

GRAPHITE ONE ANNOUNCES FULLY INTEGRATED AMERICAN GRAPHITE PROJECT INAUGURAL PEA AT US\$1.037B NPV, AND 27% IRR

January 25, 2017 – Vancouver, British Columbia – Graphite One Resources Inc. (GPH: TSX-V; OTCQX: GPHOF) (“Graphite One”, “GPH” or the “Company”) is pleased to announce the results of its Preliminary Economic Assessment (“PEA”) for the development of its 100%-owned Graphite One manufacturing project (the “Project”). The Project is conceived as a vertically integrated manufacturer of high grade Coated Spherical Graphite (“CSG”) with mining and processing facilities near Nome, Alaska and advanced material processing done at a dedicated graphite product manufacturing facility. Washington State is a potential site for the product manufacturing facility due to its established maritime links with Alaska, the availability of low-cost power, developed industrial sites and proximity to markets. The PEA was prepared by the independent engineering firm, TRU Group Inc. of Toronto, Ontario, under Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”).

The PEA projects a Net Present Value (“NPV”) for the Project of US\$1.037 billion using a 10% discount rate, with an Internal Rate of Return (“IRR”) of 27%. Annual production of CSG and other graphite specialty materials is projected at 55,350 metric tonnes when full production is reached in Year 6. A minimum of 40 years of indicated and inferred resources grading 7% Cg (graphite) have been identified in the target exploitation zone to sustain full scale operations, notwithstanding additional potential resources immediately outside the target zone or the broader Graphite Creek property.

Financial Highlights
• US\$1.037 Billion pre-tax NPV (10% discount)
• 27% pre-tax Internal Rate of Return
• Consolidated Operating Margin (EBDIT) of 63% on sales
• Payback period of 4 years
• Operating Cost Product: US\$1,774 per tonne
• Blended Selling Price of Products: US\$ 5,054 per tonne

Operational Highlights (Full Production)
<ul style="list-style-type: none"> • Production of Finished Product: 55,350 tpy <ul style="list-style-type: none"> • 41,850 tpy Coated Spherical Graphite • 13,500 tpy Purified Graphite Powder
<ul style="list-style-type: none"> • Mineral Processing: 60,000 tpy 95% Cg Concentrate
<ul style="list-style-type: none"> • Graphite Mineralization Mined: 1 million tpy 7% Cg
<ul style="list-style-type: none"> • Mine Life: 40 years, using Indicated and Inferred mineral resources

PROJECT PROFITABILITY

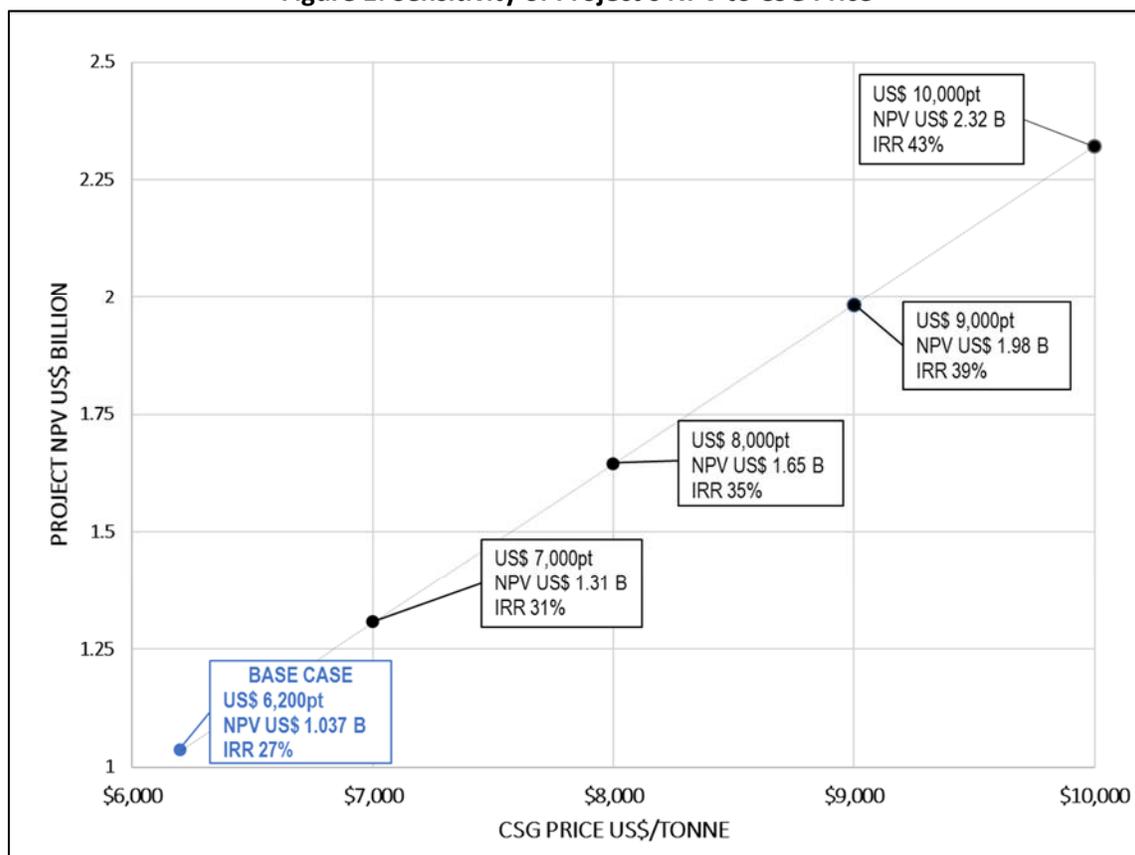
NPV of US\$1.037 Billion; IRR of 27% At Average Selling Price of US\$5,054 Per Tonne

