

Brunet Mélanie

Objet: RE: Early Repayment Offer - Quinto Mining Corp. - Draft Settlement & Mutual Release Agreement

From: SHALVIRI, ARYO
Sent: Friday, August 26, 2016 5:26 PM
To: 'bgascon@MASONGRAPHITE.COM'; 'pmccague@forbesmanhattan.com'
Cc: CHOW, MILLY; nigel.meakin@fticonsulting.com; Bissell, Steven; WEISZ, STEVEN
Subject: RE: Early Repayment Offer - Quinto Mining Corp. - Draft Settlement & Mutual Release Agreement

Peter,

Further to the below e-mail correspondence, please find attached a draft Settlement & Mutual Release Agreement.

Please note that the attached is under review by our client and the Monitor and is being concurrently circulated to you in the interest of time. As such, it remains subject to further review and comment.

We would be happy to discuss further once you have had an opportunity to review.

Kind regards,
Aryo

Aryo Shalviri
Associate
aryo.shalviri@blakes.com
Dir: 416-863-2962

From: Benoît Gascon [<mailto:bgascon@MASONGRAPHITE.COM>]
Sent: Monday, August 22, 2016 10:50 AM
To: Meakin, Nigel
Cc: Bissell, Steven; Peter McCague
Subject: RE: Early Repayment Offer - Quinto Mining Corp.

Hello Nigel,

Mason Graphite accepts the offer as outlined below and will pay \$4 million USD in full and final settlement of the future amounts owed to Quinto. The definitive settlement agreement will also include the de-registration of all securities in favor of Quinto Mining Corp.

Please confirm your acceptance.

Peter McCague, Mason's Legal Advisor and copied on this email, will contact you in order to organize the process. His phone number is 416-309-2961.

Best regards,

Benoît Gascon, CPA, CA
President & CEO
Mason Graphite Inc.
+1 514 289 3574
TSX-V: LLG
OTCQX: MGPHF

From: Meakin, Nigel [<mailto:Nigel.Meakin@fticonsulting.com>]
Sent: 16 août 2016 12:24
To: Benoît Gascon <bgascon@MASONGRAPHITE.COM>
Cc: Bissell, Steven <Steven.Bissell@fticonsulting.com>
Subject: Early Repayment Offer - Quinto Mining Corp.

Without prejudice

Benoit

The Monitor has now discussed this matter with the company and the company does not accept the proposal set out in your email of July 28, 2016 below. The company is however prepared to accept, subject to any necessary Court approval, a payment of US\$4 million in full and final settlement of the future amounts owing by Mason Graphite, subject to the following conditions:

1. Acceptance of this offer by no later than 5:00 p.m. Eastern Time on Monday August 22, 2016, after which time this offer shall be null and void;
2. Execution of a definitive settlement agreement by no later than September 2, 2016;
3. Payment in full by no later than September 30, 2016 (or three business days after Court approval is granted if such approval is determined by the company to be required).

If you have any questions, please do not hesitate to contact the undersigned.

Kind regards

Nigel

From: Benoît Gascon [<mailto:bgascon@MASONGRAPHITE.COM>]
Sent: Thursday, July 28, 2016 7:32 AM
To: Meakin, Nigel
Subject: RE: Early Repayment Offer - Quinto Mining Corp.

Dear Nigel,

Our previous offer was based on the available cash we had on hand. To increase the amount, we need to secure an external financing either through equity or debt.

Over the past few months, we've been working on securing a financing for an early repayment of the last deferred payment, which is not easy in the actual market, even more since it is aimed at reimbursing a debt.

Nevertheless, we have found some financial partners and are now in a position to have access to an amount of \$3M to be used as a complete and final payment to fully reimburse the last deferred payment without conditions and payable on closing.

I would appreciate your thoughts on this in order to come to an acceptable resolution to both parties. Otherwise, this will likely mean you getting back the asset and trying to monetize it, which will not be easy and will take more time.

Benoît Gascon, CPA, CA
President & CEO
+1 514 289 3574
TSX-V: LLG OTCQX: MGPHF

SETTLEMENT & MUTUAL RELEASE AGREEMENT

THIS AGREEMENT made as of August [●], 2016

BETWEEN:

QUINTO MINING CORPORATION

- and -

MASON GRAPHITE CORP.

