

FOCUS GRAPHITE INC.

April 2026

EQUITY INCENTIVE PLAN

TABLE OF CONTENTS

Table des matières

SECTION I - GENERAL PROVISIONS.....	1
1.1 INTERPRETATION.....	1
1.2 PURPOSE.....	4
1.3 ADMINISTRATION.....	5
1.4 SHARES RESERVED.....	5
1.5 CAPITAL REORGANIZATION.....	6
1.6 ADDITIONAL SHARE COMPENSATION ARRANGEMENTS.....	6
1.7 AMENDMENT AND TERMINATION.....	7
1.8 COMPLIANCE WITH LEGISLATION.....	7
SECTION II - OPTIONS.....	7
2.1 GRANTS.....	8
2.2 NOTICE OF GRANT.....	8
2.3 COPY OF THE PLAN.....	8
2.4 OPTION PRICE.....	8
2.5 EXERCISE OF OPTIONS.....	9
2.6 PAYMENT OF EXERCISE PRICE.....	10
2.7 CASHLESS EXERCISE.....	10
2.8 HOLD PERIOD.....	11
SECTION III – PROVISIONS OF AWARDS OTHER THAN OPTIONS.....	11
3.1 RESTRICTED AWARDS.....	11
3.1.1 RESTRICTED SHARE UNITS.....	11
3.1.2 DEFERRED SHARE UNITS.....	11
3.1.3 DIVIDEND EQUIVALENTS.....	11
3.1.4 RESTRICTIONS.....	12
3.1.5 RESTRICTED PERIOD.....	12
3.1.6 SETTLEMENT OF RESTRICTED SHARE UNITS AND DEFERRED SHARE UNITS.....	12
3.1.7 SHARE UNIT ACCOUNTS.....	13
SECTION IIIV - MISCELLANEOUS PROVISIONS.....	13
SCHEDULE A.....	1

EQUITY INCENTIVE PLAN
SECTION I - GENERAL PROVISIONS

1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

- i) **“Applicable Laws”** means the applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or stock exchange having authority over the Corporation or the Plan;
- ii) **“Applicable Withholding Taxes”** means any and all taxes and other source deductions or other amounts that the Corporation is required by law to withhold from any amounts to be paid or credited hereunder. Applicable Withholding Taxes shall be denominated in the currency in which the Award is denominated;
- iii) **“Award”** means any right granted under the Plan, including a Stock Option or a Restricted Award;
- iv) **“Board”** means the Board of Directors of the Corporation;
- v) **“Common Shares”** means the Common Shares of the Corporation;
- vi) **“Company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
- vii) **“Consultant”** means, in relation to the Corporation, an individual (other than a director, officer or employee of the Corporation or of any of its subsidiaries) or Company that:
 - a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a Distribution (as defined in the *Securities Act* (Ontario));
 - b) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Company, as the case may be; and
 - c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.
- viii) **“Corporation”** means Focus Graphite Inc.;