Pending a detailed graphite market study, the PEA has opted for a conservative selling price of US\$6,200 per tonne for CSG and an average selling price of US\$1,500 per tonne for Purified Graphite Powders. The Project's average blended price of its manufactured products is US\$5,054 per tonne, ex plant, on a 2016 constant US dollar basis. The PEA projects the NPV at US\$1.037 billion (pre-tax) using a 10% discount rate, with a Project life of 40 years. The IRR is 27%, with payback in Year 4 from the start-up of production. This is expected to generate cash earnings of US\$182 million per year on sales of US\$280 million at full capacity with a consolidated operating margin ("EBDIT") of 63% on sales. CSG will dominate output, accounting for 75% of sales volume and 93% of sales revenue, or US\$260 million, of the total. Purified graphite powders will account for the balance with sales of US\$20 million.

In its overview of the graphite industry, Canaccord Genuity (Australia) Ltd. stated that the price of coated spherical graphite was "between US\$7,000/t - US\$10,000/t"¹. **Figure 1** shows the impact of CSG prices on Project NPV with the corresponding IRR. At the PEA's CSG assumed price of US\$6,200 per tonne, the Project's NPV is US\$1.037 billion and the IRR 27%. Also shown is the increase in Project NPV and IRR at CSG prices in the range of US\$7,000 to US\$10,000pt based on Canaccord's research.

¹ Canaccord Genuity (Australia) Ltd.; Specialty Minerals and Metals, Industry Overview; November 20, 2016; page 20.

Figure 1: Sensitivity of Project’s NPV to CSG Price



The PEA’s sensitivity analysis, summarized in **Table 1**, examined the effect on the NPV (10% discount rate) and IRR by running 10% incremental changes in various parameters in the base case financial model. Changing the product selling price had the greatest impact as a 10% change adjusted the NPV by about US\$210 million and the IRR by about 2.9%.

Table 1: Impact of 10% Variation in Selected Parameters on Project NPV and IRR

Variable Parameter (10%)	NPV Impact (US\$)	IRR Impact
CSG Selling Price	\$210 million	2.93%
Operating Cost	\$80 million	1.3%
Capital Cost	\$35 million	1.3%
Graphite (Cg) Recovery	\$60 million	1.2%
Graphite (Cg) Head Grade	\$50 million	1.2%

As the Project progresses and technical uncertainties are resolved or identified risks are mitigated, the Project NPV could be based on a lower discount rate. Based on the current analysis, the Company has calculated that the Project NPV at an 8% discount rate would be US\$1.4 billion.

TRU concluded: “The robust financials for vertically-integrated production of CSG at the projected unit pricing of US\$6,200 per tonne merits that the Project proceed to a feasibility study to maintain an accelerated project schedule that would coincide with projected market demand in 2021.”

The report titled “Graphite One Resources Inc., NI 43-101 Preliminary Economic Analysis On the Graphite One Project” will be filed on SEDAR and can be viewed at www.sedar.com under the GPH profile or on GPH’s website at www.graphiteoneresources.com.

“This PEA shows the strong potential of our project as America’s emerging producer of lithium ion battery-grade Coated Spherical Graphite,” said Anthony Huston, CEO of Graphite One. “With the prospect of a low-cost, 40-year mine life using half of the identified graphite mineral resources, and given our projected production costs and conservative pricing assumptions, we are confident that Graphite One has the potential to become a reliable provider of graphite materials critical to clean-tech, high-tech and national security applications.”

The Graphite Creek deposit has a unique morphology that TRU Group has named STAX, the acronym for graphite that is **S**pheroidal, **T**hin, **A**ggregate and **eX**panded. The importance of STAX was identified during exploratory product development test work which achieved high conversion yield to spherical graphite which demonstrated high performance during electrochemical testing. According to TRU: “STAX graphite (subject to study in further extraordinary product development R&D) is projected as being uniquely amenable for use in several applications, including lithium-ion and alkaline batteries, greases and lubricants, friction, motor brushes, crucibles, etc.”

