Alabama Graphite Corporation: Provides Corporate Update

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Alabama Graphite Corp. CEO Donald Baxter and Alabama Secretary of Commerce Greg Canfield at the inaugural Southern Research 'Southeast Energy Storage Symposium 2017' in Birmingham, Alabama on September 28, 2017.
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TORONTO, Oct. 16, 2017 - Alabama Graphite Corp. (“Alabama Graphite” or the “Company”) (TSX-V:CSPG) (OTCQB:CSPGF) is pleased to provide the following update on its continuing corporate and operational progress. AGC is the sole owner of the Coosa Graphite Project, located in east-central Alabama, USA. The Company’s mission is to become a vertically integrated green-energy supply chain producer of battery-ready graphite products for the American lithium-ion, lead-acid and alkaline battery industries.

A photo accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/6995b2d5-1f89-421e-b2ca-89ab6dd618f3

On November 30, 2015, AGC announced its positive Preliminary Economic Assessment (“PEA”) — addressing both primary and secondary processing to produce specialty, ultra-high-purity, battery-ready graphite products, as opposed to sole primary processing to make traditional graphite concentrate — for its Coosa Graphite Project the most advanced flake graphite project in the contiguous United States. Since December 2015 when President and Chief Executive Officer Donald Baxter was appointed to such position by the Board of AGC, the Company has achieved several significant milestones, including but not limited to the following:

- The execution of 31 non-disclosure agreements (“NDAs”) with potential end users. 14 of said NDAs are with U.S. Department of Defense (“DoD”) battery contractors/manufacturers and a total of 24 potential end users have received AGC’s battery-ready graphite products for evaluation;
- Letter of Intent (“LOI”) to supply battery-ready graphite products to an established U.S. lead-acid battery manufacturer;
- Received positive evaluation results for ULTRA-PMG™ purified micronized graphite conductivity enhancement product from Dallas, Texas-based RSR Technologies; improved Dynamic Charge Acceptance by +194%;
- Production of High-Performance Silicon-Enhanced Coated Spherical Purified Graphite (“Si-CSPG”) for Li-ion Batteries; Exceeded Maximum Theoretical Capacity for Anode Graphite;
- Commenced Production of greater than 150 Kilogram Stockpile of Sourced-and-Manufactured-in-USA Specialty Battery-Ready Graphite for End-User Qualification;
- Production of High-Performance Conductivity-Enhancement Graphite — Delaminated Expanded Graphite (“DEXDG”) — for Lithium-ion Batteries;
- 99.999% Certified Graphite Purity in a Single Pass via Proprietary, Environmentally Sustainable Purification Process; Provides Complete Elemental Analysis;
- Research Partnership with United States Department of Energy’s Oak Ridge National Laboratory; Receives Positive Preliminary Battery-Ready Graphite Test Results;
- Announced Positive, Independent Battery-Ready Graphite (“CSPG”) Electrochemical Test Results from Physical Sciences Inc.; Demonstrated Stable Cycling More than 80 Cycles;
- Appointment of Strategic Advisors Auburn University Professor Emeritus Dr. Robert Cook, P.G., and ZAF Systems CEO and former President of leading U.S. Department of Defense battery manufacturer Eagle Pitcher, Randy Moore;
- Succeeds in Producing High-Performance CSPG for Li-ion Batteries;
- Reported Positive Pilot Plant Test Results for the Coosa Graphite Project; and
- Raised more than $3.6 million in equity investment at the Company’s second-highest per-unit price in its more than five-year history.

Note: A PEA is preliminary in nature. A PEA includes Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be

categorized as Mineral Reserves and there is no certainty that the PEA will be realized. Inferred Mineral Resources represent material that is considered too speculative to be included in economic evaluations. Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Measured or Indicated Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no guarantee that all or any part of the Mineral Resource will be converted into a Mineral Reserve.

OFFTAKE/SUPPLY AGREEMENT NEGOTIATIONS

The Company is in discussions with numerous potential battery and automotive clients. Of those discussions, AGC is currently engaged in advanced discussions with three potential end users for significant offtake/supply agreements. The identities of the specific potential end users are being withheld for reasons of commercial confidentiality. Discussions are progressing well. Details will be released as permitted, if and when a material agreement has been executed.

