Focus Graphite Receives Conditional Funding of up to $14.1M to Advance Canada's First Electrothermal Fluidized Purification Demonstration Plant

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The $14.1 million project, announced at the G7 Energy and Environment Ministers' Meeting, unites Canadian, Ukrainian, and American partners to produce ultra-high-purity graphite for global battery, defence, and advanced-material markets.

Focus Graphite Inc. (TSXV: FMS) (OTCQB: FCSMF) (FSE: FKC0) ("Focus" or the "Company"), a leading developer of high-grade flake graphite deposits and innovator of next-generation lithium-ion battery technology, is pleased to announce that it has been selected by Natural Resources Canada ("NRCan") under the Global Partnerships Initiative ("GPI") for conditional approval of a non-repayable contribution of up to $14,062,500 pending final due diligence. The funding will support Focus Graphite's project, "Transformation of Canadian Flake Graphite into Ultra-High Purity Battery & Advanced Materials Using Electrothermal Fluidized Bed Technology" (the "Project"). The Project unites Canadians, Ukrainian, and American partners to produce ultra-high purity graphite for global battery, aerospace, defence, and advanced material markets.

Highlights:

- Up to $14.1 Million Non-Repayable Federal Contribution Funding: Announced by the Honourable Tim Hodgson, Minister of Energy and Natural Resources, at the G7 Energy and Environment Minister's Meeting in Toronto under NRCan's Global Partnerships Initiative (GPI), to support the establishment of Canada's first commercial, scalable electrothermal fluidized bed purification demonstration facility, advancing domestic critical mineral processing capacity and creating skilled Canadian jobs.
- Environmentally Friendly Technology: This continuous process produces ultra-high purity graphite with zero liquid waste, lower emissions, and an ESG-aligned pathway to supply advanced battery, defence, aerospace, and clean technology markets.
- International Collaboration: Engineering led by Ukraine's Thermal & Material Engineering Center, using Canadian graphite feedstock and U.S.-based American Energy Technologies Company's expertise in electrothermal purification, with final assembly in Canada.
- BEACONS Battery Prototyping Partnership: Focus has partnered with the University of Texas at Dallas, representing the BEACONS Battery Prototyping Facility, a U.S. Department of War-supported research and development center dedicated to strengthening North American energy and materials security.
- Path to Commercialization: This initiative establishes the foundation for large-scale production of Quebec-sourced graphite from Lac Knife and Tetepisca, supporting Canada's goal of secure, allied, and sustainable critical-mineral supply chains.

This represents the largest federal award in the Company's history, supporting the development of Canada's first chemical-free continual fluidized electrothermal purification demonstration facility for natural flake graphite. The Project will use Quebec-sourced feedstock from Focus's Lac Knife and Lac Tetepisca deposits, two of North America's highest-grade natural graphite resources, to produce ultra-high-purity (>99.95% C) graphite, suitable for battery, aerospace, defence, nuclear and a host of advanced-material applications, including graphene. The Company may access the contribution funding up until March 2028.

The continuous electrothermal fluidized bed technology initiative will be carried out through collaboration with Ukraine's Thermal & Material Engineering Center ("TMEC"). TMEC will lead full project management for the demonstration unit, overseeing engineering design, construction, fabrication, system integration, and training. The company brings extensive experience in the design, engineering, and management of

advanced high-temperature reactor systems and continuous fluidized bed technology development. American Energy Technologies Company ("AETC"), a recognized specialist in carbon materials, electrothermal purification, and fluidized bed furnace technologies, will continue providing processing and thermal purification services to support near-term customer sampling and product qualification.