The PEA, prepared by the TRU Group, states that in regard to Graphite One’s spherical graphite: “Potentially, a significant proportion could be sold domestically, but strategically, Japan and Korea would be considered accessible markets given the advantageous location of the Graphite One Product Manufacturing Plant. ...Graphite One could potentially become the dominant, if not the only, American producer, of high grade CSG that is integrated with a domestic graphite resource.”

“It’s been a long road to the PEA,” Huston continued. “As we move into the next phase of development, we will continue to work closely with Alaska state authorities and the local communities around the deposit, including the Alaska native corporations, to ensure that our Project meets the highest environmental, safety and sustainability standards.”

METALLURGICAL TESTING

The PEA summarizes the mineral processing and metallurgical test work programs commissioned to date by the Company. TRU Group Inc has managed the test work conducted at an independent graphite laboratory for the characterization of the graphite in the graphite mineralization from the Graphite Creek deposit and the development of exploratory spherical graphite products. TRU Group has also directed the development of the mineral processing flowsheet at an independent mineral processing laboratory for the target exploitation zones at Graphite Creek. Below is a summary of the key test work findings.

Naturally occurring Spherical, Thin high-aspect ratio, Aggregate and eXpanded structure graphite morphologies were identified by an independent graphite laboratory in graphite mineral drill core samples taken from the Graphite Creek Property. STAX structures were concluded to be inherent

attributes to Graphite Creek not found in any other graphite project under development or in commercial operation. Exploratory product development test work at an independent graphite laboratory on select graphite mineral samples from Graphite Creek demonstrated the direct conversion of purified STAX graphite into spherical graphite at much higher yield of 74.6% compared to the normal industry yields of 30-40% when processing conventional flake graphite. Also, in contrast to industry norms, the STAX-derived spherical graphite was produced from a broad particle size distribution in the feed, which required no prior size reduction and was converted to spherical graphite in the spheronizing mill with 1/3 of the energy input typically used with conventional flake graphite. These features of STAX graphite potentially offer Graphite One distinct technical advantages to mass produce high quality spherical graphite at lower cost.

Coin cells (batteries) containing STAX-derived exploratory spherical graphite and coated spherical graphite anodes were manufactured and tested at the independent graphite laboratory. The reversible discharge capacities recorded in these coin cells were at or near the theoretical values for natural graphite of 372 Ah/kg; in repeat charge-discharge cycles. STAX-derived spherical graphite attained a reversible discharge capacity at 372 Ah/kg while STAX-derived coated spherical graphite reached a reversible capacity of 370.1 Ah/kg. In a unique test, STAX-derived spherical graphite also demonstrated good performance stability over short duration (50 hour) continuous recharge-discharge cycling.

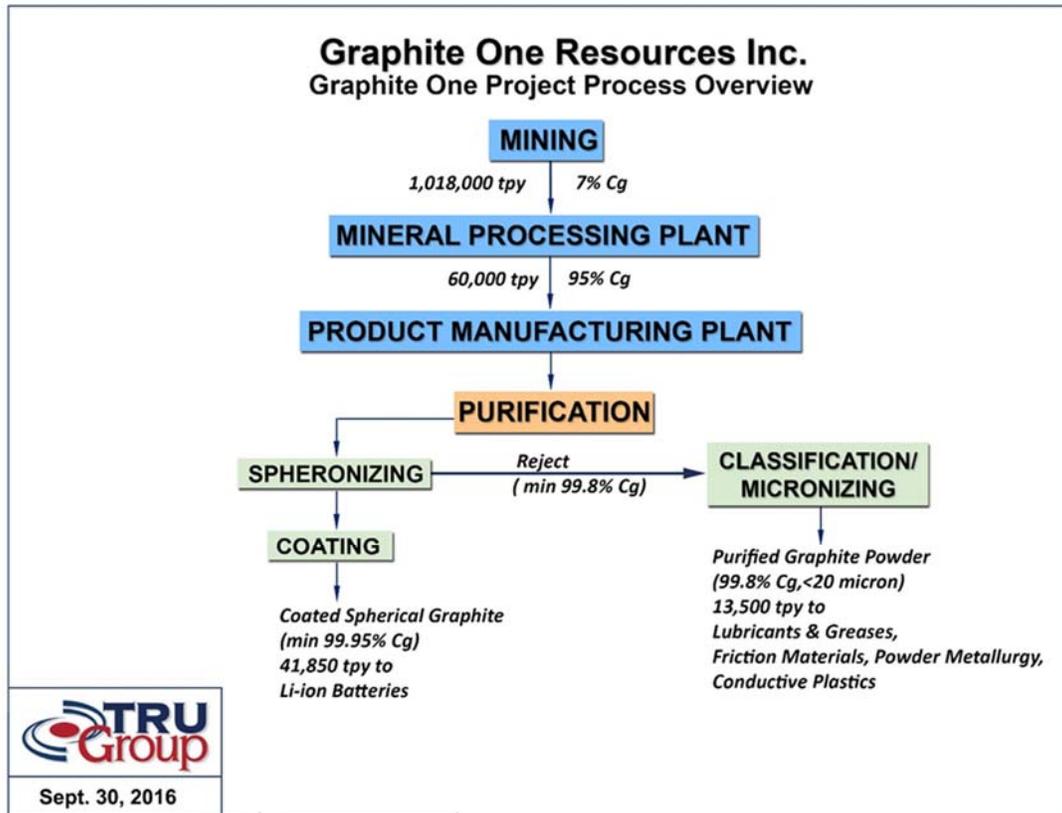
Mineral beneficiation tests on Graphite Creek drill core samples that were representative of the targeted exploitation zone were conducted at a bench scale at an independent mineral processing laboratory to validate process assumptions and performance of the TRU rendered flowsheet that is the basis of the proposed Graphite Creek Mineral Processing Plant. In the proposed flowsheet, crushed graphite mineral, grading 7% Cg, is milled to a pulp and conditioned with reagents. The pulp then passes to preliminary flotation recovery of graphite in a rougher stage followed by a cleaner stage. Both flotation stages are conducted in conventional impeller mixed flotation cells. Subsequent upgrading of the recovered graphite is performed in four cleaning stages using flotation columns. Each cleaning column flotation stage is preceded by a polishing grind (milling) of the feed which effects greater liberation of the graphite from other minerals (gangue). In tests that reproduced prior works and the TRU rendered flowsheet, test results project that a single graphite concentrate will be produced at a grade of 95 % Cg (graphitic carbon) at an overall graphite recovery of 80%.

