

Editor's note: There is a figure associated with this release.

Focus Graphite Inc. (TSX VENTURE:FMS)(OTCQX:FCSMF)(FRANKFURT:FKC) ("Focus" or the "Company") is pleased to announce an updated Mineral Resource Estimate for its 100%-owned Lac Knife flake graphite project, located 27 km south of Fermont, in the Côte-Nord administrative region of northeastern Québec. The updated Mineral Resource Estimate is based on 231 drill holes totalling 22,505 metres of historic and recent drilling and has been prepared by AGP Mining Consultants Inc. in accordance with Canadian Securities Administrators' National Instrument 43-101 "Standards of Disclosure for Mineral Projects" (NI 43-101).

Highlights:

- Measured and Indicated Mineral Resources increased by 26% when reported at a cut-off of 3.0% Graphitic carbon (Cg) to 12.1 million tonnes grading 14.64% Cg (Table 1) compared to the previous estimate of 9.6 million tonnes grading 14.77% Cg¹ at the same cut-off (Table 2).
- Upgraded 2.5 million tonnes of Inferred resources to the Indicated category.
- Delineated an additional 2.3 million tonnes of Inferred resources that are located within the southern extension of the Lac Knife deposit.
- The updated Mineral Resource Estimate increased the in-situ graphite content by 25% to 1.771 million tonnes in the Measured and Indicated category.

At the 3% Cg cut-off grade, Measured and Indicated Mineral Resources are now estimated at 12.1 million tonnes grading 14.64% Cg (Table 1). Additionally, there are 2.3 million tonnes of Inferred resources at 16.20 % Cg (Tables 1 and 2).

Table 1. Lac Knife Mineral Resource Estimate @ 3.0 % Cg cut-off

	Tonnage (t)	Cg (%)	In Situ Graphite (t)
Measured	447,000	21.45	96,000
Indicated	11,654,000	14.38	1,675,000
Measured + Indicated	12,101,000	14.64	1,771,000
Inferred	2,299,000	16.20	372,000

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*
- *The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

¹ Refer to Focus news release dated January 28th, 2014 available at www.focusgraphite.com and at www.sedar.com.

Focus Graphite President and CEO Gary Economo stated: "This second increase in Measured and Indicated resources since 2014 continues to reflect the quality our Lac Knife flake graphite deposit and is another positive step supporting the development of the Lac Knife project."

The update to the Mineral Resource Estimate is based on the addition of the 2014 exploration and definition drilling programs that added 65 new drill holes of which 41 targeted the Lac Knife deposit's southern extension. The additional 4,871 metres of drilling successfully achieved the objectives of delineating the expansion of the mineralized zones to the south and to upgrade the quality of existing Inferred resources to the Indicated category. This resource update is now supported by a total of 231 drill holes totalling 22,505 metres of historic and recent drilling.

As shown in Table 2 below, the resource tonnage increased by 26% in the Measured and Indicated category from 9.6 million tonnes grading 14.77% Cg in the Lac Knife project Feasibility Study² ("FEAS") to 12.1 million tonnes grading 14.64% Cg in this new update. This translated to an increase of 25% of in-situ graphite from 1.414 million tonnes to 1.771 million tonnes.

Table 2: Sensitivity to cut-off change and comparison to previous estimate (2014)

Updated Mineral Resource Estimate (3.0% Cg Cut-off base case)		2014 Mineral Resource Estimate (3.0% Cg Cut-off base case)		Percent Change	
Cut-off Tonnes	CG (%)	Cg Tonnes	Tonnes	CG (%)	Cg Tonnes Tonnage Graphite

Measured	> 10.0	447,000	21.45	96,000	428,000	23.81	102,000	4%	-6%
	> 5.0	447,000	21.45	96,000	432,000	23.66	102,000	3%	-6%
	> 3.0	447,000	21.45	96,000	432,000	23.66	102,000	3%	-6%
	> 2.0	447,000	21.45	96,000	432,000	23.66	102,000	3%	-6%
Indicated	> 10.0	9,832,000	15.56	1,530,000	7,466,000	15.77	1,177,000	32%	30%
	> 5.0	11,571,000	14.45	1,672,000	9,065,000	14.44	1,309,000	28%	28%
	> 3.0	11,654,000	14.38	1,675,000	9,144,000	14.35	1,312,000	27%	28%
	> 2.0	11,656,000	14.38	1,675,000	9,146,000	14.35	1,312,000	27%	28%
Measured + Indicated	> 10.0	10,272,000	15.82	1,625,000	7,894,000	16.21	1,279,000	30%	27%
	> 5.0	12,018,000	14.71	1,768,000	9,497,000	14.86	1,411,000	27%	25%
	> 3.0	12,101,000	14.64	1,771,000	9,576,000	14.77	1,414,000	26%	25%
	> 2.0	12,103,000	14.64	1,771,000	9,578,000	14.77	1,415,000	26%	25%
Inferred	> 10.0	2,093,000	17.02	356,000	2,196,000	15.81	347,000	-5%	3%
	> 5.0	2,282,000	16.28	372,000	2,941,000	13.75	404,000	-22%	-8%
	> 3.0	2,299,000	16.20	372,000	3,102,000	13.25	411,000	-26%	-9%
	> 2.0	2,299,000	16.20	372,000	3,116,000	13.20	411,000	-26%	-9%

