering into of this Agreement does not constitute and will not constitute a breach of any agreement of Grafoid and Grafoid has not breached nor infringed and has not and will not breach nor infringe the rights of any third party in providing the Services;
- (c) Grafoid maintains adequate insurance, including but not limited to general commercial liability and errors and omissions insurance policies to fully cover any claims relating to the performance of the Services; and
- (d) Grafoid has the requisite skills and experience necessary to provide and perform the Services in accordance with the terms and conditions of this Agreement.

10. **Representations and Warranties of Focus.** Focus represents and warrants as follows:

- (a) Focus has the authority to accept the Services hereunder, and it abides by all governmental regulations to which it is subject;
- (b) the entering into of this Agreement does not constitute and will not constitute a breach of any agreement of Focus and Focus has not breached nor infringed and has not and will not breach nor infringe the rights of any third party; and
- (c) Focus maintains adequate general insurance, including but not limited to commercial liability policies to fully cover any claims relating to accepting the Services.

CONFIDENTIALITY

11. **Obligations of Confidentiality.** Grafoid hereby agrees and acknowledges that, in the course of performing and providing the Services, it will acquire, have access to and will be entrusted with business, technical or other information of a confidential or secret nature (regardless of format) provided or furnished to, received by or made available to Grafoid by

Focus in the performance of the Services or which may have come to Grafoid's knowledge during the course of performing the Services in any way relating to Focus or Focus' business, affairs or financial condition of Focus, including without limitation: (i) customer information, customer names and addresses; (ii) supplier information, including supplier names, addresses, contacts and details of supply contracts of Focus; (iii) financial information, including the business plans, financial statements, and accounting records of Focus; and (iv) computer programs, algorithms, processes, formulae, data, know-how, show-how, improvements, innovations and techniques developed or produced by Focus or by Grafoid for or on behalf of Focus in the course of supplying Services to Focus and other information of a confidential or secret nature (collectively, "**Confidential Information**").

12. However, Confidential Information does not extend to any item of information which:
- (a) is lawfully within the public domain at the date of its disclosure to Grafoid by Focus, or which thereafter lawfully enters the public domain through no fault of Grafoid (but only after it becomes part of the public domain);
 - (b) is disclosed or made available to Grafoid by a third party without restrictions and without breach of any relationship of confidentiality; or
 - (c) is required to be disclosed pursuant to law or an order from a court of competent jurisdiction, regulatory body or other valid legal process.

13. Grafoid agrees that the disclosure of any Confidential Information of Focus would be highly detrimental to the best interests of Focus and that the Confidential Information is the exclusive property of Focus and that Focus has the exclusive right to maintain the confidentiality of the Confidential Information and that such right constitutes a proprietary right which Focus is entitled to protect. Accordingly, Grafoid covenants and agrees to use its best efforts to keep all Confidential Information strictly confidential at all times during the Term and thereafter and covenants and agrees that, without the written consent of Focus, Grafoid will not, either during the Term or at any time thereafter, disclose, divulge, publish or transfer any Confidential Information to any person, nor shall it use the same for any purpose other than for performing and providing the Services and as may be required to comply with the terms of this Agreement and shall not use the Confidential Information for Grafoid's benefit or the benefit of any third party.

14. **Privacy Compliance.** Grafoid shall comply with the *Privacy Act* (Canada), the *Access to Information Act* (Canada) and any other Provincial or Federal Acts which govern privacy issues, from time to time and which apply to Grafoid.

15. **Storage.** Grafoid will ensure that secure storage is provided for the Confidential Information and shall take all reasonable precautions to hold the Confidential Information in confidence, but at no time less than the precautions that Grafoid takes for its own confidential information and trade secrets.

16. **Legal Obligation to Disclose.** In the event that Grafoid, or anyone to whom Grafoid transmits the Confidential Information pursuant to this Agreement becomes legally compelled to disclose any of the Confidential Information, Grafoid will promptly advise Focus of same, will use reasonable efforts to secure confidential treatment of such information and will furnish only that portion of the Confidential Information which is legally required.

17. **Return of Confidential Information.** Upon the expiry or termination of this Agreement or upon the written demand of Focus, Grafoid shall, at Focus' cost:

- (d) take all reasonable measures to collect and return to Focus, without retaining copies thereof except as may otherwise be required by law, all tangible embodiments of the Confidential Information in Grafoid's possession or under Grafoid's control; and
- (e) except as may otherwise be required by law, take all reasonable measures to ensure the destruction of all copies, reproductions, compilations, derivative work, notes, summaries, work papers or analyses based upon, arising out of or relating to the Confidential Information to the extent and as permitted by law, and where destruction is not permitted, shall provide same (without keeping copies thereof) to Focus.

