



ALABAMA

GRAPHITE CORP



FOR IMMEDIATE RELEASE

Alabama Graphite Corp. Announces Multiple Shipments of American Sourced and Manufactured CSPG Samples to United States Department of Defense (DoD) Lithium-ion Battery Solutions Providers; Executes Three Non-Disclosure Agreements with DoD and non-DoD Entities

*The Energy Graphite CompanyTM
Sourced and Manufactured in the United States of America*

TORONTO, CANADA — (January 10, 2017) — [Alabama Graphite Corp.](#) (“AGC” or the “Company”) (TSX-V:[CSPG](#)) (OTCQX:[CSPGF](#)) (FRANKFURT:[IAG](#)) is very pleased to announce that it has manufactured and shipped two specifications of its Coated Spherical Purified Graphite (“CSPG”), trademarked as [ULTRACSPGTM](#), and two specifications of its CSPG production byproduct, Purified Micronized Graphite (“PMG”), trademarked as [ULTRAPMGTM](#), to two U.S.-based potential end users. AGC conveyed various sizes of its CSPG and PMG, sourced and manufactured exclusively from the Company’s flagship Coosa Graphite Project property, located in Coosa County, Alabama, USA. All requisite downstream secondary processing to manufacture AGC’s CSPG was conducted in the United States of America. Additionally, the Company announces that it has executed three additional non-disclosure agreements (“NDAs”) for the purposes of evaluating AGC’s battery-ready graphite.

The first shipment of CSPG and PMG evaluation samples was sent to a leading United States Department of Defense (“DoD”) battery manufacturer, that had been awarded a multi-million contract by the Naval Sea Systems Command (“NAVSEA”) as a sole-source battery provider to manufacture a lithium-iron battery to power the U.S. Navy’s next-generation electromagnetic

railgun. The DoD has requested that this battery manufacturer begin establishing U.S. manufacturing capability within the United States. Further, the CTO stated that the DoD has instructed them to utilize American-sourced materials (including its graphite) whenever possible. AGC's battery-ready CSPG will be evaluated for use in defense critical technologies, including the U.S. Navy's electromagnetic railgun.

The second potential end user that AGC shipped CSPG and PMG samples to is an internationally known and well-respected research and development company for both the DoD and United States Department of Energy ("DoE"). Established nearly 50 years ago, this U.S. company has both government and corporate clients, including global commercial battery makers. This entity will provide a basic independent evaluation and qualification of AGC's materials. If successful, AGC's CSPG and/or PMG will serve as this research company's laboratory standard for battery-ready graphite, particularly for DoD- and DoE-funded projects.

AGC expects to receive test results from up to three DoD battery manufacturers (that previously received AGC's CSPG samples) by the end of Q1 this year.

President and Chief Executive Officer, Donald Baxter, stated, *"As the only known graphite development company with its core business predicated entirely on the production of secondary-processed, specialty CSPG in the graphite development space (per the Company's Preliminary Economic Assessment, announced November 30, 2015, entitled: '[Alabama Graphite Corp. Announces Positive Preliminary Economic Assessment for Coosa Graphite Project in Coosa County, Alabama, USA; Files Completed PEA NI 43-101 Technical Report](#)'), AGC's business strategy continues to be validated by numerous DoD contractors and manufacturers expressing that sourcing specialty input materials from within the United States is of critical importance to them. With a 'DoD First' approach, AGC is focused on becoming a U.S.-sourced-and-manufactured green-energy supply chain producer for the United States government and defense sectors' battery solutions providers."* Mr. Baxter added, *"Pending the initiation and completion of a positive Feasibility Study, followed by project financing and construction of a graphite mine and downstream CSPG production facilities, I firmly believe that AGC will be a viable domestic upstream supply option for these and other American lithium-ion battery manufacturing entities."*

Note: A Preliminary Economic Assessment ("PEA") is not a Feasibility Study. The PEA is preliminary in nature, that it includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA based on these mineral resources will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

ADDITIONAL NON-DISCLOSURE AGREEMENTS

AGC has executed three additional NDAs — the first with a respected leader in high-tech critical application battery technologies. AGC's NDA is with the American division of this multi-billion-dollar multi-national battery manufacturer. The company has requested a range of custom CSPG samples for both defense and aerospace applications. The second executed NDA is with the above-mentioned research and development laboratory with extensive DoD and DoE research contracts. Note, this entity is not a DoD battery manufacturer. The final executed NDA is with a U.S.-based innovative developer and manufacturer of prismatic, large-format lithium-ion ("Li-ion") battery cells and packs. This potential end user is focused on Li-ion batteries, specifically engineered for large-scale commercial transportation, as well as commercial

stationary battery/grid-storage applications. Additionally, this battery manufacturer has communicated its strong preference for “Sourced-in-USA” and “Made-in-USA” vendors.

AGC has entered into a total of nine (9) non-disclosure agreements with U.S. DoD Li-ion battery manufacturers and suppliers for the purpose of carrying on discussions and due diligence evaluation of samples of AGC’s American sourced and manufactured battery-ready CSPG. The testing by these DoD suppliers is designed to determine if AGC's CSPG would qualify for Li-ion battery applications — both for primary and secondary Li-ion batteries — specifically for DoD use. The names of the nine DoD battery manufacturers are being withheld for reasons of commercial confidentiality. These nine NDA agreements are in addition to the multiple NDA agreements AGC has entered into with U.S.-based entities that are not affiliated with the U.S. DoD.

AGC will continue to update shareholders and the market in a timely fashion of further material developments with respect to this and other potential American-based end users, as we are able to disclose. Please note, certain potential end users preclude the Company from announcing any aspect of its relationship and activities, ranging from the execution of an NDA to the shipment(s) of sample material(s).

On behalf of the Board of Directors of
ALABAMA GRAPHITE CORP.

Donald K. D. Baxter, P.Eng.

President, Chief Executive Officer and Executive Director

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 guidelines, and has reviewed and approved the content of this news release.

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ABOUT ALABAMA GRAPHITE CORP.

[Alabama Graphite Corp.](http://www.alabamagraphite.com) 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 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 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](#).

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 any potential relationships between the Company and any end users and/or the DoD. 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" 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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