Focus Graphite Announces Benchmark Feasibility Study Update for its Lac Knife Graphite Project, Québec

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Results position Focus Graphite as a potentially unique North American supplier of high-purity natural flake graphite concentrates for use in high-performance Li-Ion batteries

KINGSTON, March 6, 2023 - Focus Graphite Inc. (OTCQX:FCSMF)(FRANKFURT:FKC) ("Focus" or the "Company") is pleased to announce the results of its Feasibility Study Update ("FSU") for the Lac Knife Project (the "Project"), its 100% owned, high-grade crystalline flake graphite deposit located about 27 kilometres south-southwest of Fermont in the Côte-Nord administrative region of Québec. The Project is located on the Nitassinan (ancestral lands) of the Innu community of Innu Takuaikan Uashat mak Mani-utenam (ITUM).

The FSU was prepared by DRA Global Limited with assistance from various independent technical consultants.

The FSU is based on a 27-year mine life and produced a Pre-tax Net Present Value ("NPV") of $500.9 million calculated at a discounted cash flow ("DCF") rate of 8%. Pre-tax, the financial model has an Internal Rate of Return ("IRR") of 28.7% and a capital payback period of 2.8 years.

The after-tax financial model has an NPV of $285.7 million calculated at a DCF rate of 8%, and with an IRR of 22.4% and a capital payback of 3.3 years.

Results from the FSU indicate that the Project is viable economically with a Base Case scenario that includes a concentrator production line rate of 47,781 tonnes of flake graphite concentrate annually at an average mill feed rate of 365,320 tonnes per year of Mineral Reserves over a 27-year mine life. A concentrator availability of 93% was used for the FSU. The Project's additional Measured, Indicated, and Inferred Resources will continue to be evaluated to develop the mid- and long-term growth profile for the Company.

Table 1 - Lac Knife Updated Feasibility Study Financial Highlights

Pre-Tax NPV @ 8% discount rate ($M CAD)	$500.9
After Tax NPV @ 8% discount rate ($M CAD)	$285.7
Pre-Tax IRR (%)	28.70%
After Tax IRR (%)	22.4%
Life of Mine (LOM) (years)	27
Pre-Tax payback period (years)	2.8
After Tax payback period (years)	3.3
Initial Capital Expenditure (Capex) ($M CAD)	$236.5

Operating Expenses (Opex) (Average over LOM $M CAD)	$25.9
Average sales price of graphite concentrate 2022 (USD/t)	$1,679

Unless otherwise noted, all monetary figures presented herein are expressed in Canadian Dollars with a USD/CAD conversion rate of 1.35.

Table 2 -Lac Knife Feasibility Study Operational Highlights

Annual average ROM to the concentrator (tonnes)	365,320
Annual average production of graphite concentrate (tonnes)	47,781
Mineral processing plant graphite recovery	86 to 91%

Cautionary Note: There is no certainty that the economic forecasts will be realized.

"This feasibility study update marks a new significant milestone in the development of the Lac Knife Project," said Marc Roy, President and CEO of Focus Graphite. "It confirms that the project hosts a graphite deposit with an average graphitic carbon (Cg) grade of 99.7% in +80 mesh flake concentrate, which is exceptional in this industry. With the FSU in hand, Focus is ready to take the next step, which is to complete the environmental and social impact assessment (ESIA) study for Lac Knife and then move the Project through the Québec Government environmental review and public consultation process towards mine permitting."

Mr. Roy added, "During these next steps, we plan to continue to consult the Indigenous and other local communities that could be impacted by the development of the project, to explain the results of the feasibility study to them, to listen to their concerns and expectations, and to offer them an opportunity to participate in project steering committees. We will also consult the Government of Québec about potential incentives and initiatives that could help facilitate the development of the Project and achieve social acceptability, particularly incentives provided under its Plan for the Development of Critical and Strategic Minerals 2020-2025. At the same time, we intend to continue exploring the remainder of the Project for other significant flake graphite occurrences."

The FSU for the Lac Knife project comes at a time when interest in developing a secure, North American source of high purity large flake graphite is on the rise. North American and European electric vehicle (EV) markets are set to expand significantly over the next two decades in an effort to get road emissions to carbon neutrality by 2050 and as governments enact industrial policies aimed at domestic development of EV supply chains. Furthermore, new EVs will be powered by batteries that require significant amounts of high-quality graphite.