GRAPHITE ONE'S INTEGRATED PROJECT DESCRIPTION

Project Mining and Process Overview

Figure 2 outlines the major integrated functions to convert Graphite Creek's STAX graphite mineralization to electric vehicle ("EV") grade CSG and purified graphite powders.

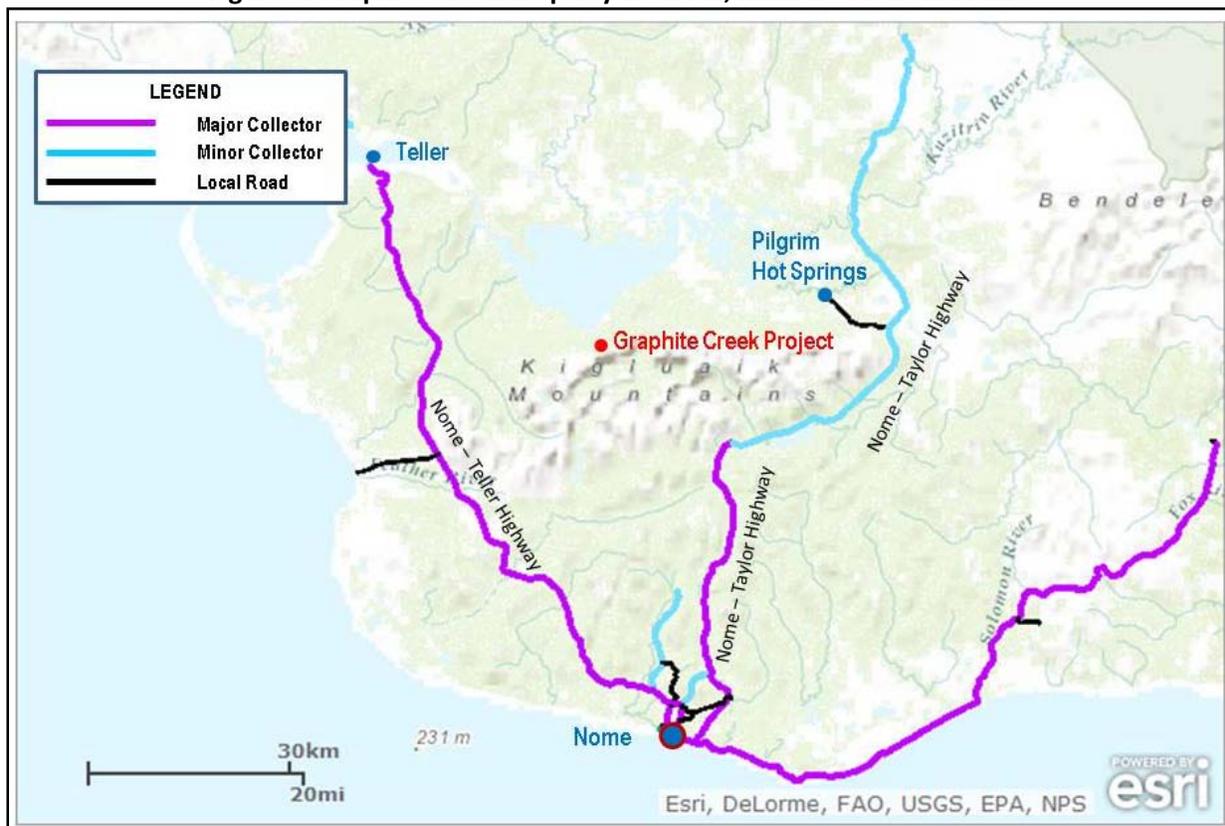
Figure 2: Graphite One Project Mining & Process Overview