150-KILOGRAM STOCKPILE OF BATTERY-READY GRAPHITE PRODUCTS

Further to AGC’s May 1, 2017 announcement, *‘Alabama Graphite Corp. Commences Production of greater than 150 Kilogram Stockpile of Sourced-and-Manufactured-in-USA Specialty Battery-Ready Graphite for End User Qualification’*, the Company is pleased to report that it has successfully completed prototype production from this more than 150-kilogram stockpile, under CEO Donald Baxter’s direction and supervision. To the Company’s knowledge, no other graphite development company has produced more battery-ready graphite.

Independent characterization to analyze and electrochemically test the CSPG stockpiles in representative samples to validate the high electrochemical performance of the CSPG and, as importantly, consistency in electrochemical performance is currently underway and results will be disclosed as soon as they are available.

Additionally, the Company is conducting long-term cycling efficiency testing, to more than 500 cycles, and has recently completed more than 200 cycles to date. Again, details on these results will be disseminated as soon as they are available. The building of the CR2016 cells to test the CSPG and subsequent cycling efficiency testing takes several months to complete and long-term cycling test results will be ongoing.

FEASIBILITY STUDY

On July 12, 2017, AGC announced that it had awarded the contract for the Feasibility Study for the Coosa Graphite Project to AGP Mining Consultants Inc. (“AGP”), the same independent engineering firm that produced the Company’s PEA. Per AGC’s May 1, 2017 announcement, the Feasibility Study had been strategically deferred in order to focus on the Company’s downstream prototype production, characterization and testing of its greater than 150-kilogram stockpile of sourced-and-manufactured-in-USA battery-ready graphite products for potential end users. As the Feasibility Study is expected to take no more than ten months (maximum) to complete from its commencement, coupled with the fact that Alabama-state permitting — expected to take no more than six months to complete — can be commenced *concurrently*, the need to produce a significant amount of battery-ready graphite materials was far more important to the Company than starting the Feasibility Study.

ore recently, and after discussions with American manufacturers in the lead-acid battery industry in particular, AGC has decided to reassess production quantity targets for the Feasibility Study. In particular, the production tonnages in the PEA, specifically, as it pertains to Purified Micronized Graphite (“PMG”) and its derivative Delaminated Expanded Graphite (“DEXDG”) conductivity enhancement products for battery cathodes, need to be reevaluated, as the original PEA production quantities are now deemed to be insufficient to address current market demand. AGC intends to commence the Feasibility Study before the end of 2017, contingent on securing the required financing.

There is no deadline or expiry date for when the Company’s Feasibility Study must be completed. The Feasibility Study is an important milestone, but by no means a critically time-sensitive one. There appears to be a misconception that the Feasibility Study must be commenced immediately. Several graphite development companies have completed/filed their Feasibility Studies years ago (and in one instance, more than five years ago) — and all have yet to secure project financing or, as importantly, *any* binding offtake/supply agreements. These companies now sit stagnating with outdated Feasibility Study technical reports, with grossly irrelevant economic modeling, and their Feasibility Studies require updating at significant expense. AGC management believes that its focus on battery material development may

potentially help AGC avoid this fate. Some retail shareholders fail to recognize or understand the value of the significant downstream, technical, battery-related accomplishments AGC has achieved to date. AGC’s battery-ready graphite technical accomplishments are what potential end-users are interested in. Although end users do want a timeline for when AGC could, pending completion of a positive Feasibility Study, potentially be in production, of CSPG and/or PMG (from AGC’s Coosa Graphite Project or elsewhere) many of these very downstream entities do not know what a mining industry Feasibility Study is and the lack of a completed Feasibility Study does not preclude these companies from potentially doing business with AGC.

Note, the Coosa Graphite Project consists of approximately 42,000 acres and is located on private land. There are no federal permitting issues for the Company to contend with, but rather only Alabama-state-level permitting via the Alabama Department of Environmental Management (“ADEM”). Independent engineering firm Thompson Engineering, of Mobile, Alabama is contracted as AGC’s consultant leading the permitting process for the Coosa Graphite Project with ADEM. As announced on July 24, 2017, AGC received the necessary National Pollutant Discharge Elimination System (“NPDES”) Construction Storm Water General Permit ADEM for the potential discharges associated with the exploration activities necessary to complete the pending Feasibility Study.

RECENT EVENTS

Asia Trip

In September, CEO Donald Baxter and AGC management met extensively with a well-established Japanese potential end user in the automotive industry. Additionally, Mr. Baxter presented a company overview and met with prospective investors in Hong Kong, China; Seoul, South Korea; and Tokyo, Japan.

