SRG Reports Its Maiden Resource Estimate for the Gogota Nickel-Cobalt Deposit 44.9Mt @ 1.28% Ni and 0.13% Co

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MONTREAL, June 6, 2018 /CNW Telbec/ - SRG Graphite Inc. (TSXV: SRG) ("SRG" or the "Company") is pleased to report its maiden resource estimate for the 100%-owned Gogota nickel-cobalt deposit located in the Republic of Guinea. The mineral resource estimate, prepared by Montréal based Met-Chem, a division of DRA Americas Inc. ("Met-Chem/DRA"), includes a pit-constrained inferred resource of 44.9 million tonnes ("Mt") of mineralized material grading 1.28% nickel ("Ni") for 573,040 tonnes ("t") of contained nickel. The cobalt ("Co") grade of the resource is 0.13% Co for 59,560t of contained cobalt. The resource also contains 29.4 grams per ton ("g/t") of scandium ("Sc") for 1.17 tonnes of contained scandium in the limonitic portion of the deposit.

The highlights of the pit constrained estimate are as follows:

- 44.9 Mt of mineralized weathered material (limonite and saprolite) from surface to 40 meters
- 1.28% nickel, 0.13% cobalt, 29.4g/t scandium
- 38Mt of limonite material grading 0.15% Co for 57,140 t of in-situ cobalt
- Preliminary strip ratio of 0.23

Mineral resources were based on 51 vertical drill holes carried out over the Gogota deposit in 2012-2013. 31 drill holes were drilled over a 200-meter by 400-meter grid and the remaining 20 were drilled over a 200-meter by 200-meter grid.

SRG will file a NI 43-101 technical report supporting the mineral resource estimate with SEDAR within 45 days of the issuance of this press release.

"The Met-Chem/DRA resource estimate demonstrates the exceptional potential of the Gogota project and reaffirms the tremendous geological potential in the sub-region" said Dr. Marc-Antoine Audet, Lead Geologist and Qualified Person ("QP") for SRG.

"While our focus remains on bringing our Lola graphite deposit into production, we are investigating the best way to pursue the development of the Gogota deposit given its significant potential for value creation" said Ugo Landry-Tolszczuk, President and Chief Operating Officer of SRG.

Resource Summary

The mineral resource for the Gogota project incorporates assay results from 51 vertical diamond drill holes representing 1,361 meters. 800 samples were sent for analysis in 2013 representing 31 drill holes and the remaining 425 samples representing 20 drill holes were sent for analysis in 2018 for a total 1,225 samples representing all 51 drill holes. The maiden resource is established for the weathered profile of the deposit, from surface to a depth ranging from surface to approximately 40 meters with an average thickness of 22 meters. The surface area of the deposits covers 1.96 kilometers-squared.

Core logging and sampling were performed at the Company's facility in the village of Gogota. Sample preparation was performed by Veritas Laboratory in Abidjan, Côte d'Ivoire. Pulp samples were delivered to Activation Laboratories Ltd. ("ActLab"), Ancaster, Ontario, Canada. All samples were assayed for nickel, cobalt and all major oxides using peroxide fusion XRF. Scandium was determined by inductively coupled plasma optical emission spectrometry.

The estimate was prepared using a block model constrained with 3D wireframes of the principal mineralized domains. Values for nickel, cobalt and scandium, were interpolated using inverse-distance ("ID") interpolation methodologies on 40 × 40 × 2m blocks. A preliminary open pit optimization algorithm was run on the estimated grade block model to constrain the resources and to support the Canadian Institute of Mining, Metallurgy and Petroleum's ("CIM") requirement that mineral resources have "reasonable prospects for eventual economic extraction." Only mineralization contained within the preliminary pit shell has been included in the resource estimate.

The base case mineral resource estimate is summarized in the following table at a cut-off grade of 0.07% Co in the limonite facies of the profile and 0.70% Ni in the transition and saprolite layers together. Sensitivity estimates were conducted at 0.10% Co and 1.0% Ni, and 0.12% Co and 1.2% Ni in limonite and transition/saprolite respectively. The resource estimate and sensitivities are established with data from boreholes drilled in 2012 and 2013.