Graphite Creek Property

The Graphite Creek Property is situated on Alaska’s Seward Peninsula, approximately 59 km North of Nome (see **Figure 3**). It borders the Imuruk Basin to the north and the Kigluaik Mountains to the south. The closest community is the Inupiat village of Teller (2009 population - 269), 42 km to the northwest. There is no road access to the Property at present. The Nome-Teller Highway, a seasonal road, is about 30 km west.

Figure 3: Graphite Creek Property Location, Main Roads from Nome²



Mineral Resource Estimates

Table 2: Graphite Creek Deposit Indicated and Inferred Mineral Resource*

MINERAL RESOURCE CLASSIFICATION	CUT-OFF GRADE (% Cg)	TONNAGE (MILLION TONNES)	GRAPHITE GRADE (% Cg)	CONTAINED GRAPHITE (TONNES)
INDICATED	6.0	10.32	7.2%	744,000
INFERRED	6.0	71.24	7.0%	4,969,000

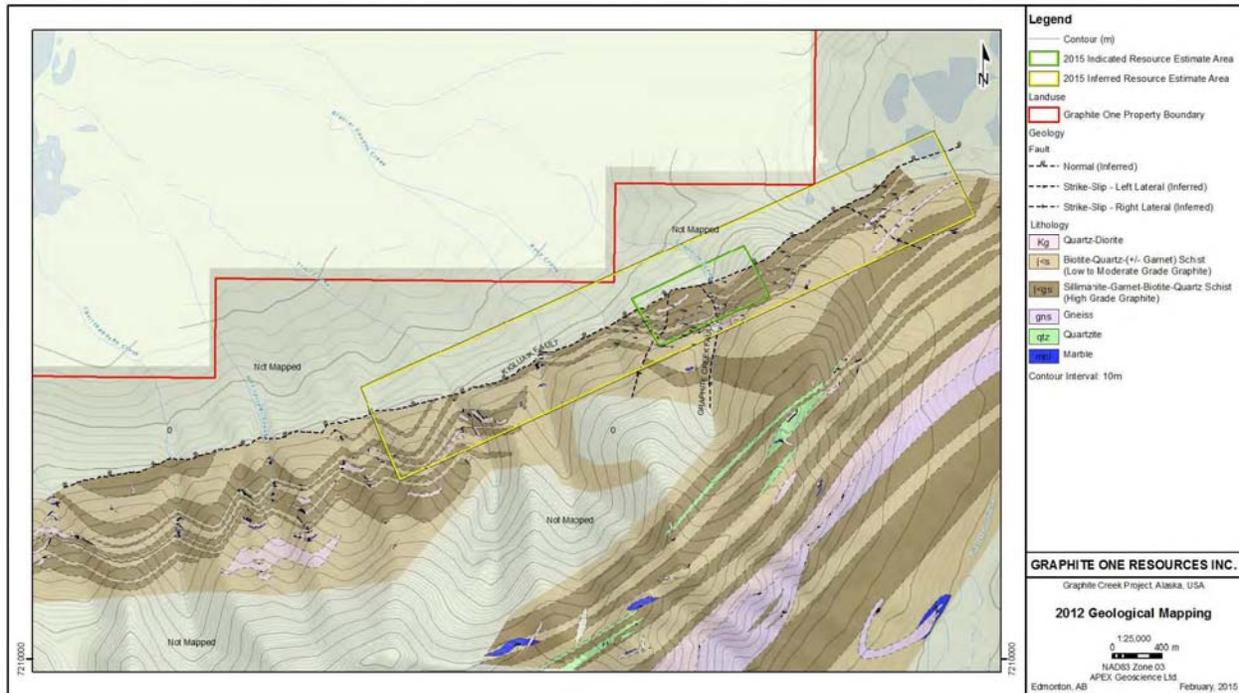
*Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the indicated or inferred mineral resource will be converted into a mineral reserve. The collective work to date from the Graphite Creek Property indicate that while the project is in early stages of exploration/resource work that indications of the size and grade of the graphite give suggestions that they are of high enough concentration to be of economic interest.

Based on the mineral resources identified to date and reviewed in the PEA, the Graphite Creek deposit contains an estimated 10.3 million tonnes classified as Indicated Resources and 71.2 million tonnes classified as Inferred Resources, both at a 6% graphitic carbon (Cg) mining cut-off grade. See Table 2.

