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CANADA CARBON OBTAINS INDEPENDENT HYDROGEOLOGICAL REPORT INDICATING ZERO IMPACT OF ITS MILLER PROJECT ON GRENVILLE DRINKING WATER

July 18th, 2017, Vancouver, BC, Canada – Canada Carbon Inc. (the “Company”) (TSX-V:CCB), (FF:U7N1) is pleased to announce that the Village of Grenville (not to be confused with Grenville-sur-la-Rouge) has made public an independent hydrogeological report on the Miller Project’s potential for any impact on the Village of Grenville’s drinking water supply for its 1,700 residents, sourced from wells which are located 2.2 km southeast of the Miller Project. The report’s conclusion is that the Project, as proposed, will pose zero risk to either the quantity or quality of the drinking water supply for Grenville Village.

The report was prepared by Julie Gauthier, ing., M.Sc.A. (Hydrogeologist) and Karl Lechat, Ph.D., from Laforest Nova Aqua Inc. (“LNA”), which is dated May 26th 2017. It includes both a hydrogeological study and an evaluation of the impacts of Canada Carbon’s proposed Miller Project on the Village’s community drinking water supply. In addition, the report also updated the protection areas in the aquifer surrounding the Village’s wells. LNA did a field visit in March 2017 and also obtained the complete hydrogeological database held by Canada Carbon. The final report is available at: https://www.canadacarbon.com/docs/Independent_Hydrogeological_Report_Grenville.pdf as well as on the Village’s website at: <http://grenville.ca/wp-content/uploads/2017/07/Étude-hydrogéologique.pdf>. This report was reviewed by staff, and formally accepted by resolutions passed by the respective councils of the Municipality of Grenville-sur-la-Rouge and the Village of Grenville, prior to making it available publicly.

The independent report includes the following information:

- The water gradient in the vicinity of the Miller Project goes towards the SW, within the Calumet River watershed. This means that both surface and groundwater are flowing away from the McGillivray Lake area towards the Miller Project. This also indicates that the water from the Project is flowing away from the houses located on Scotch road. This virtually eliminates any risks of water quality impacts on neighboring private water wells because the Miller Project is downstream from them.
- The wells from which the Village of Grenville sources its drinking water are within the Kingham River watershed, which flows in a NE direction from the Village’s community wells, in the opposite direction from the water flow at the Miller Project. The boundary between the two watersheds is shown clearly on the map at page 17 of the report.
- The report concludes that there is no potential for impact of the Miller Project on the Village of Grenville’s water supply (See page 11 of the independent hydrogeological report): “[Following our evaluation], we believe that the impact of the proposed activities of Canada Carbon is zero on the quantity and quality of the groundwater exploited by the municipal wells supplying the Village of Grenville.” (translated from the original French).

Canada Carbon has recently mandated BluMetric Environmental (“BluMetric”) to complete the final surveys needed to obtain a Certificate of Authorisation for its Miller Project marble quarry. The work to be performed during the coming month includes pumping tests to determine any potential effects of mine dewatering on the other water wells in the area. This work phase will complete our hydrogeology database on underground water gradients, and allow a final report to be prepared by BluMetric. Canada Carbon’s project manager and the BluMetric team will consult with the Ministry of Environment, Sustainable Development and Fight Against Climate Change to ensure that its proposed work program is adequate to complete its application for the marble quarry Certificate of Authorisation.

Acid Generation and Metal Leaching Potential

Another significant aspect of water quality impact assessment is the possibility of water contamination. BluMetric Environmental has concluded that the results of the Company's acid generation tests (acid/base analysis, modified Sobek method) and lixiviation tests (metal leaching) were sufficient to meet the standards required to obtain the quarry and mine Certificates of Authorisation, in accordance with Directive 19 on the Mining Industry (MDDELCC, 2012). The complete test results were published in a report available on the Company's website since February 2017 (https://www.canadacarbon.com/docs/CCB-Fermeture-Plan-de-fermeture-Canada-Carbone_PRELIMINAIRE.pdf). The results show that no acid mine drainage can be generated from the waste rock, graphite mineralization and tailings produced over the life of the Project, due to the very high lime content in the host rock. Directive 19 defines non-acid generating materials as those with acid neutralizing potential three times that of the acid generating potential (PN/PA > 3). The average PN/PA ratios for Miller waste rock, mineralization and tailings are 254, 160, and 67, respectively, far in excess of the threshold criterion to be defined as non-acid generating rock. Furthermore, the metal leach test results indicate that the same rocks will not leach any metals since the initial metal content is very low, and there will be no acid generated to dissolve the trace amounts that are present.

Canada Carbon Executive Chairman and Chief Executive Officer Mr. R. Bruce Duncan remarked, "We're very pleased to obtain independent environmental reports which demonstrate that the Miller Project is expected to have no adverse impact on the water which is relied upon by the citizens of Grenville and Grenville-sur-la-Rouge. The Miller graphite is hosted in marble which neutralizes any acid that could be generated. Without acid, the trace metals that are present cannot leach out of the rocks. We hope to continue to demonstrate that the Miller Project will provide benefits to the region. A number of information sessions are being planned to allow concerned citizens to better understand the Project and its impacts."

Canada Carbon has established a dedicated page on its website to host final environmental and other assessment reports, which will be updated as new information becomes available. The Miller Project Reports page can be accessed from the website home page, or by opening this link: <https://www.canadacarbon.com/miller-project-reports>. The Company will provide periodic updates via newspaper ads and flyers delivered to GSLR residents, and will hold further public meetings from time to time as the results of the Project feasibility study are made public and the quarry and mine permit applications are considered.

Qualified Person

Steven Lauzier, P.Geo O.G.Q., A Qualified Person ("QP") as defined by Nation Instrument 43-101 guidelines, has reviewed and approved the technical content provided in this news release.

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