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² Refer to Focus news release dated June 25th, 2014 available at www.focusgraphite.com and at www.sedar.com.

In the Inferred resource category, the tonnage decreased by 26% from 3.1 million tonnes in the FEAS to 2.3 million tonnes in this resource update. The Inferred resource category average grade increased from 13.25% Cg to 16.20% Cg. This resulted in a reduction of 9% of in-situ graphite in this category from 411,000 tonnes down to 372,000 tonnes. These overall changes in the resources resulted from converting most of the 2.5 million tonnes of Inferred resources in the FEAS resource constraining shell to the Measured and Indicated categories, and also by extending the deposit to the south adding an additional 2.3 million tonnes of Inferred resources in the revised South Central Zone. (See Figure 1).

Figure 1. Isometric representation of the major mineralized zones with resource constraining shell : http://file.marketwire.com/release/fig1_fms.jpg

- *The updated Mineral Resource Estimate is based on 231 core drill holes totalling 22,505 metres of historic and recent drilling. This includes 149 surface drill holes totalling 12,041 metres completed since 2010.*
- *Mineral Resources have been reported within a constraining pit shell at a cut-off grade of 3.0% graphitic carbon ("Cg").*

This update is not deemed material by the Company. Details on the Mineral Resource Estimation methodology are given in the notes below.

Notes on Mineral Resource Estimation Methodology

- Mineral resources are estimated in conformance with the CIM Mineral Resource definitions referred to in NI 43-101 "Standards of Disclosure for Mineral Projects". Pierre Desautels, P.Geo., Principal Resource Geologist of AGP Mining Consultants Inc. and Qualified Person under NI 43-101 who is an independent of the Company, has prepared and authorized the release of the mineral resource estimates presented herein. Willie Hamilton, Eng., Senior Mining Engineer of AGP Mining Consultants Inc. and Qualified Person under NI 43-101, has reviewed the technical content of the Press Release. This mineral resource estimate is an update of the January 28th, 2014 estimate conducted by AGP Mining Consultants that supported the Lac Knife FEAS effective June 25, 2014 authored by Met-Chem.
- The updated mineral resource is based on 231 core drill holes totalling 22,505 metres of historic and recent drilling. This includes 149 surface drill holes totalling 12,041 metres completed since 2010.
- All drill holes are diamond drill core and were sampled and assayed over their entire length in the mineralized section of the core of mostly 1.31 metre sample intervals. A QA/QC program was introduced during the 2010 drill program and expanded during the 2012, 2013 and 2014 programs to include the insertion of standards, duplicates, and blanks and check assays at a secondary laboratory.
- Specific gravities were determined by IOS Services Géoscientifiques ("IOS") of Saguenay, Québec. A total of 5,183 determinations exist in the database that were collected by IOS since the 2010 drill program. Due to the strong correlation between the sulphur and bulk density, the model was interpolated with the same parameters used for the sulphur model. The density in the mineralized zone ranges from 2.60 to 3.08 g/cm³.
- A detailed review of the geological logs and grade distribution led to the development of three-dimensional (3D) domain model based lithology and grade boundaries. The "wireframing" or outlining of mineralization resulted in three major mineralized zones with eight minor accessory zones. The grade is typically above 3% Cg within the wireframes but was allowed to be as low as 1% in the occasional lower grade zones internal to the high grade material and also on the edge of the wireframe. These domains were utilized to perform variography studies and to develop grade interpolation constraints.