- ix) **“Continuous Service”** means that the Participant's service with the Corporation or an Affiliate, whether as an Employee, Consultant or Director, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Corporation or an Affiliate as an Employee, Consultant or Director, or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's Continuous Service. For example, a change in status from an Employee of the Corporation to a Director of an Affiliate will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal or family leave of absence other than a Leave of Absence that is not considered a termination pursuant to Section 9.4. The Committee or its delegate, in its sole discretion, may determine whether a Corporation transaction, such as a sale or spin-off of a division or subsidiary that employs a Participant, shall be deemed to result in a Termination of Continuous Service for purposes of affected Awards, and such decision shall be final, conclusive and binding.
- x) **“Deferred Share Unit”** or **“DSU”** means any right granted under Section 3.1.2 of this Plan;
- xi) **“Discounted Market Price”** has the same meaning as set forth in Policy 1.1 of the Exchange;
- xii) **“Eligible Person”** means, subject to all applicable laws, any employee, officer, director of the Corporation or any subsidiary of the Corporation, Consultant or Management Company Employees;
- xiii) **“Exchange”** means the TSX Venture Exchange or any other stock exchange on which the Common Shares are listed and posted for trading;
- xiv) **“Exercise Price”** means the exercise price of an Option, as determined pursuant to Section 2.4 herein;
- xv) **“Expiry Date”** means the last day on which an Option may be exercised;
- xvi) **“Fair Market Value”** means as of any particular date, the value of the Common Shares as determined by the Board in accordance with the following: (a) if the Common Shares are listed on the Exchange, the Fair Market Value shall be the weighted average trading price of a Common Share on the Exchange during the last five trading days prior to that particular date on which at least a board lot of Common Shares has so traded or, if a board lot has not traded on a particular day, the average of the bid and asked prices; provided, however, that if the Common Shares are not then listed and posted for trading on the Exchange, then the Fair Market Value shall mean the weighted average trading price of a Common Share on such stock exchange in Canada or the United States on which the Common Shares are then listed and posted for trading during the last five trading days prior to that particular date (and, if in United States dollars, converted to Canadian dollars using the Bank of Canada Rate) or, if the Common Shares are not then listed and posted for trading on any stock exchange in Canada

or the United States, then the Fair Market Value shall mean the fair market value per Common Share (in Canadian dollars) as determined in good faith by the Board in its sole discretion, and such determination shall be conclusive and binding on all persons;

- xvii) **“Grant Date”** means the date on which the Board adopts a resolution, or takes other appropriate action, expressly granting an Award to a Participant that specifies the key terms and conditions of the Award or, if a later date is set forth in such resolution, then such date as is set forth in such resolution;
- xviii) **“Insider”** means in relation to the Corporation;
- (a) a director or senior officer of the Corporation;
 - (b) a director or senior officer of a company that is an Insider or subsidiary of the Corporation; or
 - (c) a person that has
 - i. beneficial ownership of, or control or direction over, directly or indirectly, or
 - ii. a combination of beneficial ownership of, and control or direction over, directly or indirectly,securities of the Corporation carrying more than 10% of the voting rights attached to all the Corporation’s outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution; or
 - (d) the Corporation if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security.
- xix) **“Investor Relations Activities”** means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase and sale of securities of the Corporation, but does not include the activities excluded by policy 1.1 of the Exchange;
- xx) **“Investor Relations Services Provider”** includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.
- xxi) **“ITA”** means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, as amended from time to time;
- xxii) **“Management Company Employees”** means an individual employed by an entity providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relation Activities;

- xxiii) **“Notice of Exercise”** means the notice of exercise to be signed and delivered to the Corporation by the Participant, the form of which is attached hereto as Appendix A to Schedule A;
- xxiv) **“Option”** means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- xxv) **“Participant”** means Eligible Persons to whom Options have been granted;
- xxvi) **“Plan”** means this Equity Incentive Plan of the Corporation;
- xxvii) **“Restricted Award”** means any Award granted pursuant to Section 3.1 to receive a DSU, RSU or Dividend Equivalent.
- xxviii) **“Restricted Period”** means the period during which a Restricted Award is subject to vesting or other restrictions in accordance with its terms.
- xxix) **“Restricted Share Unit”** or **“RSU”** means a unit designated as a Restricted Share Unit and credited by means of an entry in the books of the Corporation to a Participant pursuant to the Plan, representing a right granted to the Participant pursuant to Section 3 to receive a Common Share (either issued from treasury or purchased in the open market) or a cash payment equal to the Fair Market Value thereof that generally becomes vested, if at all, following a period of continuous employment;
- xxx) **“Share Compensation Arrangement”** means any stock option, equity incentive plan, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- xxxi) **“Share Unit”** means either an RSU, DSU or Dividend Equivalent as the context requires;
- xxxii) **“Termination Date”** means the date on which a Participant ceases to be an Eligible Person.