Over the past several years, the Company has invested substantial time and capital to de-risk the purification pathway, working with U.S.-based AETC to validate the process on Lac Knife graphite feedstock. Detailed characterization confirmed that impurities in Focus's natural flake graphite occur predominantly along the flake boundaries rather than within the crystalline lattice, a feature that makes the material particularly responsive to high-temperature electrothermal purification. Using AETC's proprietary electrothermal fluidized-bed furnace, Focus successfully achieved over 99.999%+ C (five-nine purity or nuclear grade) without any chemical reagents. These results validated the scalability and environmental integrity of the process, laying the foundation for today's GPI-funded demonstration facility and its potential extension into rare earth element (REE) purification applications. As construction of the Canadian demonstration facility proceeds, Focus expects to continue working closely with AETC to purify additional material through its commercial-scale furnace, supporting near-term customer sampling, product qualification, and market off-take engagement. This parallel commercialization strategy ensures uninterrupted material availability while advancing the Company toward domestic electrothermal processing capacity.

This initiative will also strengthen several ongoing partnerships, including Focus Graphite's upcoming work with the University of Texas at Dallas's BEACONS ("BEACONS") Battery Prototyping Facility, a U.S. DoW-supported research and development center dedicated to strengthening North American energy and materials security battery prototyping facility, which will accelerate the development, validation, and commercialization of this green purification technology. BEACONS will independently evaluate and qualify Focus's purified graphite and siliconized anode materials for defence and dual-use battery applications.

Collectively, these collaborations represent the first of several anticipated global partnerships, combining Ukrainian engineering innovation, Canadian critical-mineral resources, and U.S. defence-focused validation, as Focus Graphite advances its strategy to ship purified material worldwide for testing, validation, and qualification across commercial, aerospace, and defence markets.

"We are grateful to NRCan for its support and vision in assisting Focus Graphite and companies like ours in achieving our shared goal of securing North American supply chains for Canada and its G7 partners," said Dean Hanisch, CEO of Focus Graphite. "This project represents Canada's first commercial, scalable, continuous electrothermal fluidized bed purification system, powered entirely by renewable hydroelectricity and operating without the use of chemicals. NRCan's financial support is instrumental in advancing this breakthrough initiative, helping to accelerate domestic processing capacity and strengthen Canada's position in the global critical minerals sector. It marks a significant step toward building a sustainable ecosystem that supports advanced battery, defence, aerospace, and clean technology applications."

"Research and development are at the heart of building resilient and sustainable critical mineral supply chains. Through the G7 Critical Minerals Action Plan, we are collaborating with trusted international partners to advance innovative projects - like the work led by Focus Graphite - that reduce environmental impacts, maximize production and strengthen Canada and our allies' competitive edge," said the Honourable Tim Hodgson, Minister of Energy and Natural Resources.

"Research and development are the driving forces behind Canada's leadership in critical minerals. Through strategic collaboration with international partners and innovative companies like Focus Graphite, we are accelerating breakthroughs across the supply chain - from exploration to processing - ensuring our solutions are sustainable, competitive and globally impactful," added Claude Guay, Parliamentary Secretary to the Minister of Energy and Natural Resources.

Engineering Partnership with TMEC: Building Canada's First Electrothermal Purification System

Focus has entered into a formal Memorandum of Understanding ("MOU") with Thermal & Material Engineering Center LLC ("TMEС") on October 6, 2025, to engineer, project manage and deliver the installation of a demonstration-scale electrothermal fluidized bed ("EFB") furnace capable of continuous purification of natural graphite at industrial temperatures exceeding 2,500 °C.

Under the MOU:

- TMEC will design and engineer the complete EFB system, including process flowcharts, power and gas management, automation, and control integration.
- The furnace and all components will be fabricated and constructed locally in Canada under TMEC's technical supervision, allowing Focus Graphite to build domestic expertise, ensure secure project delivery, and support local economic development.
- The system will be designed for 100 kg/hour capacity, providing the foundation for a scalable commercial demonstration facility in Baie-Comeau or Sept-Îles, Quebec.
- Focus Graphite will retain full operational ownership, including unrestricted commercial use of the system and all purified graphite output.
- TMEC will provide operational training, documentation, and process integration know-how, ensuring effective technology transfer to Focus Graphite and contributing to the development of long-term technical expertise and manufacturing capability within Canada.