Southern Research’s Southeast Energy Storage Symposium

In late September, AGC management attended Southern Research’s inaugural Southeast Energy Storage Symposium in Birmingham, Alabama. Mr. Baxter presented a company overview and was a panelist on the Energy Storage Technologies and Applications panel at the two-day event. The Alabama Secretary of Commerce, Greg Canfield, delivered the event’s keynote address and discussed AGC and spoke at length regarding Mercedes-Benz’s recent $1 billion investment in the state of Alabama to build a fully electric SUV.

Additionally, Mr. Baxter and Executive Vice President Mr. Dinwoodie visited both the Coosa Graphite Project and the Bama Mine Projects, extensively walking both properties with Project Geologist and Director of Business Development Jesse Edmondson, P.G. The AGC management team also met with Dr. Baldwin and Dr. McConnell II of Alabama-based Forest Owner Services.

A video of Mr. Baxter’s presentation can be found on the AGC YouTube channel at: https://www.youtube.com/watch?v=cDqvFumUVfs

A video of Secretary Canfield’s keynote address can be found on the AGC YouTube channel at: https://www.youtube.com/watch?v=MvXYCcPhWXE&t=5s

A video of Secretary Canfield’s comments regarding AGC can be found on the AGC YouTube channel at: https://www.youtube.com/watch?v=MvXYCcPhWXE&t=34s

Washington D.C. Trip

On October 3, 2017, CEO Donald Baxter and EVP Tyler Dinwoodie attended the U.S. Senate Committee on Energy and Natural Resources’ ‘Full Committee Hearing to Examine Energy Storage Technologies’. The purpose of the hearing was to examine the status of energy storage technologies, reviewing today’s technologies and understanding innovation in tomorrow’s technologies, noting that China is the dominant world leader producing and exporting the critical, battery-ready input materials to manufacture lithium-ion batteries — namely graphite, cobalt, lithium, and nickel — and that the United States currently imports 100% of the aforementioned. Leading independent lithium-ion supply-chain expert and Managing Director of UK-based Benchmark Mineral Intelligence, Simon Moores, provided testimony. United States Senator Luther Strange of Alabama is a Republican Committee Member of the U.S. Senate Committee on Energy and Natural Resources.

During the hearing, Committee Chairman, Senator Lisa Murkowski (R-Alaska), asked Mr. Moores,

“Where do we go if we are in a situation where we are reliant on other nations (some 100%) for critical minerals but also for the processing of these minerals? How vulnerable does this make us?” Mr. Moores responded by stating, *“I would be very concerned about technologies that are going to be core to the next big industry – namely, energy storage. Because that will fundamentally alter the auto sectors and alter the energy space over the next 100 years. Those core minerals to the battery technology that will be central to that for the next 10 to 15 years is lithium-ion batteries. And that’s because of the cost, because of the scale they are going to be produced over the next 5 years with the rise of these battery megafactories around the world. I would be looking at the four critical raw materials that go into a lithium-ion battery, which are lithium, graphite, cobalt and nickel. Of those 4, the US imports 100% of each. So, no mining of these specialty materials happens in the US.”*

Mr. Moores’ complete written testimony to the Senate Committee on Energy and Natural Resources can be found here:
https://www.energy.senate.gov/public/index.cfm/files/serve?File_id=1F127706-E2AC-46CE-822D-FCF97E61619F

Afterwards, Mr. Baxter and Mr. Dinwoodie had a productive meeting with Dr. Benjamin Reinke and Lane Dickson, Professional Staff Members of the U.S. Senate Committee on Energy and Natural Resources. Additionally, Mr. Baxter and Mr. Dinwoodie met with United States Senator Richard Shelby of Alabama and his senior staffers, as well as U.S. Representative Gary Palmer, representing Alabama’s 6th Congressional District, and senior staffers for Sen. Luther Strange.

A video of the complete U.S. Senate Committee on Energy and Natural Resources’ Committee Hearing to Examine Energy Storage Technologies from October 3, 2017 can be found on the AGC YouTube channel at: https://www.youtube.com/watch?v=wPKJhp48vjc&t=6s

UPCOMING EVENTS

AGC expects to complete a number of important de-risking events in the upcoming months, including the initiation of a definitive Feasibility Study and piloting program. The Company also intends to initiate the permitting process for the Coosa Graphite Project and has already commenced an environmental baseline study. Expected upcoming milestones are listed in the table below:

Expected Upcoming Milestones

- Electrochemical test results for the Company’s 150-kilogram stockpile of CSPG;
- 200-plus-cycle, long-term cycling data for the Company’s 150-kilogram stockpile of CSPG; additional ongoing cycling data to more than 500 cycles;
- Intellectual Property (“IP”) development as it pertains to two environmentally sustainable graphite purification technologies;
- Acquisition of new Mineral Rights leases for critical, strategic minerals in the state of Alabama;
- Initiation of the Feasibility Study for the Coosa Graphite Project and Pilot Plant Program for secondary-processed battery-ready graphite; and
- Advancement of project permitting, including the completion of the Environmental Baseline Study.