WHEREAS:

- (A) QUINTO MINING CORPORATION (“**Quinto**”), as vendor, and MASON GRAPHITE CORP., as purchaser (“**Mason**” and together with Quinto, the “**Parties**”) entered into a purchase agreement (the “**Purchase Agreement**”) dated April 5, 2012 for the purchase and sale of 215 mining claims located in the vicinity of Lac Gueret, Registration Division of Saguenay, Québec (as described in greater detail in the Purchase Agreement, the “**Mining Claims**”);
- (B) The purchase price under the Purchase Agreement was USD \$15,000,000 (the “**Purchase Price**”). Pursuant to the Purchase Agreement, payment of a portion of the Purchase Price in the amount of USD \$7,500,000 was deferred (the “**Deferred Purchase Price**”) and conditional upon the earlier of the passage of certain time periods, the completion of a feasibility study or the achievement of commercial production of the Mining Claims;
- (C) To secure payment of the Deferred Purchase Price, Mason granted a security interest (the “**Security**”) in favour of Quinto in and affecting all undertaking, personal property and real property of Mason, including the Mining Claims, pursuant to (i) a general security agreement granted by Mason in favour of Quinto dated April 5, 2012, and (ii) a deed of sale and hypothec between Quinto and Mason dated April 5, 2012.
- (D) As of the date hereof, Mason remains indebted to Quinto for a portion of the Deferred Purchase Price in the amount of USD \$5,00,000 (the “**Balance of the Deferred Purchase Price**”);
- (E) Pursuant to an initial order of the Québec Superior Court [Commercial Division] (the “**Court**”) dated January 27, 2015 (as subsequently amended, rectified and/or restated, the “**Initial Order**”), (i) proceedings were commenced under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) in respect of Quinto and several other related entities, under Court File No. 500-11-048114-157 (the “**CCAA Proceedings**”), and (ii) FTI Consulting Canada Inc. was appointed as monitor (the “**Monitor**”) in the CCAA Proceedings;

- (F) The Parties desire to enter into this agreement (this “**Settlement & Mutual Release Agreement**”) in order to fully and finally resolve and settle on the terms hereinafter set forth, all matters, claims and any and all issues that exist between the Parties arising out of the Purchase Agreement, Mining Claims and Security including, without limitation, the payment of the Balance of the Deferred Purchase Price; and
- (G) The settlement and mutual release contemplated by this Settlement & Mutual Release Agreement are subject to the approval of the Court.

NOW THEREFORE, IN CONSIDERATION of the foregoing and mutual terms and covenants contained in this Settlement & Mutual Release Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the Parties, acknowledge, covenant and agree to settle all issues relating to or arising from the Purchase Agreement, Mining Claims and Security, including, without limitation, the payment of the Balance of the Deferred Purchase Price, on the following terms:

1. **Settlement Fee.** The Parties acknowledge and agree that Mason shall pay to the Monitor, in trust for Quinto, the sum of FOUR MILLION UNITED STATES DOLLARS (USD \$4,000,000) (the “**Settlement Fee**”) by no later than three (3) Business Days following the granting of the Settlement Approval Order (as defined below). For the purposes of this Settlement & Mutual Release Agreement, “**Business Days**” shall mean any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Montréal, Québec.
2. **Settlement Approval Order.** This Settlement & Mutual Release Agreement is conditional upon the Court’s issuance of an Order in the CCAA Proceedings in form and substance satisfactory to the Parties, acting reasonably, approving this Settlement & Mutual Release Agreement (the “**Settlement Approval Order**”), which Settlement Approval Order must be obtained by 5:00 p.m. (Montreal time) on October 14, 2016 or such later date and/or time as the Parties may agree in writing. Quinto shall file with the Court, as soon as practicable after its execution and delivery of this Settlement & Mutual Release Agreement, a motion seeking the Court’s issuance of the Settlement Approval Order and Mason shall cooperate with Quinto in its efforts to obtain the issuance and entry of the Settlement Approval Order. Mason, at its own expense, will promptly provide to Quinto and the Monitor all such information within its possession or under its control as Quinto or the Monitor may reasonably require to obtain the Settlement Approval Order.
3. **Mutual Release.** Upon (i) granting of the Settlement Approval Order, and (ii) payment of the Settlement Fee, each of the Parties does, to the maximum extent permitted by law, for itself and on behalf of its respective affiliates, subsidiaries, and successors and assigns, hereby fully and finally release and forever discharge the other Party and its respective affiliates and subsidiaries and all of its former and current directors, officers, employees, agents, insurers, heirs, successors and assigns, and representatives and any