"Thermal & Material Engineering Center LLC is proud to collaborate with Focus Graphite Inc. and deeply appreciates the support of the Government of Canada in fostering strong partnerships between Ukraine and Canada. This cooperation not only strengthens our industrial and technological ties but also contributes to supporting Ukraine's economy during a pivotal time. We are excited to work alongside Focus Graphite to bring this innovative and environmentally friendly graphite purification technology to Canada. This project advances chemical-free processing of critical minerals and supports Canada's goals of building secure, sustainable, and resilient North American supply chains", said Simon Hubynskyi, CEO.

BEACONS Collaboration: North American Validation for Advanced Battery and Defence Applications

In parallel to its engineering partnership with TMEC, Focus has entered a non-binding Letter of Intent ("LOI") on October 20, 2025 with The University of Texas at Dallas, representing the BEACONS Battery Prototyping Facility, a U.S. DoW supported research and development center dedicated to strengthening North American energy and materials security.

The project overview outlines a multi-phase validation program designed to demonstrate the performance of Focus's purified anode materials in U.S. DoW standard battery systems.

- Phase I: DoW-Standard 18650 Cell Prototyping: BEACONS will fabricate and test 18650-format lithium-ion battery cells using Focus Graphite's purified natural flake graphite as the anode material. The program aims to generate statistically significant performance data including cycle life, energy density, and charge-retention metrics to establish a validated, North American source of graphite anode material suitable for integration into U.S. and Canadian defence and energy platforms
- Phase II: Siliconized Graphite Development: BEACONS intends to collaborate further with Focus Graphite to develop a next-generation siliconized graphite anode, utilizing Focus's patent pending process and a North American-sourced, non-silane silicon feedstock. This program will prototype Unmanned Aerial Systems (UAS)-standard pouch cells, with the goal of creating a commercially viable, high-energy-density anode that advances energy storage capabilities for both the U.S. DoW and Canada's Department of National Defence ("DND").
- Network-Wide Integration: Upon successful validation, the purified graphite will be made available through BEACONS' network of users which includes cell manufacturers, equipment developers, and academic researchers-for further testing with complementary cathode and electrolyte systems, reinforcing cross-border supply-chain interoperability.

This collaboration positions the Company at the center of North American anode-material validation, linking Canadian upstream resources to U.S. defence-grade testing and commercialization pipelines. Beyond these initial efforts, both parties recognize the potential to expand into testing and validation of additional advanced materials within BEACONS' network, creating a foundation for ongoing joint research and product development across the allied energy and defence ecosystem.

"We identified BEACONS as the ideal collaborator for this vertical given its DoW supported mandate to

validate next-generation energy materials under real-world defence and flight-system testing standards," said Jason Latkowcer, VP Corporate Development. "For investors and allied industries, this collaboration represents a gateway for Focus Graphite into North American and NATO supply chains, helping reduce dependency on adversarial sources and ensuring that critical defence and aerospace equipment are never reliant on foreign-controlled materials."

"The G7's focus on critical minerals highlights the urgency of strengthening domestic energy infrastructure. This collaboration positions UT Dallas's BEACONS as a hub where innovative materials meet rigorous testing and validation, translating promising technologies into deployable solutions for the North American market," said Dr. Joseph Pancrazio, VP for Research and Innovation at UT Dallas.

Advancing Canada's Strategic and Environmental Independence in Critical Minerals

The GPI funding will help Canada strengthen secure and low-carbon critical mineral supply chains while reducing dependence on purification infrastructure currently dominated by other countries. Using electrothermal fluidized-bed technology, Focus will demonstrate a clean and scalable purification process.

This project aligns with the goals of Canada's Critical Minerals Strategy by establishing a domestic purification capability for Canadian-sourced graphite. It will create skilled jobs, support regional economic development, and enable Canadian-controlled production of battery-grade materials. By building this homegrown purification capacity, Focus is helping Canada and its allies process and qualify critical materials within North America, advancing environmental responsibility, energy security, and manufacturing resilience.