In this Plan, words imparting the singular number only shall include the plural and vice versa and words imparting the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

1.2 Purpose

The purpose of the Plan is to advance the interests of the Corporation by:

- 1.2.1 providing Eligible Persons with additional incentive;
- 1.2.2 encouraging stock ownership by such Eligible Persons;

- 1.2.3 increasing the proprietary interest of Eligible Persons in the success of the Corporation;
- 1.2.4 encouraging Eligible Persons to remain with the Corporation or its subsidiaries; and
- 1.2.5 attracting new employees and officers.

1.3 Administration

- 1.3.1 The Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than two (2) independent directors (a “Committee”). If a Committee is appointed for this purpose, all references herein to the Board will be deemed to be references to the Committee.
- 1.3.2 Subject to the limitations of the Plan, the Board shall have the authority to:
 - 1.3.2.1 grant options to purchase Common Shares to Eligible Persons;
 - 1.3.2.2 determine the terms, limitations, restrictions and conditions respecting such grants;
 - 1.3.2.3 interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the plan as it shall from time to time deem advisable; and
 - 1.3.2.4 make all other determinations and take all other actions in connection with the implementation and administration of the Plan.

The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Corporation and all other persons.

1.4 Shares Reserved

- 1.4.1 The maximum number of Common Shares which may be issued for all purposes under the Plan shall be equal to 22,128,345 Common Shares.
- 1.4.2 The maximum number of Common Shares which may be reserved for issuance to any one person under the Plan shall not exceed, on any twelve (12) month period, 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to such person under any other compensation or incentive mechanism granting Common Shares from treasury.
- 1.4.3 Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised, shall again be available for grants under the Plan.
- 1.4.4 The maximum number of Common Shares which may be reserved for issuance to a Consultant shall not exceed, on any twelve (12) month period, 2% of the Common Shares

outstanding at the time of grant (on a non-diluted basis);

- 1.4.5 The maximum number of Common Shares which may be reserved for issuance to all persons providing Investor Relations Activities shall not exceed, on any twelve (12) month period, 2% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). No acceleration of the vesting provision is allowed without prior Exchange acceptance, in connection with options held by persons providing Investor Relations Activities;
- 1.4.6 The total number of Options granted to Insiders (as a group), within a 12-month period, shall not exceed 10% of the number of issued and outstanding Common Shares of the Corporation at the time of the grant (on a undiluted basis).
- 1.4.7 The maximum number of Common Shares that are issuable pursuant to the Options granted or issued to Insiders (as a group) shall not exceed 10% of the number of issued and outstanding Common Shares of the Corporation at any point in time (unless the Issuer has obtained the requisite disinterested Shareholder approval).

1.5 Capital Reorganization

In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, arrangement, consolidation, reclassification, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion deems appropriate to reflect such change (for the purpose of preserving the value of the Awards), with respect to: (i) the maximum number of Common Shares subject to all Awards stated in Section 1.4; (ii) the maximum number of Common Shares with respect to which any one person may be granted Awards during any period stated in Section 1.4; (iii) the number or kind of shares or other securities subject to any outstanding Awards; (iv) the Exercise Price of any outstanding Options; (v) the number of Share Units in the Participants' Share Unit Accounts; and (vi) the vesting of RSUs or DSUs (and related Dividend Equivalents) provided, however, that no adjustment will obligate the Corporation to issue or sell fractional securities. Notwithstanding anything in this Plan to the contrary, all adjustments made pursuant to this Section 1.5 shall be made in compliance with section 7(1.4)(c) of the ITA and subject to the rules of the Exchange, to the extent applicable. The Corporation shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Notwithstanding anything in this Plan to the contrary, any adjustment pursuant to this Section 1.5 that constitutes a share capital adjustment under Policy 4.4 of the Exchange shall be subject to the prior approval of the Exchange, except for adjustments relating solely to share consolidations or share splits, which shall be made in accordance with Policy 4.4 without prior Exchange approval.

1.6 Additional Share Compensation Arrangements

Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approvals.

1.7 Amendment and termination

- 1.7.1 The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation and subject to any required approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any Participant without the consent of such Participant. If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
- 1.7.2 With the consent of the affected Participants, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to any required approvals.
- 1.7.3 In the event the Board wishes to reduce the Exercise Price or extend the term of Options granted to a Participant who is an insider of the Corporation at the time of the proposed price reduction or term extension, said price reduction or term extension will be subject to Exchange and disinterested shareholder approval.