² Source: Alaska Department of Transportation <http://dot.alaska.gov/stwdplng/fclass/fclassmaps.shtml>

Resource estimates are based on the cumulative drill data from the Company's 2012, 2013, and 2014 drill programs totaling 48 holes and about 7,500 metres of drilling. The yellow rectangle in **Figure 4** outlines the Inferred Resource area and the green rectangle, the Indicated Resource area.

Figure 4: Map of Mineral Resource Area



The Project's economic analysis has been designed based on the 6% mining cut-off grade, producing the desired 7.0% Cg mill-feed head grade. The scale of available material at 7% Cg is estimated to be 43.66 million tonnes using both Indicated and Inferred Resources, sufficient to support over 40 years of mining at full-scale production of 1,018,000 tonnes per year.

Follow-up exploration and development is recommended based on results from: 1) historic and recent (2011-2014) exploration and laboratory work; 2) the lateral continuity of at least nine mineralized graphitic schist zones; 3) high-grade graphite situated at surface or near-surface in Zones 1 and 2; 4) the Indicated Mineral Resource and sizeable Inferred Mineral Resource documented in the PEA; and 5) a potential open pit mining scenario initiated by side-cutting into the northern slopes of the Kigluak Mountains to reduce the strip ratio and maximize access to the high-grade graphitic schist. The cost to complete the next exploration program is estimated to be US\$5.4 million plus a 10% contingency.

Graphite Creek Mine

The Graphite Creek deposit outcrops at the surface, along a significant length of outcrop and maintains a relatively shallow dip below the land surface. The area selected for modelling, and planned for mining is located along a relatively continuous 1500-metre outcrop and appears to be segregated into three separate zones of graphite mineralization. Surface mining is proposed using a truck and shovel operation

mining along several contiguous, en-echelon, pits starting at the outcrop and progressing in the down dip direction. The Graphite Creek Mine (the “Mine”) has been designed to operate on a 24-hour per day schedule (assuming two 12-hour shifts per day) on a year-round basis. When in full production in Year 6, the mine plan proposes delivering 1,018,000 tpy of graphite mineralized material to a nearby Mineral Processing Plant (“Processing Plant”). The PEA assumes mining would be performed year-round with owner-operated equipment. In due course, GPH will commission geotechnical studies to better define assumed technical parameters used in the mining cost estimates. Following these studies, alternate mining schedules and scenarios will be the subject of a mine plan study with the objective of reducing capital and operating costs and optimizing the use of resources.

Mineral Processing Plant

The proposed Mineral Processing Plant, to be located at the Graphite Creek Mine (“Mine”) when at full production capacity, is to receive from the Mine 1,018,000 tpy of graphite mineralization grading 7% Cg and extract and recover 60,000 tpy of concentrate, grading 95% Cg. Graphite recovery during mineral processing is assumed under optimized conditions to reach 80%. The single concentrate recovered would be packaged in one tonne super sacks, placed in 20 tonne shipping containers and trucked to the Port of Nome. The containers would be loaded onto barges during the seasonal shipping window and delivered to the Product Manufacturing Plant (the “Manufacturing Plant”). In due course, an optimization study would be commissioned to rationalize the Processing Plant resources to effect capital and operating cost reductions.

Product Manufacturing Plant

The Manufacturing Plant is assumed to be situated on a brownfield industrial site in Washington State serviced by public utilities with developed road and rail infrastructure. Criteria relevant to deciding its location include power cost, availability of industrial zoned land, proximity to tidewater and port facilities, and infrastructure that supports both the workforce and delivery logistics for input materials, services and finished products. The Company is identifying suitable locations for the Manufacturing Plant site.

The Manufacturing Plant would receive 60,000 tpy of concentrate grading 95% Cg from the Processing Plant. Upon arrival, the concentrate would be stored in silos. As needed, it would be pneumatically conveyed to pelletizing equipment and then to high temperature, electric furnaces and purified under an inert atmosphere to at least 99.95% Cg. Spherical graphite size fractions suitable for lithium-ion batteries are combined with coating precursor. The ‘green’ surface coated graphite product is heat treated in kiln type furnaces to harden the coating and into the final spherical graphite product.

Typically, purified natural graphite flake with specific properties suitable for lithium ion battery anode applications is jet milled to a size of about 20 microns, ground, and spheronized to produce spherical graphite. Exploratory product development tests conducted on STAX graphite as part of the PEA indicated that almost 75% of spheronized product was acceptable for EV battery applications. This result was achieved without any prior jet milling, i.e., direct spheronization of the purified graphite, used the entire size distribution of the graphite feed, and required half the residence time with two thirds of the energy input to the spheronizing mill compared to conventional Chinese flake graphite.