Expanding Allied Market Access and Global Qualification Pathways

Through this GPI-funded initiative, Focus will produce and distribute qualification samples to G7 and NATO-aligned partners. The project will also establish Canada's first commercial-scale graphite purification hub, offering mines, research institutions, and manufacturers a sustainable alternative to imported materials. This initiative directly addresses Canada's upstream bottleneck in establishing domestic large-scale purification capacity, and complements Ottawa's Critical Minerals Strategy. Focus looks forward to updating local First Nations communities as the Project advances, to explore opportunities for participation, collaboration, and shared economic benefits in the spirit of respect and partnership.

Focus's electrothermal platform is designed for clean, high-temperature purification of graphite and, over the longer term, may be adaptable to rare earth element (REE) purification. Current REE processing already uses thermal and pyrometallurgical techniques such as vacuum distillation, molten-salt electrolysis, and fluidized-bed calcination to achieve ultra-high purities. As the demonstration advances, Focus plans to collaborate with Canadian research institutions (e.g. the National Research Council of Canada) to explore how its electrothermal technology could apply to selective impurity removal and de-oxidation in REE flowsheets, potentially opening new avenues for clean, domestic processing of strategic materials.

Qualified Person

Dr. Joseph Doninger, Focus Graphite's Director of Technology and Manufacturing is the Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - has reviewed and approved the technical content of this news release. Dr. Doninger is the developer and co-developer of a number of U.S., European and Canadian patents related to carbon processing methodologies and processing equipment. Also, a chemical engineer, Dr. Doninger is the author and co-author of some two dozen technical papers and studies related to graphite composite anodes; carbon-based materials for electrochemical energy storage systems; advanced graphite for Lithium-ion batteries and other related publications.

About the Global Partnerships Initiative (GPI)

Administered by Natural Resources Canada (NRCan), The GPI program fosters international collaboration on critical mineral development and technology deployment that enhance Canada's leadership in sustainable resource processing, value-added manufacturing and supply-chain security.

About Thermal & Material Engineering Center LLC (TMEC)

TMEC is a leading engineering company specializing in the development and implementation of innovative, science-driven technologies in thermal engineering, thermal processing, chemical catalysis, and materials science. TMEC serves industrial enterprises and research laboratories worldwide.

TMEC's base spans across the EU (Belgium, France, Ireland, Poland, Slovenia), North America (the U.S., Canada), and Australia.

As of today, TMEC offers a wide range of engineering services, including laboratory research, prototype validation, the design of laboratory and industrial equipment, and the implementation of technological solutions in various industries.

For more information on TMEC please visit https://tmec.com.ua

About BEACONS

BEACONS fast-tracks energy storage innovation to reclaim domestic authority, closing critical battery technology and manufacturing excellence gaps. Its IP-secure prototyping facilities deliver trusted results, helping companies scale faster, build resilient supply chains, and bolster national security.

Based at The University of Texas at Dallas, BEACONS works with U.S. companies to drive transformative energy storage solutions essential to defense, industry growth, and economic stability from mining to cells to systems.

Supported by the Department of War's Office of Industrial Base Policy and its Manufacturing Capability Expansion and Investment Prioritization (MCEIP) office, BEACONS plays a key role in the Pathfinder program, accelerating the adoption of new technologies, onshore manufacturing capabilities, and workforce readiness to strengthen America's energy leadership.

For more information on BEACONS please visit https://beaconsusa.org

About American Energy Technologies Co. (AETC).

American Energy Technologies Co. (AETC) is a woman-owned, privately-held business which conducts operations out of the greater Chicago area. In its Wheeling, IL facility, AETC operates three business units: a manufacturing plant making battery-ready graphite and carbon materials, a pilot demonstration facility for battery materials and graphite dispersions, and a fully functional applications laboratory supporting the above business units.