Base Case Mineral Resources

Cut-off-grade	Facies	Tonnes	Ni	Co	Sc	Fe	MgO	Ni	Co	Sc
		Mt	%	%	g/t	%	%	t	t	kg
0.07% Co	Limonite	38.00	1.20	0.15	31	46.20	0.81	454,500	57,140	1,166,200
0.7% Ni	Transition	1.34	2.18	0.05	20	17.81	12.30	29,200	650	-
0.7% Ni	Saprolite	5.55	1.61	0.03	18	13.17	23.90	89,340	1,770	-
	Total	44.89	1.28	0.13	29	41.27	4.01	573,040	59,560	1,166,200

Sensitivity 1: 0.10% Co, 1.0%Ni

Cut-off-grade	Facies	Tonnes	Ni	Co	Sc	Fe	MgO	Ni	Co	Sc
		Mt	%	%	g/t	%	%	t	t	kg
0.10% Co	Limonite	33.22	1.25	0.16	31	47.01	0.82	414,800	53,100	1,015,900
1.0% Ni	Transition	1.24	2.29	0.05	20	17.67	13.06	28,300	600	-
1.0% Ni	Saprolite	4.69	1.75	0.03	17	13.68	23.92	82,000	1,600	-
	Total	39.15	1.34	0.14	29	42.09	3.97	525,100	55,200	1,015,900

Sensitivity 2: 0.12% Co, 1.2%Ni

Cut-off-grade	Facies	Tonnes	Ni	Co	Sc	Fe	MgO	Ni	Co	Sc
		Mt	%	%	g/t	%	%	t	t	kg
0.12% Co	Limonite	28.58	1.27	0.17	31	47.64	0.77	363,400	47,900	875,800
1.2% Ni	Transition	1.16	2.36	0.05	19	17.60	13.57	27,500	600	-
1.2% Ni	Saprolite	4.05	1.85	0.03	17	14.11	23.74	74,900	1,400	-
	Total	33.79	1.38	0.15	29	42.58	3.97	465,800	49,800	875,800

Notes:

1) CIM definitions (May 10, 2014) observed for classification of mineral resources.

2) Block bulk densities interpolated from specific gravity measurements taken from core samples.

3) Resources are constrained by a Lersch Grossman (LG) optimized pit shell using MineSight software.

4) Pit shell defined using 30-degree pit slope, $USD 5.5/lbs Ni, $USD 30/lbs Co, $USD 0.0/g Sc, $USD 2.00/t mining costs, $USD 43/t processing costs, $USD 3.50/t G&A and $USD 175/t for concentrate transportation costs.

5) Mineral resources are not mineral reserves and have not demonstrated economic viability. The estimate of mineral resources may be materially affected by mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors ("Modifying Factors").

6) Numbers may not add due to rounding.

7) Effective Date of Resource estimate is June 6th, 2018.

About Met-Chem/DRA

Met-Chem, a division of DRA Americas Inc., was originally established in 1969 as a consulting engineering company, headquartered in Montréal, and provides a wide range of technical and engineering services. Met-Chem is well-recognized for its capabilities in mining, geology and mineral processing and has a talented team of engineering, technical and project management personnel with experience in North America, Latin America, Europe, West Africa and India. DRA is a multi-disciplinary global engineering group that originated in South Africa and delivers mining, mineral processing, energy, water treatment and infrastructure services from concept to commissioning, as well as comprehensive operations and maintenance services for the mineral resources, water, agriculture and energy sectors. DRA has offices in Africa, Australia, Canada, China, India and the United States.

Qualified Person

Met-Chem/DRA's consultant, Schadrac Ibrango, P. Geo was responsible for estimating the mineral resources and has reviewed and approved the contents of this press release. Mr. Ibrango is a Qualified Person ("QP"), independent of SRG Graphite, within the meaning of NI 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

The Gogota deposit resource is under the direct supervision of Dr. Marc-Antoine Audet, P.Geo., Lead Geologist, SRG, and a QP as defined by National Instrument.

ABOUT SRG

SRG is a Canadian-based company focused on developing the Lola graphite deposit and the Gogota nickel-cobalt deposit, both located in the Republic of Guinea, West Africa. SRG is committed to operating in a socially, environmentally and ethically responsible manner.

For additional information, please visit SRG's website at www.srggraphite.com.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

This press 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, including references to the plans and project of the Company such as proceeding with production at the Company's Lola Project, proceeding with exploration activities on its permits including Lola and Gogota. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "potential", "high-potential", "expected", "optimistic", "looking forward", "moving forward", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might". 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) fluctuations in commodity prices; (vii) the risks associated with uninsurable risks arising during the course of exploration, development and production; (viii) competition faced by the issuer in securing purchasers, off-taker markets, clients and experienced personnel and financing; (ix) access to adequate infrastructure to support mining, processing, development and exploration activities; * the risks associated with changes in the mining regulatory regime governing the issuer; (xi) the risks associated with the various environmental regulations the issuer is subject to; (xii) risks related to regulatory and permitting delays; (xiii) risks related to potential conflicts of interest; (xiv) the reliance on key personnel; (xv) liquidity risks; (xvi) the risk of litigation; and (xvii) risk management.

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 to proceed in accordance with plans and such plans to achieve their stated expected outcomes, receipt of required regulatory approval, 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 given as of the date of this press release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

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