

MATERIAL CHANGE REPORT**Item 1: Name and Address of Reporting Issuer**

ALABAMA GRAPHITE CORP. (the "Company")
Suite 804 – 750 West Pender Street
Vancouver, BC V6C 2T7

Item 2: Date of Material Change

August 1, 2014.

Item 3: News Release

A news release was issued and disseminated on August 1, 2014 and filed on SEDAR at www.sedar.com.

Item 4: Summary of Material Changes

The Company announced that it has received the results of initial Bond Work Hardness Indices tests from SGS Canada in Lakefield, Ontario, Canada. Bond Work Hardness Indices are a measure of the amount of work required to reduce a rock in size to the point where individual minerals are liberated and can be recovered. The Company provided samples of both oxidized (weathered) and unoxidized (non-weathered) material from its flagship Coosa Project in Alabama, USA, for testing.

Item 5: Full Description of Material Change

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Type	BWI (kWh/t)
Oxidized	5.3
Unoxidized	15.0

The results reported by SGS substantiate the Company's belief that the oxidized portion of the Coosa Deposit is substantially softer than other defined North American graphite resources. Published Bond work indexes for advanced graphite projects are typically in the 10 to 15 kWh/t range. The 5.3 kWh/t value from the oxidized portion of the deposit is a unique characteristic of graphite deposits in Alabama. Because the Ice Age glaciations never reached as far south as Alabama, the soft, decomposed graphitic schists in the oxidized zones were never scoured off.

"The Bond Work Hardness Index for the oxidized portion of the Coosa resource offers opportunities not found anywhere else in North America for Alabama Graphite," stated Dr. Douglas Oliver, VP of Exploration. "We expect that the relative ease in the milling of decomposed graphitic schist will translate into lower operating expenses for the project. In addition, we suspect that a mill designed to take advantage of soft rock will also result in savings in capital expenditures if the project were to go into production. A significant portion of the Coosa deposit is oxidized and could be preferentially exploited to take advantage of potential savings in both CapEx and OpEx. Historically, all of the graphite production in Alabama came from oxidized graphitic schists."

These results along with ongoing metallurgical testing will be used as inputs in a Preliminary Economic Analysis (PEA) expected to begin later this year.

Rick Keevil, P. Geo., a Director of the Company and VP of Project Development, is a Qualified Person as defined by National Instrument 43-101, reviewed the contents of the press release.

Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

None.

Item 8: Executive Officer

For further information, please contact:

Ron S. Roda
President & Chief Executive Officer
(609) 785-1581
rroda@alabamagraphite.com
www.alabamagraphite.com

Item 9: Date of Report

August 1, 2014.