- For the treatment of outliers, each statistical domain was evaluated separately and no top cut was necessary. However, a search restriction of 30 x 30 x 30 metres was imposed on threshold values of 38% Cg in order to restrict the influence of the highest values during the interpolation.
- The composite intervals selected were 3.0 metres nominal length. Shorter composites that were generated at the intersection with wireframes were distributed over the lengths of the other composites within the same domain.
- A 3D geological block model was generated using GEMS© software. The block model matrix size is 6 x 6 x 5 metres. Ordinary kriging was used for all domains with inverse distance and nearest neighbour check models. The interpolation was carried out in multiple passes with increasing search ellipsoid dimensions. Classification for all models was based primarily on the pass number, distance to the closest composite and the krige variance. The Measured classification was only retained in the area in proximity to the bulk sample pits. No adjustment to the classification was made for blocks interpolated primarily with historical holes since these were found to be adequate for resource modelling.
- The reported mineral resources are considered to have reasonable prospects of economic extraction. AGP created a pit shell using the Lerchs-Grossman pit optimization algorithm and costs, sales price and pit and plant operating parameters that were derived from the Lac Knife FEAS (June 25th, 2016) as well as from typical regional costs;
 - Selling Price - 2,000 \$/t (FOB Sept-Iles);
 - Mill Recovery - 91%;
 - Concentrate Grade - 97.8%;
 - Pit Slope - 40 and 48 degrees;
 - Overburden Mining Cost - 4.00 \$/t mined;
 - Rock Mining Cost - 5.50 \$/t mined;
 - Processing Cost - 42.50 \$/t milled;
 - Transportation Cost - 25.00 \$/t of concentrate;
 - General Administration Cost - 2.50 \$/t milled.
- The resulting pit shell encompasses most of the estimated Measured, Indicated and Inferred Resources. The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- The quantity and grade of reported Inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred mineral resources as Indicated or Measured mineral resources and it is uncertain if further exploration will result in upgrading them to Indicated or Measured mineral resources.

Lac Knife Project

The Lac Knife project comprises 57 map-designated claims covering 2,986.31 ha located in Esmanville Township (NTS map sheet 23B/11), 27 km south-southwest of the iron-mining town of Fermont, in the Côte-Nord administrative region of Québec. Focus acquired a 100% interest in the project in October 2010. A map showing the location of the Lac Knife project is available on the company's website at www.focusgraphite.com.

The mineralization at Lac Knife is hosted in biotite-quartz-feldspar paragneiss and schist of the Nault Formation, in association with iron formations of the Wabush Formation. These are equivalent to the lower Proterozoic Labrador Trough rocks affected by the late Proterozoic Grenvillian orogeny. High grade metamorphism and folding associated with the Grenvillian orogeny has resulted in the formation of important concentrations of graphite dominated by value-enhanced large flakes.

Sampling, Assaying and QA/QC

The entire drill cores were logged at the Lac Knife camp and shipped to IOS' facilities in Saguenay, Québec for sample preparation. Two slabs of about 1/4 of the 4-inch diameter PQ core were sawed parallel on each side of the central axis of the core. One of the slabs was earmarked for geochemical analysis while the other slab was kept as a witness sample. Center parts of the core are kept for possible subsequent uses. The samples are mostly 1.5 metres in length with variances from 0.5 m to 1.8 m. Slab samples were dried before processing for density measurement, crushing and grinding at the IOS sample preparation laboratory.

Once prepared, the samples were sent to the Consortium de Recherche Appliquée en Traitement et Transformation des Substances Minérales ("COREM"), an ISO/IEC 17025:2005 certified facility located in Québec-City, for graphitic carbon (Cg) analysis using LECO high frequency combustion method with infrared measurement (internal analytical code LSA-M-B10 for graphitic carbon; ISO 9686:2004). For the measurement of graphitic carbon, the sample is pre-treated with nitric acid, placed in a LECO capsule and introduced in the furnace (1,380°C) in an oxygen atmosphere. Carbon is oxidized to CO₂. After the removal of moisture, gas (CO₂) is measured by an infrared detector and a computerized system calculates the concentration of graphitic carbon (% Cg). Total sulphur was also analyzed by LECO (code LSA-M-B41). For sulphur determinations, the sample is placed in a LECO capsule and introduced in the furnace (1,380°C) until sulphur is oxidized to SO₂. After the removal of moisture, gas (SO₂) is measured by an infrared detector and a computerized system calculates the concentration of total sulphur (% S).