AGC senior management will be attending, presenting and/or exhibiting at the following industry events:

Benchmark Mineral Intelligence’s ‘Graphite Supply Chain 2017’

AGC senior management will be attending Benchmark Mineral Intelligence’s Graphite Supply Chain 2017 event from November 5 to 7, 2017 held at the Balboa Bay Resort in Newport Beach, California. Anyone wishing to meet with AGC’s senior management is asked to please email the Company’s Vice President of Investor Relations, Ann-Marie Pamplin, at apamplin@alabamagraphite.com to schedule a meeting.

Mines and Money London 2017

In addition to exhibiting and meeting with potential investors, AGC CEO Donald Baxter will be presenting during the Battery Metals events at Mines and Money London 2017, held at the Business Design Centre in central London, UK from November 27 to 30, 2017. Anyone wishing to meet with AGC’s senior management is asked to please email Ann-Marie Pamplin, at apamplin@alabamagraphite.com to schedule a meeting.

121 Mining Investment London

AGC will be providing a company overview and meeting with prospective investors during the two-day 121 Mining Investment London hosted at 8 Fenchurch Place in London, UK on November 27 and 28, 2017. Anyone wishing to meet with AGC’s senior management is asked to please email Ann-Marie Pamplin, at apamplin@alabamagraphite.com to schedule a meeting.

PDAC 2018

AGC is pleased to announce that the Company will be exhibiting at the annual Prospectors & Developers Association of Canada (“PDAC”) International Convention, Trade Show & Investors Exchange, held from March 4 to 7, 2018 at the Metro Toronto Convention Centre in Toronto, Canada. AGC’s booth will be located in the Investors Exchange, booth number 2514 (the same booth location as PDAC 2017). Chief Executive Officer Donald Baxter and Executive Vice President Tyler Dinwoodie will be available for meetings with shareholders and stakeholders over the four-day event. Anyone wishing to meet with AGC’s senior management is asked to please email Ann-Marie Pamplin, at apamplin@alabamagraphite.com to schedule a meeting.

Readers are cautioned that AGC is not yet in commercial production and there is no guarantee that the Company will advance to full-scale production. If, following the completion of a Feasibility Study, which has not yet been commenced, AGC is able to advance the Coosa Graphite Project into production, the resulting graphite products would be sourced from within the contiguous United States and, as such, the Company may have a potential competitive advantage over other producers of value-added graphite materials sourced from other countries, regardless of whether said materials were processed and/or manufactured in the United States of America.

QUALIFIED PERSON

Donald K. D. Baxter, P.Eng., President, Chief Executive Officer and Executive Director of Alabama Graphite Corp., is a Qualified Person as defined by National Instrument 43-101 (“N.I. 43-101”) guidelines, and has reviewed and approved the content of this news release.

ABOUT ALABAMA GRAPHITE CORP.

Alabama Graphite Corp. is a Canadian-based flake graphite exploration and development company as well as an aspiring battery materials production and technology company. The Company operates through its wholly owned subsidiary, Alabama Graphite Company, Inc. (a company registered in the state of Alabama). With an advancing flake graphite project in the United States of America, Alabama Graphite Corp. intends to become a reliable, long-term U.S. supplier of specialty high-purity graphite products. A highly experienced team leads the Company with more than 100 years of combined graphite mining, graphite processing, specialty graphite products and applications, and graphite sales experience. Alabama Graphite Corp. is focused on the exploration and development of its flagship Coosa Graphite Project in Coosa County, Alabama, and its Bama Mine Project in Chilton County, Alabama as well as the research and development of its proprietary manufacturing and technological processing process of battery materials.