other person or entity which may claim contribution or indemnity from such parties, (collectively, the “**Released Parties**”), from any and all agreements, understandings, claims, actions, suits, proceedings, procedures, complaints, applications, causes of action, demands, debts, accounts, obligations, duties, damages, losses, expenses, entitlements, remedies, liabilities, profits, proceeds, costs and interests of any kind or nature and any other remedy whatsoever, at law or in equity or under any statute, whether known or unknown which such Party has had or may hereafter have against any of the Released Parties by reason of or arising out of, directly or indirectly, or incidental to, any cause, matter or thing in respect of the Purchase Agreement, Mining Claims and Security, including with respect to the payment of the Balance of the Deferred Purchase Price (each, a “**Claim**”).

4. **Discharge of Security Registrations.** As soon as reasonably practicable upon payment of the Settlement Fee and granting of the Settlement Approval Order, Quinto shall release and discharge (i) the *Personal Property Security Act* (Ontario) registration against Mason with Reference No. 677361411, and (ii) the hypothec registered at the Public Register of Real and Immovable Mining Rights (Québec) with Registration No. 54562.
5. **No Assignment of Claims.** Each of the Parties represents and warrants that it has not assigned or transferred or purported to assign or transfer any Claim to any person, partnership, corporation or other such entity.
6. **Necessary Consents and Approvals.** The Parties represent and warrant that subject to the granting of the Settlement Approval Order, no permission, consent, approval, waiver or other intervention or involvement of any kind is required for the effective release of any Claim or the effective execution of this Settlement & Mutual Release Agreement.
7. **Article 2631.** Each of the Parties acknowledge and agree that the present settlement and mutual release constitutes a transaction within the meaning of Article 2631 of the *Civil Code of Québec*.
8. **Binding on Successors & Assigns.** Each of the Parties acknowledge and agree that everything contained herein shall, to the full extent permitted by law, extend to and bind and enure to the benefit of their respective successors and permitted assigns.
9. **Further Assurances.** The parties agree to do all acts and things and execute all agreements, instruments and other documents as may be reasonably required to carry out the intent and purpose of this Settlement & Mutual Release Agreement.
10. **Legal Advice.** The Parties acknowledge and agree that they have had an opportunity to consult an attorney on the consequences attached to executing the present Settlement & Mutual Release Agreement and fully understand same.

11. **Governing Law.** This Settlement & Mutual Release Agreement shall be governed by and interpreted in accordance with the laws of the Province of Québec, and shall be subject to the exclusive jurisdiction of the Court.
12. **Entire Agreement.** This Settlement & Mutual Release Agreement sets forth the entire understanding of the Parties relating to the settlement contained herein.
13. **Counterparts.** This Settlement & Mutual Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to constitute one and the same agreement. This Settlement & Mutual Release Agreement may be executed by PDF and such counterparts may be delivered by electronic mail.
14. **Language.** The Parties have required that this Settlement & Mutual Release Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

[Signature page follows]

IN WITNESS WHEREOF the Parties have executed this Settlement & Mutual Release Agreement as of the date first written above.

QUINTO MINING CORPORATION

By: _____

Name:

Authorized Signatory

MASON GRAPHITE CORP.

By: _____

Name:

Authorized Signatory

NO.: 500-11-048114-157

SUPERIOR COURT
(Commercial Chamber)
DISTRICT OF MONTRÉAL

**N THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENTS ACT (R.S.C.
1985 c. C-36) AS AMENDED:**

**BLOOM LAKE GENERAL PARTNER LIMITED,
8568391 CANADA INC.,
CLIFFS QUÉBEC IRONG MINING ULC.,
QUINTO MINING CORPORATION,**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED
PARTNERSHIP,
BLOOM LAKE RAILWAY COMPANY,
Mis-en-cause**

Et al.

EXHIBIT R-5

CERTIFIED TRUE COPY

BL 1332

Dominique Vallières 416248-00023

LAVERY, DE BILLY, L.L.P.

LIMITED LIABILITY PARTNERSHIP

SUITE 4000, 1, PLACE VILLE MARIE, MONTREAL, QUEBEC H3B 4M4

TELEPHONE: 514 871-1522 FAX NUMBER: 514 871-8977

EMAIL NOTIFICATIONS: NOTIFICATIONS-MTL@LAVERY.CA

lavery.ca