The Project is designed as a stand-alone business operation to produce a line of high purity flake graphite concentrates destined mainly for the North American and European battery anode materials industry and for other specialty applications using natural flake graphite from Québec. The updated Project feasibility study positions Focus to become a leading supplier of these graphite concentrates to EV battery manufacturers.

Lac Knife is unique in that all natural flake graphitic concentrates produced with flake size above 200 mesh (75 microns) size are more than 98% Cg. This allows Focus to divert finer sized products that would typically be difficult to sell due to their flake size to higher value-added products such as spherical graphite for batteries, due to the high carbon content of 98% carbon.

Although the Lac Knife mine will be a conventional open-pit mining operation using diesel-driven equipment, Focus is determined to utilize all electric mobile equipment as soon as it becomes economically available* in order to make the Project a carbon-free operation, powered by low-cost hydroelectricity readily available in the area from Hydro-Québec*. In an effort to improve environmental mine safety, Focus is planning a dry tailings system instead of the originally planned tailings pond and reclaim system along with new mitigation measures designed to minimize the risks of acid mine drainage.

* Under NI 43-101 regulations, Focus cannot offset estimated costs in the FSU to include the proposed Canadian and United States financing programs for critical minerals projects, nor the recently announced Canadian federal government 30% tax credit on the purchase of electric mining equipment, both of which could significantly improve the economics of the Project.

Technical Report

A technical report detailing the FSU and completed in accordance with National Instrument (NI) 43-101 guidelines, will be filed and available on SEDAR with 45 days of this release.

Updated Mineral Resources

The Updated Mineral Resource Estimate (MRE) prepared by DRA shows that the Lac Knife Project has 12.0 Mt of Indicated resources grading 15.34 % Cg for an estimated content of 1.7 Mt of in-situ natural flake graphite, and 0.6 Mt of Inferred resources grading 16.90% Cg for an estimated content of 0.1 Mt of in-situ natural flake graphite. A cut-off grade (COG) of 4% was used to determine the MRE as shown in Table 3.

This updated MRE follows infill and exploration drilling completed on the Project since the Feasibility Study (FS), which was published in 2014. A total of seventy-five (75) holes, with a cumulative length of 11,204 m, were drilled between 2014 and 2018, since the effective date of the previous MRE.

Of these 75 holes, a total of sixty-five (65) holes, for a total meterage of 8,072 m, were drilled in 2014, of which twenty-six (26) holes were exploration holes and thirty-nine (39) were definition drilling to tighten up the FS resource definition area. A total of ten (10) holes, for a cumulative length of 3,132 m, were later drilled in 2018 to test the graphite potential in the deep western side of the open pit shell footprint as defined in the 2014 Feasibility Study.

The MRE is based on the integration of geological, structural and grade information included in the resource drill hole database received and recorded solely from diamond core.

Table 3: Updated Mineral Resources Statement (at 4.0% Cg Cut-Off)

Classification	Tonnes (Mt)	Graphitic Carbon (%)	Concentrate (Mt)
Measured [1,2,3]	?	?	?
Indicated [1,2,3]	12.0	15.34	1.7
Total Measured and Indicated	12.0	15.34	1.7
Inferred [1,2,3,4]	0.6	16.90	0.1

1. Mineral Resources are inclusive of Mineral Reserves.
2. The Mineral Resources were estimated following the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council
3. Mineral Resources which 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.
4. The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
5. Resources are constrained by a Pseudoflow optimized pit shell using HxGn MinePlan software. Pit shell is defined using 45-degree slope, $CAD 1,475/t concentrate sales price, $CAD 5.91/t ore mining costs, $CAD 34.42/t processing costs, $CAD 10.53/t G&A and $CAD 265.00/t for concentrate transportation costs, 90.7% process recovery, 97.8%concentrate grade and an assumed 50,000 tpy concentrate production.
6. The Effective Date is March 6, 2023.
7. Numbers may not add due to rounding.

Mining

The mining activities will be performed by open pit methods using a conventional shovel and haul truck operation. The mining production schedule is based on one shift of 10 hours, 7 days a week. The mine life is scheduled to be 27 years with total ore mined of 9,310,000 tonnes grading 14.97% Cg.

Updated Mineral Reserve Estimate

The open pit design includes 9,310 kt of Probable Mineral Reserves at a grade of 14.97% Cg. To access these reserves, 4,719 kt of overburden and 19,073 kt of waste rock must be mined. This total waste quantity of 23,775 kt results in a stripping ratio of 2.6 to 1. Table 4 presents the mineral reserves for the Lac Knife deposit.