1.8 Compliance with legislation

The Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and policies of the Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Common Shares issued or sold hereunder where such grant, issue or sale would require regulatory approval of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly approved for listing on the Exchange, upon official notice of issuance. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

SECTION II - OPTIONS

2.1 Grants

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in paragraph 2.4 hereof, applicable to the exercise of an Option, including without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon exercise of an Option may be forfeited. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

In the event Options are granted to employees, Consultants or Management Company Employees, the Corporation must declare and represent that the Eligible Person is a *bona fide* employee, Consultant or Management Company Employee, as the case may be.

2.2 Notice of Grant

Following the grant of an Option by the Board, the President or any other member designated by the Board shall notify in writing the Participant (the “**Notice of Grant**”), such Notice of Grant shall include a copy of the Plan and a stock option agreement, the form of which is attached hereto as Schedule A.

2.3 Copy of the Plan

Each Eligible Person shall be given, along with the Notice of Grant, two (2) copies of the Plan and shall, within a delay of ten (10) days following the receipt of the Notice of Grant, sign and return a copy of the Plan to the Board. The Board shall, as soon as possible, deliver two (2) copies of any modifications to the Plan to a Participant, which shall, within a delay of ten (10) days following the receipt of said notice, sign a copy of the modification and return it to the Board.

2.4 Option Price

The Board shall establish the Exercise Price at the time each Option is granted, which shall in all cases be not less than the Discounted Market Price, subject to a minimum exercise price of \$0.05. If the issuer does not issue a news release to fix the price, the Discounted Market Price will be the last closing price of the Common Shares on the Exchange before the date of the stock option grant (less the applicable discount). The option price shall be subject to adjustment in accordance with the provisions of paragraph 1.5 hereinabove.

2.5 Exercise of Options

- 2.5.1 Options granted must be exercised no later than five (5) years after the date of grant or such lesser period as determined by the Board or as the regulations made pursuant to the Plan may require.
- 2.5.2 Options shall not be transferable or assignable by the Participants otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representatives.
- 2.5.3 Except as otherwise determined by the Board:
 - 2.5.3.1 if a Participant ceases to be an Eligible Person for any reason whatsoever other than death, each Option held by the Participant will cease to be exercisable on the Expiry Date or 12 months after the Termination Date whichever comes first, subject to any shorter period which may be imposed in any employment agreement, consulting agreement or any other type of agreement between the Corporation and the Eligible Person. If any portion of an Option is not vested by the Termination Date, that portion of the Option may not under any circumstances be exercised by the Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant;
 - 2.5.3.2 if a Participant dies, each Option held by the Participant at the time of his death will cease to be exercisable on the Expiry Date or twelve (12) months after the Termination Date whichever comes first.
- 2.5.4 The Exercise Price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, but subject to the terms of the Plan, the number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.
- 2.5.5 Subject to the provisions of the Plan, an option may be exercised from time to time by delivery to the Corporation at its registered office of the Notice of Exercise addressed to the Corporation specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the Exercise Price of the Common Shares to be purchased. Certificates for such Common Shares shall be issued and delivered to the Optionee within a reasonable period of time following the receipt of such notice and payment.
- 2.5.6 An Option issued to a Consultant performing Investor Relations Activities must vest in stages over twelve (12) months from the date of grant with no more than 25% of the Option vesting in any three (3) month period.

2.5.7 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Common Shares to a Participant pursuant to the exercise of an Option shall be subject to:

2.5.7.1 completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental or regulatory authority as counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

2.5.7.2 the admission of such Common Shares to listing on the Exchange; and

2.5.7.3 the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to safeguard against the violation of the laws of any jurisdiction.

In this connection, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for issuance of such Common Shares in compliance with applicable laws and for the admission to listing of such Common Shares on the Exchange.