Alabama Graphite Corp. holds a 100% interest in the mineral rights for these two U.S.-based graphite projects, which are both located on private land. The two projects encompass more than 43,000 acres and are located in a geopolitically stable, mining-friendly jurisdiction with significant historical production of crystalline flake graphite in the flake graphite belt of central Alabama, also known as the Alabama Graphite Belt *(source: U.S. Bureau of Mines)*. A significant portion of the Alabama deposits are characterized by graphite-bearing material that is oxidized and has been weathered into extremely soft rock. Both projects have infrastructure in place, are within close proximity to major highways, rail, power and water, and are approximately three hours (by truck or train) to the Port of Mobile, the Alabama Port Authority's deep-seawater port and the ninth largest port by tonnage in the United States *(source: U.S. Army Corps of Engineers/USACE)*. The state of Alabama's hospitable climate allows for year-round mining operations and the world's largest marble quarry (which operates 24 hours a day, 365 days a year in Sylacauga, Alabama), is located within a 30-minute drive of the Coosa Graphite Project.

On November 30, 2015, Alabama Graphite Corp. announced the results of PEA for the Coosa Graphite Project, indicating a potentially low-cost project with potential positive economics. Please refer to the Company’s technical report titled “*Alabama Graphite Corp. Preliminary Economic Assessment (PEA) on the Coosa graphite Project, Alabama, USA*” dated November 27, 2015, prepared by

independent engineering firms AGP Mining Consultants Inc. and Metal Mining Consultants Inc., and filed on SEDAR at www.sedar.com.

Note: a Preliminary Economic Assessment or PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

** Inferred Mineral Resources represent material that is considered too speculative to be included in economic evaluations. Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Measured or Indicated Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no guarantee that all or any part of the Mineral Resource will be converted into a Mineral Reserve.*

Alabama Graphite Corp. is a proud member of the National Association of Advanced Technology Batteries International (“NAATBatt International”), a U.S.-based, not-for-profit trade association commercializing advanced electrochemical energy-storage technology for emerging, high-tech applications.

For further information and updates on the Company or to sign up for Alabama Graphite Corp. News, please visit www.alabamagraphite.com or follow, like and subscribe to us on Twitter, Facebook, YouTube, and LinkedIn.

AGC’s COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

AGC’s graphite is purified via the Company’s propriety, low-temperature thermal purification process. AGC’s environmentally responsible and sustainable graphite purification process does not utilize caustic chemicals or harsh acids that are commonly regarded as dangerous and environmentally harmful (e.g. hydrofluoric acid, as is commonly used in Chinese graphite production; hydrochloric acid, sulfuric acid, nitric acids, or alkali roasting, caustic-soda roasting, etc.), nor does the process require copious amounts of clean water or costly, energy-intensive high-temperature thermal upgrading. Please refer to the Company’s February 17, 2017 announcement, *‘Alabama Graphite Corp. Achieves 99.99997% Graphite Purity via Proprietary, Environmentally Responsible and Sustainable Purification Process; Exceeds Nuclear Graphite Purity Requirements.’*

For more information about AGC’s specialty, secondary processing to produce its CSPG please refer to the June 2016 comprehensive independent report, *‘Alabama Graphite's Coated Spherical Purified Graphite for the Lithium-ion Battery Industry,’* written, researched and prepared by Dr. Gareth P. Hatch, CEng, FIMMM, FIET, prior to his joining the AGC Board of Directors. Dr. Hatch is also President of Innovation Metals Corp., Founding Principal of Technology Metals Research, LLC, and Independent Director of the Company.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking information under applicable Canadian securities laws (“forward-looking statements”), which may include, without limitation, statements with respect to potential relationships between the Company, its shareholders and possible third-party investors or joint actors. The forward-looking statements are based on the beliefs of management and reflect Alabama Graphite Corp.’s current expectations. When used in this press release, the words “estimate”, “project”, “belief”, “anticipate”, “intend”, “expect”, “plan”, “predict”, “may”, "will” or “should” and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current view of Alabama Graphite Corp. with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of graphite; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labor disputes and other risks of the mining industry;

delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors disclosed in the Company's publicly filed documents. Forward-looking statements are also based on a number of assumptions, including that contracted parties provide goods and/or services on the agreed timeframes, that equipment necessary for exploration is available as scheduled and does not incur unforeseen breakdowns, that no labor shortages or delays are incurred, that plant and equipment function as specified, that no unusual geological or technical problems occur, and that laboratory and other related services are available and perform as contracted. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and Alabama Graphite Corp. undertakes no obligation to update forward-looking statements (unless required by law) if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements. Alabama Graphite Corp. cautions that the foregoing list of material factors and assumptions are not exhaustive. When relying on Alabama Graphite Corp. forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and assumptions and other uncertainties and potential events.

Alabama Graphite Corp. has also assumed that the material factors and assumptions will not cause any forward-looking statements to differ materially from actual results or events. However, the list of these factors and assumptions is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICE PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE CONTENT OF THIS NEWS RELEASE.

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