

NEWS RELEASE

Stem 7 Capital Announces First Focus On Brazilian Graphite

June 12th, 2017 – Vancouver, B.C. - Stem 7 Capital Inc. (“Stem 7” or the “Company”) (TSXV: STS.H) is pleased to inform shareholders on the Company’s decision that the initial focus of its Brazil initiative will be on the expanding global graphite industry.

Stem 7’s two newest directors, Eric Allison and Allen Ambrose, both geologists, have extensive experience in Latin America and, specifically, Brazil with over sixty-five years of combined project evaluation and development experience. Messrs. Allison and Ambrose are focused on a specific graphite producing region of Brazil that could yield several potential graphite opportunities based on further due diligence planned over the coming weeks.

Mr. Allison commented “I am excited that Stem 7’s board agrees that graphite is a strong first area of concentration for the Company’s recently announced (June 1, 2017) Brazil-focused strategy. With industry analysts reporting global demand for graphite is expected to increase significantly over the next five years, the Company is presented with a strong window of opportunity to review and potentially acquire graphite assets for near term development. Though not intended as the Company’s sole focus for mining opportunities, the graphite industry is undeniably an excellent sector to focus on first to maximize shareholder value.”

Some points on the graphite sector for shareholders to consider:

- Graphite has been deemed a critical strategic metal by the U.S. Department of Energy and critical raw material by the European Union.
- Many analysts expect a major increase in demand for purified spherical graphite for use in the rapidly-growing Lithium-ion battery (“Li-B”) sector. Corporate giant Panasonic is forecasting the Li-B sector to grow from US\$10 billion to \$60 billion by 2025. Each Li-B contains 20 to 30 times more graphite than lithium.
- Traditional graphite markets (non-Li-B) represent the largest market opportunity for natural graphite in the medium term. Graphite use in electric arc steel production (recarburisers), foundries, refractories, lubricants and friction products represents about 86% of current market demand. These markets are projected to grow 5-10% annually.
- China has long been the leader in graphite production; however, Chinese graphite production has been causing significant pollution problems in China due to poor mining practices and low environmental standards. Li-B manufacturers and traditional graphite consumers are working to source graphite from environmentally responsible and sustainable producers elsewhere in the world.

- Alternative uses for graphite-based materials such as graphene have also seen a steady increase in demand and are expected to continue to increase steadily over the next ten years.

Brazil is the world's third largest producer of graphite with over 80 years of production history. Graphite deposits in Brazil are typically near surface and saprolitic in nature requiring little or no drilling and blasting to mine. These characteristics, coupled with simple, proven concentration methods, result in significant cost advantages. This allows current Brazilian producers to be very competitive in all segments of the global graphite market. Brazil is also a significant consumer of graphite products providing the opportunity for lower cost, in-country sales of a wide range of graphite products.

On behalf of the Board,

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