AETC works with industrial partners and manufacturing groups worldwide, including the U.S. Department of War, to ensure materials meet performance standards and strategic requirements. Their facilities are equipped for testing, downstream processing, AI-driven manufacturing and carbon material development.

For more information on AETC please visit https://www.usaenergytech.com

About Focus Graphite Advanced Materials Inc.

Focus Graphite Advanced Materials is redefining the future of critical minerals with two 100% owned world-class graphite projects and cutting-edge battery technology. Focus Graphite's flagship Lac Knife project stands as one of the most advanced high-purity graphite deposits in North America, with a fully completed feasibility study. Lac Knife is set to become a key supplier for the battery, defence, and advanced materials industries.

Focus Graphite's Lac Tetepisca project further strengthens our portfolio, with the potential to be one of the largest and highest-purity and grade graphite deposits in North America. At Focus, they go beyond mining - we are pioneering environmentally sustainable processing solutions and innovative battery technologies, including our patent-pending silicon-enhanced spheroidized graphite, designed to enhance battery performance and efficiency.

Focus Graphite's commitment to innovation ensures a chemical-free, eco-friendly supply chain from mine to market. Collaboration is at the core of our vision. We actively partner with industry leaders, research institutions, and government agencies to accelerate the commercialization of next-generation graphite materials. As a North American company, we are dedicated to securing a resilient, locally sourced supply of critical minerals - reducing dependence on foreign-controlled markets and driving the transition to a sustainable future.

For more information on Focus Graphite Inc. please visit http://www.focusgraphite.com

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Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could," "intend," "expect," "believe," "will," "projected," "estimated," and similar expressions, as well as statements relating to matters that are not historical facts, are intended to identify forward-looking information and are based on the Company's current beliefs or assumptions as to the outcome and timing of such future events.

In particular, this press release contains forward-looking information regarding, among other things, the anticipated benefits and potential outcomes of the Global Partnerships Initiative ("GPI") funding award; the design, construction, and commissioning of the Company's proposed electrothermal purification demonstration facility; the timing, scope, and success of collaborations with the Thermal & Material Engineering Center LLC ("TMEC") of Ukraine, the University of Texas at Dallas's BEACONS battery prototyping facility, and American Energy Technologies Co. ("AETC"); the ability of these partnerships to achieve stated technical, engineering, or commercial objectives; and the possible adaptation of the Company's electrothermal technology to rare earth element purification. Forward-looking information also includes statements regarding the Company's expectations concerning the scalability, cost-effectiveness, environmental performance, and commercial viability of its purification process; its ability to advance into future project phases or secure additional funding; the establishment of potential downstream or offtake partnerships; and the positioning of the Lac Knife and Lac Tetepisca projects as contributors to North American and allied critical-mineral supply chains.

All such forward-looking information involves known and unknown risks, uncertainties, and other factors-many of which are beyond the Company's control-that may cause actual results, performance, or achievements to differ materially from those expressed or implied by the statements herein. Such factors include, but are not limited to, uncertainties relating to regulatory approvals, geopolitical events (including the ongoing conflict in Ukraine), supply-chain disruptions, inflationary pressures on capital expenditures, access to skilled labor and materials, fluctuations in graphite and energy markets, the ability to maintain project

timelines, and the performance of third-party contractors and partners. There can be no assurance that anticipated technical milestones or commercial outcomes will be realized as planned, or at all.

Forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to differ materially from those expressed or implied by such statements. These risks and uncertainties include, but are not limited to, risks related to market conditions, regulatory approvals, changes in economic conditions, the ability to raise sufficient funds on acceptable terms or at all, operational risks associated with mineral exploration and development, and other risks detailed from time to time in the Company's public disclosure documents available under its profile on SEDAR+.

The forward-looking information contained in this release is made as of the date hereof, and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties, and assumptions contained herein, investors should not place undue reliance on forward-looking information.

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