

## ONTARIO GRAPHITE ISSUES UPDATE ON LAWSUIT

**TORONTO (March 1, 2017)** – One year after the Ontario Superior Court of Justice’s ruling on the injunction motion brought by Ontario Graphite Ltd. (“OGL”) as a part of its lawsuit against Jerry Janik (“Janik”), Michael Coscia (“Coscia”) and Great Lakes Graphite Inc. (GLK-TSX.V), OGL provides this update on the progress of the litigation.

### Injunction

In September 2015, OGL brought an injunction motion against Great Lakes Graphite, Janik and Coscia. In its motion, OGL alleged that Janik and Coscia had improperly taken one of its corporate opportunities (i.e. the Matheson micronization plant), and that in breach of their contractual and fiduciary duties, they surreptitiously began working with Great Lakes Graphite, a competitor of OGL, while still employed by OGL. It was OGL’s position on the motion that it had a strong *prima facie* case against Janik, Coscia and Great Lakes Graphite. OGL argued that if the Court did not immediately grant an injunction order restraining Janik and Coscia from working for Great Lakes Graphite for the terms of their respective non-competition agreements, it would suffer irreparable harm.

Extensive evidence was filed on the motion by all of the parties. The motion took a full day to argue.

After carefully considering the evidence and submissions from both sides, on February 19, 2016, Justice Stewart released her decision. She ruled squarely in OGL’s favour. Notable aspects of her findings are as follows:

- Justice Stewart held that, in her view, the evidence presented by OGL on its motion supported a conclusion that OGL had a strong *prima facie* case that Janik and Coscia were in breach of their contractual obligations.
- Justice Stewart was satisfied by the evidence that, while still collecting a paycheque from OGL, Coscia was actively working to assist Great Lakes Graphite (which he acknowledged to be a competitor of OGL) to raise investor funds.
- Justice Stewart found that, in her view, Janik and Coscia were prohibited from pursuing the Matheson plant opportunity, as that opportunity was directly competitive with OGL.
- Justice Stewart found that OGL had been forced to pursue its objectives in the face of the competitive advantage gained by Great Lakes Graphite by virtue of their poaching of senior employees who were under restrictions as to their activities and their use of confidential information.

Justice Stewart ultimately imposed an injunction order restricting Janik and Coscia from directly or indirectly working for Great Lakes Graphite and from competing with Ontario Graphite anywhere in Canada for a period of 12 months and 6 months, respectively.

In addition, Janik was ordered to refrain from directly or indirectly soliciting any employee or customer of Ontario Graphite for 12 months from the date of the Order. Janik, Coscia and Great Lakes Graphite were ordered to refrain from directly or indirectly disclosing or using any OGL confidential information. They were also prohibited from all attempts to solicit any of OGL’s investors. Great Lakes Graphite was further ordered to provide all such financial and other information relevant to OGL’s claims to the Matheson micronization plant forthwith, and to maintain complete and meticulous records of all

relevant investment activities, financial expenditures and profits, past, current and present, for production in the continuing action for damages.

The Court ordered that the trial of the action should proceed on an expedited basis.

Great Lakes Graphite, Janik and Coscia did not appeal Justice Stewart's decision.

### **Cost Award Against Great Lakes Graphite, Janik and Coscia**

As a result of Ontario Graphite's success on its injunction motion, Justice Stewart ordered Great Lakes Graphite, Janik and Coscia to collectively pay the sum of \$80,000.00 to OGL in respect of legal fees incurred by OGL on the injunction motion. Payment was ordered within 60 days of the release of Justice Stewart's costs decision. While Great Lakes Graphite, Janik and Coscia ultimately made the requisite payment, they failed to make the payment within the deadline stipulated by the Court.

### **Motion for Security for Costs**

In autumn, 2016, Great Lakes Graphite, Janik and Coscia filed a motion for Security for Costs against OGL. In their motion, they requested an Order requiring OGL to pay \$190,000.00 into Court as security to pay Great Lakes Graphite, Janik and Coscia's legal fees in the event that OGL were to lose at trial. The Court once again ruled in OGL's favor and denied the motion. The Court also once again required Great Lakes Graphite, Janik and Coscia to pay OGL's legal fees on the motion. More specifically, Great Lakes Graphite, Janik and Coscia were ordered to collectively pay the sum of \$13,104.60 to OGL within 30 days of the Court's Order. This payment has been made.

### **Next Steps**

OGL continues to press forward with its litigation. A trial date has been set.

Ellerton Castor, OGL's CFO and Chief Administrative Officer, stated, "While the process has been slower than expected, we are satisfied with the rulings to date. OGL remains committed to the pursuit of its full remedies under the law."

Tom Burkett, Ontario Graphite's CEO, stated, "We were very pleased with last year's rulings. We are focused on moving OGL toward re-commissioning of the Kearney Mine. 2016 was an eventful year for OGL as we raised significant capital, streamlined our balance sheet and completed a Definitive Feasibility Study. With the high growth prospects for natural graphite in a large number of industries like chemical processing, oil & natural gas drilling, Lithium-ion battery markets for electric vehicles, storage and electronics, we believe that 2017 will be the year we move OGL back into the productive landscape of the graphite world."

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### **About Ontario Graphite Ltd.**

Ontario Graphite Ltd. is a privately owned Canadian mining company committed to the responsible re-commissioning and operation of the Kearney Mine. OGL is fully licensed and permitted for its Kearney Mine, and has always had as an integral part of its strategic plan, micronization and purification of its graphite production. The Mine, located in Kearney, Ontario, Canada (approximately 250 km north of Toronto), is one of the largest confirmed graphite mineral resource projects in North America and among the largest individual deposits in the world. Ontario Graphite's vision is to be the premier producer of natural flake graphite in North America.

To learn more about Ontario Graphite Ltd. and the Kearney Mine; please visit [www.ontariographite.com](http://www.ontariographite.com).

**For more information, or to speak with a member of the Ontario Graphite team, please contact:**

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