The availability of other size fractions suitable for other (non-EV) lithium-ion batteries end-uses are assumed to increase the recovery to 91%. Pilot scale testing with equipment available from vendors will be necessary to define the yield and number of circuits required for the Graphite Creek concentrates. Those size fractions that fall outside the acceptable range for lithium-ion battery applications (8% by weight) will be directed to the fine powders circuit for further micronization and/or classification by end-use application. This fraction would be fed to jet mills with internal classifiers to produce different graphite powders in the size range of about 1 to 20 µm.

Finished products at full production are projected to include:

- 41,850 tpy of Coated Spherical Graphite with a minimum purity of 99.95% Cg for the EV Li-ion battery market; and,
- 13,500 tpy Purified Graphite Powders, 99.8% Cg, <20 microns, suitable for lubricants, friction products, conductive polymers, specialty powder and metallurgical additives.

Project Capital Cost Summary

The order-of-magnitude capital cost for mining operations, the Mineral Processing Plant and the Product Manufacturing Plant and infrastructure is summarized in **Table 3** and estimated to be US\$363 million. The plant capital expenditures were spread over three years and ramp up to full production at 60,000 tpy of graphite concentrate at the Mineral Processing Plant in Year Six of production. The Product Manufacturing Plant would concurrently reach full capacity of 55,350 tpy of graphite products. No contingency is included for the two plants. Indirect costs were assumed to be 33% of direct costs: 20% for EPCM (engineering, procurement, construction & management), 10% for freight and capital spare parts, and 3% for commissioning and start-up costs.

Table 3: Capital Cost Estimates, Mine and Plants

Operations Category	Capital Cost US\$ millions
Graphite Creek Mine & Mineral Processing Plant	\$233
<i>Mining</i>	<i>\$43</i>
<i>Mineral Processing</i>	<i>\$158</i>
<i>Infrastructure</i>	<i>\$32</i>
Product Manufacturing Plant	\$130
Total All Operations	\$363

Project Operating Cost Summary

The order-of-magnitude operating costs at full capacity for the Graphite Creek Mine, Mineral Processing Plant and Infrastructure, and the Product Manufacturing Plant are summarized in **Table 4** and estimated to be US\$98 million per year. On a plant input/output basis, the total project operating cost equates to US\$96 per tonne of Mineral Processing Plant Feed or US\$1,774 per tonne of finished graphite product.

Table 4: Operating Cost Estimates, Mine and Plants, US\$

MAJOR OPERATING COST ITEM	Mining	Mineral Processing	Product Manufacturing	Integrated Project
Labour	\$21,887,000	\$12,170,000	\$7,270,000	\$41,327,000
Energy (Power and Diesel) ¹		\$9,900,000	\$14,900,000	\$24,800,000
Equipment Operation	\$2,799,500			\$2,799,500
Consumables		\$3,300,000	\$7,100,000	\$10,400,000
Maintenance & Supplies	\$1,781,500	\$2,700,000	\$3,600,000	\$8,081,500
Miscellaneous	\$1,272,500			\$1,272,500
Concentrate Shipping		\$1,800,000	\$7,698,000	\$9,498,000
Total Operating Cost (OPEX)	\$27,740,500	\$29,870,000	\$40,568,000	\$98,178,500
OPEX/t Processing Plant Feed	\$27	\$29	\$40	\$96
OPEX/t Concentrate	\$462	\$498	\$676	\$1,636
OPEX/t Graphite Product	\$501	\$540	\$733	\$1,774

Notes: 1 The mining energy cost is included in Mineral Processing Plant cost

RISKS

The PEA notes the Project is subject to risks common to mining and mineral processing projects. It also notes market acceptance of a new graphite material and market penetration in the face of Chinese competition are possible risks. The Company diligently works to mitigate and resolve all identified risks.

The PEA also notes risk associated with the Project's reliance on the EV industry to develop and sustain a significant demand for lithium-ion batteries. TRU states, "It would certainly seem that this risk is currently low as the technology has gained acceptance and share in both the consumer mind and in the automotive manufacturers' plans."

OPPORTUNITIES

The Project is responding to the opportunity created by the adoption of the lithium-ion battery for EVs and the shift in battery production from offshore to the United States where, as noted in the PEA, over 26,000 MWh per year of new capacity is currently under construction. This is three times the capacity existing in 2016.

The PEA identifies, as an opportunity to be explored, the possible market for the Project's potential by-product graphite powders which are expected to have the advantage of being pure with very small variability in sizing and composition.

RECOMMENDATIONS

Numerous recommendations for follow up and additional work and studies are identified in or stem from the PEA to advance the Project:

- Infill drilling to expand and upgrade current resources to Measured
- Geotechnical, hydrological, hydrogeological and related studies
- Continue mine plan development and refinement

- Review operations scheduling alternatives and use of contract mining
- Refine mining costs with results of recommended studies
- Continue graphite sampling and testing during all phases of exploration and processing to understand quality variations, develop process flowsheets and equipment specifications
- Continue environmental baseline studies
- Commission study of CSG and purified powder markets
- Continue to product development program including customer trials

QUALIFIED PERSONS

The independent qualified persons responsible for preparing the Graphite One PEA are R. James Robinson, P. Geo., Ioannis (John) Roumeliotis, Ing., and Maureen Paterson, P. Eng. of TRU Group Inc. They have reviewed and approved the contents of this press release.

