

## Updates Progress on Focus Graphite's Lac Knife Project

OTTAWA, ONTARIO--(Marketwired - March 23, 2016) - [Focus Graphite Inc.](#), (Focus Graphite or "the Company") (TSX VENTURE:FMS)(OTCQX:FCSMF)(FRANKFURT:FKC) is pleased to announce its affiliate, Grafoil Inc., and Xiamen Tungsten Co. Ltd. (Xiamen), have signed a Memorandum of Understanding (MOU) for the establishment of a strategic joint venture partnership.

The MOU establishes terms for Xiamen's acquisition of up to a 20% equity position in Grafoil through the purchase of common shares - including up to 7,000,000 Grafoil common shares currently held by Focus Graphite and; it provides Focus Graphite with a portal in China for the future sale of value added graphite products through its strategic partnership with Xiamen. Focus Graphite, with 7.9 million shares, is the largest shareholder in Grafoil.

In summary, the MOU between Grafoil and Xiamen sets out parameters for actions that meet both parties' immediate and long-term business objectives through a joint venture arrangement. They include:

- Xiamen's desire to build a clean energy technology platform and introduce those technologies to the China market
- Grafoil's goals for developing industrial applications to open the China market for the commercialization of its suite of Mesograf® and Amphioxide® graphene based products
- The fulfillment of Focus Graphite's desire to move forward with the development of the company's Lac Knife, Québec natural flake graphite project, and supply global markets with high purity, value-added, cost-competitive graphite products while supporting the next generation battery development platform of Grafoil, Focus Graphite, [Stria Lithium Inc.](#), and Braille Battery Inc.
- The establishment of Xiamen's business office at the Grafoil Global Technology Center in Kingston, Ontario to provide Xiamen with a North American base for future business expansion, and; the establishment of a Grafoil business office in China

A due diligence process will be concluded by May 22, 2016.

A publicly traded company listed on the Shanghai Exchange, Xiamen Tungsten is China's leader in smelting, processing and export of tungsten and other non-ferrous metal products; the operation of rare earth business interests, and; the supply of battery materials. It has annual revenues in excess of 10.143B CNY (\$1.55B US).

#### Advancing the Lac Knife Graphite Project

Focus Graphite CEO and Director Gary Economo said the proceeds from the pending sale of Grafoil shares held by Focus Graphite will be applied to the company's continuing efforts to bring the Lac Knife Project into production.

"In addition to providing Grafoil with a strategic partner, Grafoil's MOU with Xiamen, has benefits for Focus Graphite. When finalized, it will provide additional funding to allow us to advance our overall mine and transformation plant financing, and potentially open the China market to Focus Graphite for additional offtake partners and the sale of value added graphite products," Mr. Economo said.

"Specifically, this injection of funding could enable Focus Graphite to advance our Lac Knife detailed engineering and finalize the environmental permitting process" said Mr. Economo. "And, it enables us to move to the next stage in assembling our mine CAPEX financing."

Focus Graphite continues its graphite testing. Customer requirements will come from battery manufacturers and from original equipment manufacturers (OEMs) and Tier 1 and Tier 2 suppliers in North America, Asia and Europe associated with the 2015 Focus-Grafoil "Energy" and "Polymer Offtakes."

"The agreement leaves us potentially well positioned to provide a secure and reliable source of graphite feedstock for the Grafoil-Xiamen joint venture," Mr. Economo said.

"With regard to our green energy development focus," said Mr. Economo, "Grafoil's agreement with Xiamen Tungsten encourages our continued collaborative efforts with Grafoil, [Stria Lithium Inc.](#), and Braille Battery Inc. to expand our efforts in China and Asia for next generation battery development."

On September 25, 2015, Focus Graphite announced it had concluded two definitive, 10-year offtake agreements in a related party transaction with Grafoil for the purchase of Lac Knife graphite concentrate.

The first offtake agreement (the "Graphene Offtake," commits Grafoil to acquire, at its discretion, up to an annual maximum of 1,000 tonnes of high-purity (98.3% total carbon "Ct") (1) large flake (+80 mesh) graphite concentrate annually from the Lac Knife Project for 10 years, representing up to 6.8% of the projected annual production of 14,606 tonnes of high-purity large flake concentrate. (Taken from *Technical Report on The Lac Knife Graphite Feasibility Study*, available at [www.sedar.com](http://www.sedar.com) under [Focus Graphite Inc.](#))

(1) 98.3% Ct purity is the average of 6 pilot plant runs. The pilot plant program was completed in 2013 by SGS Canada Inc., located in Lakefield, Ontario. See news release dated August 21, 2013.

The second offtake agreement (the "Polymer Offtake") commits Grafoil to acquire, at its discretion, up to 25,000 tonnes of 97.8% Ct (average concentrate grade for all flake sizes) graphite concentrate annually from the Lac Knife Project for 10 years, representing up to 56.4% of the projected total annual production of 44,300 tonnes (all flake sizes). (Taken from *Technical Report on The Lac Knife Graphite Feasibility Study*.)

#### About Xiamen Tungsten

Xiamen Tungsten Co., Ltd. is China's largest producer and exporter of tungsten products. Its investment in technology upgrades and metallurgical innovation have narrowed the East-West gap in product quality compared to foreign enterprises and, the company is currently expanding its investments in clean energy technologies to move in lockstep with China's march toward a low carbon economy.