Table 4 - Updated Lac Knife Mineral Reserves

Category
Proven
Probable
Proven & Probable

Notes:

1. Estimate of Mineral Reserves has been estimated by the Reserves QP.
2. The Mineral Reserves are reported in accordance with the CIM Standards on Mineral Resources and Reserves,
3. The effective date of the estimate is March 6, 2023.
4. Mineral Reserves are included in Mineral Resources.
5. Pit shell was developed using a 45-degree pit slope, concentrate sales price of $1,375$/t concentrate, mining co
6. The Mineral Reserves are inclusive of mining dilution and ore loss.
7. The open pit Mineral Reserves are estimated using a cut-off grade of 5.1 % Cg.
8. The strip ratio for the open pits is 2.6 to 1.
9. The Mineral Reserves are stated as dry tonnes processed at the crusher.
10. All figures are in metric tonnes
11. Totals may not add due to rounding.

The pit optimization analysis was completed using the MSOPit module of HxGN MinePlan®. The optimizer uses the Pseudoflow algorithm to determine the economic pit limits based on input of mining and processing costs, and revenue per block. In compliance with NI 43-101 guidelines regarding the Standards of Disclosure for Mineral Projects, only blocks classified in the Measured and Indicated categories drive the pit optimization. Inferred resource blocks are treated as waste, bearing no economic value.

The pit that has been designed for the Lac Knife deposit is approximately 1,130 m long and 400 m wide at surface with a maximum pit depth of 150 m. The total surface area of the pit is roughly 319,000 m^2. The open pit design incorporates 10 m high benches and follows the pit slope recommendations from the 2014 geotechnical investigation.

Graphite Sales Price Assumption

The graphite concentrate sales price used for the FSU was established at US$ 1,679 /tonne which is a five-year average as the projections over the life of the mine. The selling price was determined using pricing information and calculations from the Benchmark Mineral Intelligence (Benchmark) Flake Graphite Price Index. Benchmark is an independent credible source who compiles international graphite prices for various commercial size fractions and concentrate purities. The Lac Knife graphite concentrate value was calculated based on the weighted average of each size fraction and purity obtained during metallurgical testing. Table 5 presents graphite concentrate values in US$ for various size fractions value obtained through Benchmark Mineral Intelligence.

Table 5 - Price by Size Fraction

Size Fraction	Weight (%)	Purity (%Cg)	Production (tonnes /year)	Average Price ($US
+48 mesh product	10.0	99.7	5,000	$2,040
-48+48 mesh product	23.0	99.7	11,488	$1,868
-80+150 mesh product	31.3	99.4	15,655	$1,762
-150+400 mesh product	31.3	97	15,638	$1,579
-400 mesh to tailings (not in weighted average)	4.4	86.8	2,219	$0
Weighted Average	100	98.2	47,781	$1,679

Economic Evaluation

The capital cost estimate, summarized below, covers the development of the mine, ore processing facilities, and infrastructure required for the Lac Knife Project. It is based on the application of standard costing methods of achieving an FSU which provides an accuracy of ± 15 % and follows AACE Class 3 Guidelines. The operating cost covers mining, transportation, processing, tailings and water management, general and administration fees, as well as infrastructure and services.

The Capital Expenditures in Table 6 outline what is required to construct the mine, processing plant, power line and all associated infrastructure that is estimated at a total of $236.5 million.

Table 6 - Lac Knife Capital Expenditure ($ CAN M)

Area	Initial Cost	Sustaining Cost	LOM Cost
Mine Development	8.07	13.71	21.78
Mine Equipment and Facilities	19.66	6.11	25.77
Crushing and Concentrator	99.24	0.50	99.74

Tailings Management	22.73	30.21	52.94
Infrastructure	32.50	0	32.50
Indirect Costs	29.30	0	29.30
Contingency	25.00	0	25.00
Total Capital Expenditure	236.50	50.53	287.03

The operating cost per tonne of concentrate produced is $540.48 as indicated in Table 7. One key variable that allows for low production costs is Lac Knife's project location, which benefits from relatively easy access to low-cost hydroelectric power from Hydro Québec at the intersection of the access road and Provincial Highway 389.