2.6 Payment of Exercise Price

2.6.1 Unless otherwise specified by the Board at the time of granting an Option, the Notice of Exercise must be accompanied by payment of the Exercise Price. The Exercise Price must be fully paid by wire transfer, certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Board, which may include: (i) in the event that payment of the Exercise Price is occurring via cashless exercise in accordance with Section 2.7 of this Plan, respectively, through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation); or (ii) such other consideration and method of payment for the issuance of Common Shares to the extent permitted by the Exchange and Securities Laws, or any combination of the foregoing methods of payment.

2.6.2 Subject to Section 2.7, no Common Shares will be issued or transferred until full payment therefor has been received by the Corporation.

2.7 Cashless Exercise

Subject to prior approval by the Board, where the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to a Participant to purchase the Common Shares underlying Options, the Participant may borrow money from such brokerage firm to exercise Options. The brokerage firm will then sell a sufficient number of Common Shares to cover the Exercise Price of such Option in order to repay the loan made to the Participant. The brokerage firm will receive an equivalent number of Common Shares from the exercise of such Options and the Participant will receive the balance of the Common Shares or the cash proceeds from the balance of

such Common Shares.

2.8 Hold Period

The Options and the Common Shares which shall be issued following the exercise of such Options, shall be subject to a four (4) month hold period commencing on the date of grant and shall bear the following legend:

“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate and the securities issued hereunder may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Ventures Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date that is 4 months and 1 day following the date of grant].”

SECTION III – PROVISIONS OF AWARDS OTHER THAN OPTIONS

3.1 Restricted Awards

3.1.1 Restricted Share Units

The Board may, from time to time, grant RSUs to Participants, other than Participants performing Investor Relations Activities. The grant of an RSU to a Participant at any time shall neither entitle such Participant to receive, nor preclude such Participant from receiving, a subsequent grant of an RSU. Each RSU granted by the Board shall be evidenced by an RSU Agreement. Unless otherwise provided in the applicable Award Agreement, RSUs granted to a Participant shall be awarded solely in respect of performance of such Participant in the calendar year in which the Grant Date occurs (the "**Service Year**"). In all cases, the RSUs shall be in addition to, and not in substitution for or in lieu of, ordinary salary and wages payable to a Participant in respect of their services to the Corporation. No Common Shares shall be issued at the time an RSU is granted, and the Corporation will not be required to set aside funds for the payment of any such Award. A Participant shall have no voting rights with respect to any RSU granted hereunder. Each RSU so granted shall be subject to the conditions set forth in this Section 3.1, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

3.1.2 Deferred Share Units

The Board may also grant RSUs with a deferral feature, whereby settlement is deferred beyond the vesting date until the occurrence of a future payment date or event set forth in an Award Agreement ("**DSUs**").

3.1.3 Dividend Equivalents

At the discretion of the Board, each RSU and DSU (representing one Common Share) may be credited with cash and stock dividends paid by the Corporation in respect of one Common Share ("**Dividend Equivalents**"). Dividend Equivalents shall be withheld by the Corporation and

credited to the Participant's account, and interest may be credited on the amount of cash Dividend Equivalents credited to the Participant's account at a rate and subject to such terms as determined by the Board. Dividend Equivalents credited to a Participant's Share Unit Account and attributable to any particular RSU or DSU (and earnings thereon, if applicable) shall be distributed in cash or, to the extent permitted under the limits set out in Section 1.4 of the Plan and in compliance with Policy 4.4 of the Exchange, at the discretion of the Board, in Common Shares having a Fair Market Value equal to the amount of such Dividend Equivalents and earnings, if applicable, to the Participant upon settlement of such RSU or DSU and, if such RSU or DSU is forfeited, the Participant shall have no right to such Dividend Equivalents.

3.1.4 Restrictions

3.1.4.1 RSUs and DSUs awarded to any Participant shall be subject to (A) forfeiture until the expiration of the Restricted Period, to the extent provided in the applicable Award Agreement, and to the extent such RSUs or DSUs are forfeited, all rights of the Participant to such RSUs or DSUs shall terminate without further obligation on the part of the Corporation and (B) such other terms and conditions as may be set forth in the applicable Award Agreement.