It has annual revenues in excess of 10.143B CNY (\$1.55B US).

During the last decade, with a view to upgrading its competitive position in global markets, Xiamen, through acquisition and investment has expanded its business from a tungsten company to a technology oriented conglomerate in control of its complete manufacturing chains.

Xiamen Tungsten is listed on the Shanghai Exchange under the numerical symbol: 600549.

For more information about Xiamen Tungsten, please visit <http://www.cxtc.com/>

#### About Grafoil Inc.

Grafoil is a complete solutions graphene company. The company provides expertise as well as product and processes for transformative, industrial-scale graphene applications in partnership with leading corporations and institutions around the world.

A privately held Canadian corporation, Grafoil invests in graphene applications and economically scalable production processes for graphene and graphene derivatives from raw, unprocessed graphite ore. Focus Graphite holds a significant interest in Grafoil.

Incorporated in 2011, Grafoil's global enterprise platform includes 17 subsidiary companies engaged in the development of Mesograf®; Amphioxide®; and GrafeneX materials and products, and development services. They include, but are not limited to: Mesograf®; lithium batteries for electric vehicles, consumer electronics, and industrial energy storage; additive manufacturing materials including metal alloy and graphene polymer powders for 3D printing; polymers, plastics, rubber, elastomers, and composite materials; fibre science including aluminum alloys; coatings and lubricants; fire retardant materials; thermal management solutions; EMI/RFI/EMP shielding; solar solutions, and analytical testing; and laboratory services.

Grafoil's research is supported through the Industrial Research Assistance Program (IRAP) of the National Research Council of Canada, and, on February 20, 2015, Grafoil received an \$8.1 million investment from the SD Tech Fund® of Sustainable Development Technology Canada (SDTC) to develop a technology that will automate Mesograf®; graphene production and end-product development. SDTC is mandated by the Government of Canada to support clean technology companies as they move their technologies to market.

#### About Focus Graphite Inc.

Focus Graphite is an advanced exploration and development mining company with an objective of producing graphite concentrate at its Lac Knife deposit located south west of Fermont, Québec. In a second stage, to meet Québec stakeholder interests for transformation within the province and to add shareholder value, Focus Graphite is evaluating the feasibility of producing value added graphite products including battery-grade spherical graphite.

The Lac Knife project hosts a Measured and Indicated Mineral Resource Estimate\* of 9.58 million tonnes grading 14.77% graphitic carbon (Cg) (432,000 tonnes Measured @ 23.66% Cg and 9,144,000 tonnes Indicated @ 14.35% Cg) as natural flake graphite with an additional Inferred Mineral Resource Estimate\* of 3.1 million tonnes grading 13.25% Cg. Focus' goal is to assume an industry leadership position by becoming a low-cost producer of technology-grade graphite concentrate.

The Feasibility Study filed with SEDAR on August 8, 2014 for the Lac Knife Project indicates the project is economically viable

and has the potential to become a low cost graphite concentrate producer based on 7.86 million tonnes of Proven and Probable Mineral Reserves\*\* grading 15.13% Cg included in the Mineral Resource (429,000 tonnes Proven @ 23.61% Cg and 7,428,000 tonnes Probable @ 14.64% Cg).

On May 27, 2014 the Company announced the potential for high value added sales in the Li-ion battery sector following battery coin cell tests performed on Spherical Graphite ("SPG") produced from the Lac Knife graphite concentrate. Testing measured the performance metrics and confirmed Focus Graphite's capability to tailor lithium ion battery-anode-grade graphite and value added products to meet the most stringent customer specifications.

Focus Graphite is a technology-oriented graphite mining development company with a vision for building long-term, sustainable shareholder value. Focus also holds an 18% equity position in graphene applications developer Grafoid Inc.

\* *Mineral resources are not mineral reserves and do not have demonstrated economic viability*

\*\* *The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserve. The reference point for the Mineral Reserve Estimate is the mill feed.*

For more information about Focus Graphite, please visit [www.focusgraphite.com](http://www.focusgraphite.com).

#### Qualified Person

Mr. Marc-Andre Bernier, M.Sc, P.Geo (Québec and Ontario), a Director of the Company and a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects, has reviewed and approved the technical content of this news release.

#### Forward Looking Statement

This News 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. 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 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: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operations of mineral deposits; (v) the risk associated with establishing title to mineral properties and assets; (vi) the risks associated with entering into joint ventures; (vii) fluctuations in commodity prices; (viii) the risks associated with uninsurable risks arising during the course of exploration, development and production; (ix) competition faced by the Company in securing experienced personnel and financing; (x) access to adequate infrastructure to support mining, processing, development and exploration activities; (xi) the risks associated with changes in the mining regulatory regime governing the Company; (xii) the risks associated with the various environmental regulations the Company is subject to; (xiii) risks related to regulatory and permitting delays; (xiv) risks related to potential conflicts of interest; (xv) the reliance on key personnel; (xvi) liquidity risks; and (xvii) the risk of potential dilution through the issue of common shares. 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, no material adverse change in metal prices, exploration and development plans proceeding in accordance with plans and such plans achieving their stated expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. 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. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this News Release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

*Neither the 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 accuracy of this release.*

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