DEFAULT AND TERMINATION

18. **Termination for Convenience.** Either Party may terminate this Agreement at any time for any reason whatsoever upon 30 days prior written notice being given to the other Party.

19. **Event of Default.** The occurrence of any one or more of the following events will constitute an "Event of Default" that will allow the non-defaulting Party to immediately terminate this Agreement, unless such default is remedied before the expiry of the relevant notice period (if any) or the relevant cure period (if any) applicable to such default as hereinafter set out:

- (a) a Party fails to perform or observe in any material respect any material covenant, condition or provision of, or fails to rectify a material breach of, this Agreement, and such default continues for a period of fifteen (15) days (or such longer period as the non-defaulting Party may agree to in writing) after written notice thereof has been received by the non-defaulting Party from the defaulting Party;
- (b) a Party ceases to carry on business, or takes any action to liquidate its assets, or stops making payments in the usual course of business;
- (c) a Party institutes proceedings to be adjudicated a bankrupt or insolvent or to be wound-up, or consents to the institution of bankruptcy, insolvency or winding-up proceedings against it, or files a petition, answer or consent seeking dissolution or winding up under any bankruptcy, insolvency or analogous laws, or if any such

proceedings are commenced in respect of either Party and are not being contested in good faith (and with the intended result of such contestation being to suspend any adverse effect of such proceeding on the rights of the Party hereunder) or if either Party consents to the filing of any such petition or to the appointment of a receiver over its business and assets generally or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

- (d) a custodian, receiver, receiver-manager, manager or any other person with like powers is appointed to take charge of all or any part of either Party's undertaking, business, property or assets;
- (e) if Focus terminates or defaults under any other agreement between Focus and Grafoid; or
- (f) if Focus is more than sixty (60) days late in the payment of any fees owing to Grafoid.

20. **Payment of Fees.** If either Party terminates this Agreement, the Parties agree that Focus will pay all Fees owing under this Agreement to the date of termination or the end of the notice period relating to such termination, as the case may be.

GENERAL

21. **Languages.** Grafoid agrees that all Services provided hereunder shall be provided in English.

22. **Dispute Resolution.**

- (a) All disputes arising in connection with this Agreement shall be negotiated by the Parties acting in good faith. Failing the successful negotiation of any dispute, all disputes shall be finally settled by arbitration in accordance with the *Arbitration Act, 1991* (Ontario) or any successor or replacement legislation which may be in force. The place of arbitration shall be Ottawa, Ontario, Canada and the language of arbitration shall be English.
- (b) The Parties hereto agree to keep all matters relating to any dispute arising in connection with this Agreement, the negotiation of any such dispute, or the arbitration of any dispute hereunder, confidential and shall not disclose same to any third party other than their legal or financial advisers.

23. **Assignment.** Neither Party may assign its rights under this Agreement.

24. **Further Assurances.** Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time after the Effective Date at the expense of the requesting Party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

25. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter except provided in this Agreement. No reliance is placed by any Party on any warranty, representation, opinion, advice or assertion of fact made by any Party or its directors, officers, employees or agents, to any other Party or its directors, officers, employees or agents, except to the extent that it has been reduced to writing and included in this Agreement.

26. **Waiver, Amendment.** No amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

27. **Headings.** Descriptive headings are inserted solely for convenience of reference. They do not form a part of this Agreement and are not to be used as an aid in interpreting this Agreement.

28. **Enurement.** This Agreement shall enure to the benefit of and be binding on the successors and assigns of the parties and the heirs, executors and administrators of the Parties.

29. **Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

30. **Severability.** If any part of this Agreement is held or rendered invalid or illegal, the remainder of this Agreement continues to apply.

31. **Notices**

31.1. Any notice or other written communication required or permitted hereunder shall be in writing and:

(a) delivered personally to the Party or, if the Party is a corporation, an officer of the Party to whom it is directed; or

(b) sent by registered mail, postage prepaid, return receipt requested (provided that such notice or other written communication shall not be forwarded by mail if on the date of mailing there exists an actual or imminent postal service disruption in the city from

which such communication is to be mailed or in which the address of the recipient is found); or

(c) sent by receipted email.

31.2. All such notices shall be addressed to the Party to whom it is directed at the following addresses:

if to: Focus

Francis Pomerleau
945 Princess Street, Box 116
Kingston, ON K7L 0E9
613-241-4040

if to: Grafoid

Lindsay Weatherdon
945 Princess Street, Box 205
Kingston, ON K7L 0E9
613-238-7417

with a copy to:

Michael A. Gerrior
Perley-Robertson, Hill & McDougall LLP
1400-340 Albert Street
Ottawa, ON K1R 0A5
Fax: 613-238-8775

and to:

Judith Mazvihwa-MacLean
945 Princess Street, Box 205
Kingston, ON K7L 0E9
Fax: 613-241-8632

Any such notice or other written communication shall, if mailed as aforesaid be effective five (5) days from the date of posting; if given by email, shall be effective on the first business day after the sending thereof; and if given by personal delivery shall be effective on the day of delivery.