3.1.4.2 The Board shall have the authority to remove any or all of the restrictions on the RSUs and DSUs whenever it may determine that, by reason of changes in Applicable Laws or other changes in circumstances arising after the date the RSUs or DSUs are granted, such action is appropriate.

3.1.5 Restricted Period

No Restricted Award may vest before the date that is one (1) year following the date such Restricted Award is granted or issued, and all vesting conditions shall be such that the Restricted Awards comply with the exception to the definition of "salary deferral arrangement" contained in paragraph (k) of section 248(1) of the ITA or any successor provision thereto. With respect to Restricted Awards, the Restricted Period shall commence on the Grant Date and end at the time or times set forth on a schedule established by the Board in the applicable Award Agreement.

3.1.6 Settlement of Restricted Share Units and Deferred Share Units

On or within 60 days following the Vesting Date of a Share Unit (and in any event no later than December 31 of the third year following the year in respect of which the Share Unit is granted) (the "**Settlement Date**"), and subject to Section 4.3, the Corporation shall (i) issue to Participant or Beneficiary, as applicable, from treasury the number of Common Shares that is equal to the number of vested Share Units held by the Participant as at the Settlement Date (rounded down to the nearest whole number), as fully paid and non-assessable Common Shares, (ii) deliver, or cause to be delivered, as applicable, to the Participant or Beneficiary, through a broker who is independent from the Corporation (the "**Designated Broker**"), Common Shares purchased in the open market equal to the number of vested Share Units held by the Participant as of the Settlement Date (rounded down to the nearest whole number), (iii) deliver to the Participant or Beneficiary, as applicable, an amount in cash (net of Applicable Withholding Taxes) equal to the number of

vested Share Units held by the Participant as at the Settlement Date multiplied by the Fair Market Value as at the Settlement Date, or (iv) a combination of (i), (ii) and (iii). If the Corporation elects to arrange for the purchase of Common Shares by a Designated Broker on behalf of the Participant or Beneficiary pursuant to subsection (ii), the Corporation shall contribute to the Designated Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Common Shares to which the Participant or Beneficiary is entitled and the Designated Broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such participant, on the Exchange (or other stock exchange on which the Common Shares are listed or traded).

Upon the expiration of the Restricted Period with respect to any outstanding RSUs, or at the expiration of the deferral period with respect to any outstanding DSUs, the Corporation shall deliver to the Participant, or their beneficiary, without charge, one Common Share for each such outstanding vested RSU or DSU ("**Vested Unit**") provided, however, that if explicitly provided in the applicable Award Agreement, the Board may, in its sole discretion, elect to pay cash or part cash and part Common Shares in lieu of delivering only Common Shares for Vested Units. If a cash payment is made in lieu of delivering Common Shares, the amount of such payment shall be equal to the Fair Market Value of the Common Shares as of the date on which the Restricted Period lapsed in the case of RSUs, or the delivery date in the case of DSUs, with respect to each Vested Unit.

3.1.7 Share Unit Accounts.

An account, called a "Share Unit Account", shall be maintained by the Corporation for each Participant and will be credited with such grants of RSUs, DSUs, or Dividend Equivalents as are received by the Participant from time to time. Share Units that fail to vest or that are settled in accordance with Section 3.1.6 shall be cancelled and shall cease to be recorded in the Participant's Share Unit Account as of the date on which such Share Units are forfeited or cancelled under the Plan or are settled, as the case may be. Where a Participant has been granted one or more RSUs or DSUs, such RSUs or DSUs (and related Dividend Equivalents) shall be recorded separately in the Participant's Share Unit Account.

SECTION IV - MISCELLANEOUS PROVISIONS

4.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Common Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Exercise Price of the Common Shares in respect of which the Option is being exercised).

4.2 Nothing in the Plan or any Option shall confer upon a Participant any right to continue in the employment of the Corporation or any subsidiary or affect in any way the right of the Corporation or any subsidiary to terminate his employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any subsidiary to extend the employment of any Participant beyond the time which he

would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any subsidiary.