Under the QA/QC program, about 10% of the samples were analyzed by COREM for total (code LSA-M-B45), organic (code LSA-M-B58), inorganic (code LSA-M-B11) and graphitic (code LSA-M-B10) carbon as well as for total sulphur. Duplicates of these samples were also sent to ACTLABS Laboratories in Ancaster, Ontario (ISO/IEC 17025:2005 with CAN-P-1579) for

graphitic carbon (code 5D - C Graphitic) and total sulphur (code 4F - S Combustion infrared detection) determinations and for 35 multi-element analysis using ICP methods (code 1E2 - Aqua Regia). IOS introduced standards, duplicates (sawing, crushing or grinding duplicates) and blank samples into each batch of core samples as part of the QA/QC program.

Qualified Persons

Pierre Desautels, P.Geo. Principal Resource Geologist of AGP Mining Consultants Inc. Qualified Person under NI 43-101 who is independent of the Company, has prepared and authorized the release of the mineral resource estimates presented herein. Willie Hamilton, Eng., Senior Mining Engineer of AGP Mining Consultants Inc. and Qualified Person under NI 43-101 guidelines has reviewed the technical content of the News Release.

Mr. Marc-André 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.

About Focus Graphite

[Focus Graphite Inc.](#) is an advanced exploration and mining company with an objective of producing graphite concentrate at its wholly-owned Lac Knife flake graphite deposit located 27 km south of Fermont, Québec. In a second stage, to meet Quebec stakeholder interests of transformation within the province and to add shareholder value, Focus 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* of 12.1 million tonnes grading 14.64% Cg (447,000 tonnes Measured @ 21.45% Cg and 11,654,000 tonnes Indicated @ 14.38% Cg) as natural flake graphite with an additional Inferred Mineral Resource* of 2.3 million tonnes grading 16.20% 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 (www.sedar.com) 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' capability to tailor lithium ion *battery-anode-grade* graphite and value added products to meet the most stringent customer specifications.

On February 26, 2015, the Company announced the results from independent laboratory testing that indicated Coated Spherical Graphite ("CSPG") produced from Lac Knife concentrate outperformed synthetic graphite anodes for use in lithium-ion batteries.

On November 25, 2015, the Company announced results from independent laboratory testing that reported "zero loss" in long-term battery anode cycle testing of high purity CSPG produced from Lac Knife concentrate.

On March 31, 2016, the Company announced the introduction of a high conductivity graphite cathode material produced from expanded Lac Knife graphite and exhibiting twice the conductivity of cathodes versus standard grades of synthetic and natural flake graphite used in commercially available lithium-ion batteries.

On August 8, 2016, the Company announced it has successfully purified fine flake graphite - sourced at its wholly owned Lac Knife, Québec deposit - from 95% to 99.99% purity using a proprietary energy efficient purification process. Attaining a 99.99% purity level from fine graphite flake is significant. Focus now has the technology to economically purify low value fine flake graphite or, "fines" to a high value material needed for the production of lithium-ion batteries.

On August 17, 2016, the Company reported that the maiden core drilling program conducted at its wholly-owned Lac Tétépisca graphite project in 2014 intersected significant subsurface graphitic mineralisation along the trend of the Manicouagan-Ouest Graphitic Corridor including in hole LT-14-04 which intersected 103.9 m (true thickness) grading 10.25% Cg.

On August 24, 2016, the Company released channel sampling results from its wholly-owned Lac Tétépisca Nord graphite project. An 86.8 m long trench crosscut 67.2 m grading 6.75% Cg.

On November 21, 2016, the Company and Joint-Venture partner SOQUEM Inc. reported high hydrometallurgical recoveries of rare earth elements (REE) from the Kwyjibo REE project. The extraction rate from rare earth concentrate is approximately 90%

for all REE within the Magnetite Mineralization Type (MM1). The relatively simple metallurgical flowsheet is a distinctive feature of the Kwyjibo project among peer rare earth elements projects.

On January 20, 2017, the Company released the results of its 2016 infill and extension drilling program at its wholly-owned Lac Tétépisca graphite project including in Hole LT-16-32 which intersected 102.1 m (true thickness) grading 10.7% Cg.

Focus Graphite is a technology-oriented graphite mining development company with a vision for building long-term, sustainable shareholder value. Focus also holds a significant 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 Mineral Reserves. The reference point for the Mineral Reserve Estimate is the mill feed.*

For more information about Focus Graphite, please visit www.focusgraphite.com.

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.

Contact

[Focus Graphite Inc.](#)

Mr. Gary Economo
Chief Executive Officer
+1 613-241-4040
geconomo@focusgraphite.com
www.focusgraphite.com