Table 7 - Lac Knife Operating Expenditures (27 Year Average)

Area	$/Tonne of Concentrate
Mining	129.76
Processing Costs	310.56
Tailings Costs	4.38
General Administration Mine Site	95.78
Total Operating Costs	540.48

Next Steps

Work on the Environmental and Social Assessment (ESIA) study is scheduled to resume in March and be completed by the end of 2023, while the Mine Closure Plan is planned for submission in the fall of 2023. Focus continues to communicate, meet, and listen to local communities and will be stepping up these efforts now that the feasibility study is completed, and the scale and impacts of the Project are better understood.

DRA's financial model does not include potential value-added, purified, spheronized, and coated battery-grade graphite in its financial and operational calculations.

The exchange rate used is $0.736 US Dollars per Canadian Dollar. Table 1 provides the Net Present Values calculated at various discounted cash flow rates for the Base Case production scenario of 47,781 tonnes of graphite concentrate produced annually. The financial analysis in the FS study used a five year average price of US$1,679 per tonne, which is a weighted average for the various graphite concentrates that are classified by flake size and valued by their carbon content.

Qualified Persons

The technical information within this news release was approved by Daniel Gagnon, P. Eng., Vice President Mining, Ghislain Prevost, P. Eng., Lead Mining Engineer, Jordan Zampini, P. Eng., Senior Process Engineer, and Claude Bisaillon, P.Eng., Senior Geotechnical Engineer, from DRA Global Limited, and all individuals that are Qualified Persons ("QP") under NI 43-101 guidelines and all independent of the issuer.

DRA consultant Schadrac Ibrango, P.Geo. (QC), PhD, MBA, is 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 Focus Graphite, within the meaning of NI 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

Leon C. Botham, MSCE, P.E., P.Eng. (SK/BC/ON/NT/YT) from NewFields Canada Mining & Environment ULC was responsible for the filtered tailings storage system as well as the water management system, and has reviewed and approved the contents of this press release. Mr. Botham is a Qualified Person ("QP"), independent of Focus Graphite, within the meaning of NI 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

Denys Vermette, géo. (QC)., M.Sc., M.Sc.A. from IOS Services Geoscientifiques was responsible for the section on environmental studies presented in the Technical Report and has reviewed and approved the contents of this press release. Mr. Vermette is a Qualified Person ("QP"), independent of Focus Graphite, within the meaning of NI 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

Mr. Marc-André Bernier, géo. (QC), P.Geo. (ON), M.Sc., Senior Geoscientist for Table Jamésienne de Concertation Minière, a consultant to the Company and a Qualified Person ("QP") as defined under NI 43 - 101 Standards of Disclosure for Mineral Projects has reviewed and approved the non-technical content this news release.

About DRA Global Limited

DRA Global Limited (ASX: DRA | JSE: DRA) (DRA) is a multi-disciplinary consulting, engineering, project delivery and operations management group predominantly focused on the mining and minerals resources sector. DRA has an extensive global track record, spanning more than three decades and more than 7,500 studies and projects as well as operations, maintenance, and optimisation solutions across a wide range of commodities.

DRA has expertise in mining, minerals and metals processing and related non-process infrastructure including sustainability, water and energy solutions for the mining industry. DRA delivers advisory, engineering and project delivery services throughout the capital project lifecycle from concept through to operational readiness and commissioning as well as ongoing operations, maintenance, and shutdown services.

DRA, headquartered in Perth, Australia, services its global customer base through 20 offices across Asia-Pacific, North and South America, Europe, Middle East, and Africa.

About Focus Graphite

Focus Graphite Inc. is an exploration and development company that seeks to produce flake graphite concentrate at its wholly owned Lac Knife and Lac Tétépisca flake graphite projects located in the Côte-Nord administrative region of Québec. As part of its mission to build long-term, sustainable shareholder value, Focus is also evaluating the feasibility of producing value-added specialty graphite products, including battery-grade spherical graphite. Focus Graphite is a technology-oriented graphite development company with a vision for building long-term, sustainable shareholder value. Focus also holds an equity position in graphene applications developer Grafoid Inc. Focus is committed to operating in a socially, environmentally and ethically responsible manner.

For more information about Focus Graphite and the Company's Lac Tétépisca and Lac Knife projects, please visit Focus's website at www.focusgraphite.com or contact:

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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 Project, proceeding with permitting and environmental studies at Lac Knife, and other plans outlined in this press release. 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; (x) 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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