4.3 Withholding Obligations. It is the responsibility of the Participant to complete and file any tax returns that may be required under Canadian or other applicable jurisdiction's tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. Notwithstanding any other provision of this Plan, a Participant shall be solely responsible for all Applicable Withholding Taxes resulting from their receipt of Common Shares or other property pursuant to this Plan. In connection with the issuance of Common Shares pursuant to this Plan, a Participant shall, at the Participant's discretion:

- (a) pay to the Corporation an amount as necessary so as to ensure that the Corporation is in compliance with the applicable provisions of any federal, provincial, local or other law relating to the Applicable Withholding Taxes in connection with such issuance;
- (b) authorize a securities dealer designated by the Corporation, on behalf of the Participant, to sell in the capital markets a portion of the Common Shares issued hereunder to realize cash proceeds to be used to satisfy the Applicable Withholding Taxes; or
- (c) make other arrangements acceptable to the Corporation to fund the Applicable Withholding Taxes.

4.4 Notwithstanding anything to the contrary herein, an Investor Relations Service Provider may not receive any Awards under this Plan other than Stock Options.

business of the Corporation's principal office on _____ (such time and date being hereinafter called the "Expiry Time"), by notice in writing (the "Notice of Exercise") to the Corporation, in the form attached hereto as Appendix A, subject to the following vesting provisions:

[Indicate vesting period, if any]

Any such notice given to the Corporation (an "Exercise Notice") shall specify the number of shares with respect to which the Option is being exercised and shall be accompanied by a certified cheque drawn on a Canadian chartered bank in favour of the Corporation in full payment of the Option Price for the number of shares then being purchased.

4. Options shall be subject to a four (4) month hold period in accordance with Section 2.6 of the Plan.

DELIVERY OF SHARE CERTIFICATE

5. The Corporation shall, within a reasonable delay after receipt of the Notice of Exercise, deliver to the Optionee a share certificate representing the number of shares with respect to which the Option was exercised and issued as of the date of the Notice of Exercise.
6. A Notice of Exercise shall be deemed to have been given, if delivered, on the date of delivery, or if mailed, on the date of mailing. A mailed Notice of Exercise shall be sent by prepaid registered mail addressed to the Corporation at the following address:

1505 Laperriere Ave,
Suite 505
Ottawa, Ontario,
K1Z 7T1

OPTION ONLY

7. Nothing herein contained or done pursuant hereto shall obligate the Optionee to purchase and/or pay for any shares of the Corporation, except those shares in respect of which the Optionee shall have exercised all or any part of the Option granted hereunder.
8. The Optionee shall have no rights whatsoever as a shareholder in respect of any of the shares optioned hereunder other than in respect of optioned shares for which the Optionee shall have exercised all or any part of the Option granted hereunder and which shall have been taken up and paid for in full.

TSX VENTURE EXCHANGE

9. This Agreement and the grant of the Option is subject to acceptance by the Exchange in accordance with the rules and policies of the Exchange and the Optionee hereby agrees to be bound by any modification of the terms and conditions of the Option as may be required by the Exchange. The Option may not be exercised until such acceptance has been received

APPENDIX A

NOTICE OF EXERCISE

TO: **FOCUS GRAPHITE INC.** (the “**Corporation**”)
c/o Board of Directors

FROM: _____ (the “**Optionee**”)

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Stock Option Agreement between the Optionee and the Corporation.

The Optionee hereby exercises the Option granted to the Optionee and hereby subscribes for _____ common shares of the Corporation (the “**Common Shares**”) in accordance with and subject to the provisions of the Stock Option Agreement and the Corporation’s Plan and herewith makes payment of the Option Price in full for the said number of Common Shares.

The certificate(s) representing such Common Shares is to be registered as follows:

[Registration]

[Address]

[City, Province, Postal Code]

DATED this _____ day of _____, 20____.

[Signature of Optionee]

[Print full name of Optionee]