David R. Hembree, C. P. Geo., the General Manager of Operations for Graphite One Alaska Inc., is the company's designated qualified person for this press release within the meaning of NI 43-101 and has reviewed and validated that the information contained in the release is consistent with that provided by the independent qualified persons responsible for the PEA.

About TRU Group

TRU Group Inc are engineers, managers, planners and integrators focused on technology intensive industry. The firm has a long standing strong capability in battery materials from resource through to end-products and have completed numerous assignments for several clients. More information is available on the TRU Group website trugroup.com

About Graphite One

GRAPHITE ONE RESOURCES INC. (GPH: TSX-V; GPHOF: OTCQX) continues to develop its Graphite One Project (the "Project"), whereby the Company could potentially become the dominant American producer of high grade Coated Spherical Graphite ("CSG") that is integrated with a domestic graphite resource. The Project is proposed as a vertically integrated enterprise to mine, process and manufacture high grade CSG primarily for the lithium-ion electric vehicle battery market. Graphite mineralization mined from the Company's Graphite Creek Property would be processed into concentrate at a graphite processing plant. The processing plant would be located on the Graphite Creek Property situated on the Seward Peninsula about 60 kilometers north of Nome, Alaska. CSG and other value-added graphite products, would be manufactured from the concentrate at the Company's proposed graphite product manufacturing facility, the location of which is the subject of further study and analysis.

The Graphite Creek Property contains America's largest known large flake graphite deposit. Resources identified to date include 10.32 million tonnes of indicated resources grading 7.2 percent graphitic carbon ("Cg") and 71.24 million tonnes of inferred resources at 7.0 percent Cg identified, using a 6% Cg mining cut-off grade. Work on the Graphite Creek Property is progressing through the evaluation phase with environmental baseline sampling programs and engineering studies in progress. Mineral processing testing, mine, infrastructure and processing plant design work, and a resource development drilling program are expected to be undertaken in the months ahead.

ON BEHALF OF THE BOARD OF DIRECTORS

"Anthony Huston" (signed)

For more information on Graphite One Resources Inc. please visit the Company's website, www.GraphiteOneResources.com or contact:

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CAUTIONARY STATEMENT

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

This release includes certain statements that are deemed to be forward-looking statements. All statements in this release, other than statements that are clearly historical in nature, are forward-looking statements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "proposes", "expects", or "is expected", "scheduled", "estimates", "projects", "intends", "assumes", "believes", "indicates" or variations of such words and phrases that state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information in this release includes, but is not limited to, statements regarding resource estimates and potential mineralization, the interpretation and actual results of current exploration activities, changes in project parameters as plans continue to be refined, the actual ability to produce spherical graphite, ultimate further and final results of additional test-work, estimated capital and sustaining costs and the availability of equipment, labour and resources required, the anticipated applications of graphite in high-tech, clean tech, energy storage and national security applications and all other anticipated applications, international demand and ability to transport and enter into such markets, the results of the TRU Group's study being accurate regarding the characteristics of the Graphite Creek mineralization, exploration drilling, exploitation activities and events or developments that the Company expects, the sustainability and ultimate environmental effects of spherical graphite, future joint ventures and partnerships, future prices of graphite, possible variations in grade or recovery rates, are all forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include: (i) volatile stock price, (ii) the results of the product development test work may not be indicative of the advancement of the project as anticipated, or at all, (iii) market prices, (iv) exploitation

and exploration successes, (v) continuity of mineralization, (vi) uncertainties related to the ability to obtain necessary permits, licenses and title and delays due to third party opposition, (vii) changes in government policies regarding mining and natural resource exploration and exploitation, (viii) competition faced in securing experienced personnel, access to adequate infrastructure to support mining, processing, development and exploration activities and continued availability of capital and financing, and (ix) general economic, market or business conditions. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this press release, and the Company undertakes no obligation to update publicly or revise any forward-looking information, except as required by applicable securities laws. For more information on the Company, investors should review the Company's continuous disclosure filings that are available at www.sedar.com.

Estimates of mineralization and other technical information included or referenced in this press release have been prepared in accordance with NI 43-101. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. As a result, the reserves reported by the Company in accordance with NI 43-101 may not qualify as "reserves" under SEC standards. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. "inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Additionally, disclosure of "contained ounces" in a resource is permitted disclosure under Canadian securities laws; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measurements. Accordingly, information contained or referenced in this press release containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of United States federal securities laws and the rules and regulations thereunder.