Any Party may at any time change its address by giving notice of such change of address to the other Party in the manner specified in this paragraph.

32. **Counterparts.** This Agreement may be executed in any number of counterparts and all such counterparts shall for all purposes constitute one Agreement binding on the parties, notwithstanding that not all parties are signatories to the same counterpart.

[signature page follows]

DATED as of the date first written above.

FOCUS GRAPHITE INC.

By: 
Name: Francis Pomerleau
Title: Director

GRAFOID INC.

By: 
Name: Lindsay Weatherdon
Title: Director

**SCHEDULE A
LAC KNIFE PROJECT**

The Lac Knife project comprises 57 map-designated claims covering 2,986.31 ha located in Esmenville Township (NTS map sheet 23B/11), 27 km south-southwest of the iron-mining town of Fermont, in the Côte-Nord administrative district of Québec.

**SCHEDULE B
TRADE-MARKS AND INTELLECTUAL PROPERTY**

[List trade-marks and intellectual property to be managed by Grafoid]

SCHEDULE C

OUTLINE OF MARKETING AND RELATED SERVICES PROVIDED BY GRAFOID TO FOCUS

The marketing and related services Grafoid is providing to Focus are complex, extremely specialized and engineering related. Given the specific nature of these services from Grafoid, it would be difficult, if not impossible, for Focus to find another service provider to replace Grafoid. The hands on and long term sophisticated function Grafoid is providing to Focus is categorized into 3 main stages outlined below.

1) Stage One- Identifying Potential Customers and Specification of Graphite Needed

- Grafoid identified potential users of Focus' Lac Knife Graphite.
- Grafoid continues to generate interest in the potential customers for Focus's Lac Knife graphite material and have test and try the graphite material.
- Once there is interest in the Lac Knife's graphite material, Grafoid guides Focus' potential customer through the process of characterising the properties of the graphite that will meet their needs by determining the specific properties of the graphite needed ie;
 - size of the graphite flakes,
 - purity of the graphite,
 - whether or not the graphite is expanded
 - how much the graphite is spheritized

2) Stage Two- Testing and Interpretation of Results From Tests

- Once the graphite material is characterized for the potential customer, Grafoid arranges for four (4) grams of the characterised Focus' Lac Knife graphite material to be sent to the potential customer, so for example where the potential customer would use the graphite in batteries, the potential customer conducts performance testing on coin cell batteries made from the graphite material.
- Grafoid then assists Focus' potential customers interpret the results of the initial coin cell tests.
- Based on this analysis Grafoid refines the characterised specific sample of the Focus' Lac Knife graphite materials prepared for that specific potential customer so the material better suits the potential customer's intended application.
- Grafoid then submits the refined samples to the potential customer for additional coin test sampling and assists in the interpretation of the results of the second coin cell tests.
- Based on these results, this may be followed by further characterization of the specific graphite sample prepared for that specific potential customer.

- Once the coin cell tests are complete, Grafoid guides Focus' potential customer through the process of setting up long term life cycle testing of the characterised graphite sample from Focus' Lac Knife project.
- The long term life cycle testing is typically a two-year process and during that time Grafoid continues to be engaged with Focus' potential client.
- An example of the two year testing process required for the graphite is demonstrated by a battery using the graphite material needing to be charged and discharged between 500 and 1,000 times.

3) Stage Three- Ongoing Adjustment to the Testing Procedures

- Once the long term life cycle testing is underway, Grafoid continues to be engaged with Focus' potential customer by;
 - assisting the potential customers to adjust their testing procedures to better suit the potential customer's needs
 - testing procedures are adjusted by changing the charge and discharge profile for the sample of Lac Knife graphite material
 - this continually improves the graphite sample's characteristics and
 - achieves a high quality, longer life faster charge battery anode graphite sample for the potential customer

Grafoid's Involvement in Focus' Offtake Negotiations

Grafoid is currently working with multiple potential customers interested in Focus' Lac Knife graphite material. It also continues to analyse the results of the ongoing testing by Focus' potential clients of the coin cells and long term life cycle.

Once the testing is completed and Focus' potential customers that Grafoid engaged is ready to secure an offtake agreement with Focus, Grafoid will then be in a position to provide Focus with services related to;

- Negotiating the price Focus will charge the customer for its Lac Knife graphite material
- Negotiating the additional commercial terms of the arrangement between Focus and the customer
- Continuing to manage the intricate relationship with Focus and Focus' existing and new potential customer
- Continuing to characterize and customise Focus' Lac Knife graphite material to better meet the evolving need of the customer