



ALABAMA GRAPHITE CORP



FOR IMMEDIATE RELEASE

Alabama Graphite Corp. Announces Closing of First Tranche of Non-Brokered Private Placement

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TORONTO, CANADA — (May 5, 2017) — [Alabama Graphite Corp.](#) (“AGC” or the “Company”) (TSX-V:[CSPG](#)) (OTCQB:[CSPGF](#)) (FRANKFURT:[1AG](#)) is pleased to announce that it closed on the first tranche of its previously announced non-brokered private placement (the “**Private Placement**”) (*please refer to the Company’s news releases dated [April 26, 2017](#) and [May 2, 2017](#), respectively*) consisting of 5,660,000 units of the Company (the “**Units**”) at a price of \$0.15 per Unit for aggregate gross proceeds of approximately \$850,000 (the “**First Tranche**”). The Private Placement remains subject to the final approval of the TSX Venture Exchange (the “**TSX-V**”).

Each Unit is comprised of one common share in the capital of the Company (each, a “Common Share”) and one Common Share purchase warrant (each, a “**Warrant**”). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.20 for a period of 36 months following the date of issue, subject to customary adjustment provisions.

AGC intends to use the net proceeds of the First Tranche and the Private Placement for working capital and production, full electrochemical testing and characterization of significant quantities of Coated Spherical Purified Graphite (CSPG) engineered for use in lithium-ion (“**Li-ion**”).

battery anodes and Delaminated Expanded Graphite (DEXDG) engineered for use as a conductivity enhancement diluent in Li-ion battery cathodes. This fully characterized and tested battery-ready material will be conveyed to satisfy outstanding material requests from both existing United States Department of Defense (“**DoD**”) battery manufacturers and contractors, non-DoD entities, and new potential end users.

Pursuant to applicable Canadian securities laws, all securities issued pursuant to the First Tranche are subject to a hold period of four months and one day, which expires on September 6, 2017.

The President and Chief Executive Officer of the Company, Donald Baxter, participated in the First Tranche as an insider. Such participation represents a related-party transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”), but is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of the transaction, nor the consideration paid, exceed 25% of the Company’s market capitalization.

The Private Placement (including the First Tranche) was approved by all independent directors of the Company. The number of Common Shares potentially issuable to insiders of the Company pursuant to the Private Placement (including any Common Shares issuable upon the exercise of the Warrants) represents not more than 10% of the Company’s currently issued and outstanding Common Shares on a non-diluted basis.

In connection with the closing of the First Tranche, AGC paid finders’ fees totalling an aggregate amount of approximately \$17,062 in cash commissions and 113,750 compensation options (the “**Finder’s Warrants**”). Each Finder’s Warrant entitles the holder to purchase one Unit at an exercise price of \$0.15 per Unit for a period of 36 months from the closing date of the First Tranche.

Immediately prior to the closing of the First Tranche, Mr. Baxter owned 289,334 Common Shares of the Company and stock options entitling Mr. Baxter to purchase 1,750,000 Common Shares of the Company, in addition to Warrants entitling Mr. Baxter to purchase 2,750,000 Common Shares of the Company.

Following the closing of the First Tranche, Mr. Baxter directly and indirectly owns the following securities of the Company:

- (i) 2,956,000 Common Shares, representing approximately 2.0% of the issued and outstanding Common Shares of the Company;
- (ii) Warrants entitling Mr. Baxter to purchase 4,083,333 Common Shares of the Company; and
- (iii) Stock options entitling Mr. Baxter to purchase 1,750,000 Common Shares of the Company.

Assuming the exercise of all Warrants and stock options held by Mr. Baxter, he would own 8,789,333 Common Shares, representing approximately 5.8% of the issued and outstanding Common Shares of the Company (on a diluted basis).

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

Donald K. D. Baxter, P.Eng.

President, Chief Executive Officer and Executive Director

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ABOUT ALABAMA GRAPHITE CORP.

[Alabama Graphite Corp.](#) 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.*

For further information and updates on the Company or to sign up for [Alabama Graphite Corp. News](http://AlabamaGraphiteCorp.News), please visit www.alabamagraphite.com or follow us on [Twitter](#), [Facebook](#) 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 the completion of the Private Placement and the use of proceeds therefrom. 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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