



Alabama Graphite Receives Unsolicited Indicative Proposal for Acquisition; Board of Directors Appoints Special Committee

*The Energy Graphite™ Company
Sourced and Manufactured in the United States of America*

TORONTO, Sept. 20, 2017 -- [Alabama Graphite Corp.](#) ("Alabama Graphite" or the "Company") (TSX-V:CSPG) (OTCQB:CSPGF) (FRANKFURT:1AG) announces that today its Board of Directors appointed a special, independent committee (the "Special Committee"), led by and comprised of Dr. Gareth P. Hatch, CEng, FIMMM, FIET — an independent Director of the Company — to carefully review and consider an unsolicited, non-binding proposal that was received from a US-based, arm's length, public, micro-cap, pre-revenue, junior mining development company (the "Interested Party") relating to a potential offer for all of the issued and outstanding common shares in the capital of the Company. Pursuant to the terms of a confidentiality agreement and the Interested Party's separate request, the Company is withholding the name of the Interested Party. According to publicly available records, the Interested Party has less than USD\$7 million in unrestricted cash and a market capitalization of approximately USD\$35 million.

The Interested Party's indicative offer was conditional and non-binding. Pursuant to this offer, it was proposed that the shareholders of Alabama Graphite would receive no cash and would receive, in exchange for each common share of the Company (the "AGC Shares"), one-tenth (0.10) of one (1) common share of the Interested Party. In other words, under the terms of the proposal, ten (10) AGC Shares would be exchanged for one (1) common share of the Interested Party. If implemented, the shareholders of Alabama Graphite would become minority shareholders of the Interested Party.

The Special Committee, with the assistance of advisors and the full cooperation and support of the Company's staff including the rest of the Board of Directors, will carefully review and consider the proposal by the Interested Party. While being respectful and prudent in regard to the Company's financial resources, the Special Committee will, among other things: investigate the merit of the proposal; determine whether the offer fairly values the Company on an en bloc basis; investigate whether the all-stock consideration being offered is speculative in nature; consider whether it is reasonable to expect that the offer could be materially improved through negotiation; determine whether the Company is instead ready for an auction process or whether the Company's present circumstances and timing would only result in an opportunistic, strong-armed and/or coercive offer as compared to what could reasonably be expected to be achieved once some additional progress and milestones are accomplished. In doing so, the Special Committee and the Board of Directors are determined to make decisions and take actions that are in the best interests of the Company taking into account the interests of the Company's securities holders and other significant stakeholders.

Alabama Graphite did not initiate, nor has it encouraged any change of control conversations with the Interested Party. In addition, to the Company's knowledge, no shareholder of the Company has agreed to a lock-up or support agreement with the Interested Party. There is no assurance that the Interested Party will actually proceed with making a formal offer and there is no assurance at this time that the Special Committee and/or the Board of Directors would support any such offer. There is also no assurance that the Special Committee will recommend that an auction process be commenced and it is quite possible that the Board of Directors will eventually determine that it is in the best interests of the Company at this time to continue to pursue its goals and business plans with no concurrent supplementary search for a change of control transaction in the near term.

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

Donald K. D. Baxter, P.Eng.
President, Chief Executive Officer and Executive Director

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 or PEA 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.*

Alabama Graphite Corp. is a proud member of the National Association of Advanced Technology Batteries International ("[NAATBatt International](#)"), a U.S.-based, not-for-profit trade association commercializing advanced electrochemical energy-storage technology for emerging, high-tech applications.

For further information and updates on the Company or to sign up for [Alabama Graphite Corp. News](#), please visit www.alabamagraphite.com or follow, like and subscribe to us on [Twitter](#), [Facebook](#), [YouTube](#), and [LinkedIn](#).

AGC's COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

AGC's graphite is purified via the Company's propriety, low-temperature thermal purification process. AGC's environmentally responsible and sustainable graphite purification process does not utilize caustic chemicals or harsh acids that are commonly regarded as dangerous and environmentally harmful (e.g. hydrofluoric acid, as is commonly used in Chinese graphite production hydrochloric acid, sulfuric acid, nitric acids, or alkali roasting, caustic-soda roasting, etc.), nor does the process require copious amounts of clean water or costly, energy-intensive high-temperature thermal upgrading. Please refer to the Company's [February 17, 2017](#) announcement, '[Alabama Graphite Corp. Achieves 99.99997% Graphite Purity via Proprietary, Environmentally Responsible and Sustainable Purification Process; Exceeds Nuclear Graphite Purity Requirements](#).'

For more information about AGC's specialty, secondary processing to produce its CSPG please refer to the June 2016 comprehensive independent report, '[Alabama Graphite's Coated Spherical Purified Graphite for the Lithium-ion Battery Industry](#),' written, researched and prepared by [Dr. Gareth P. Hatch, CEng, FIMMM, FIET](#), prior to his joining the AGC Board of Directors. Dr. Hatch is also President of [Innovation Metals Corp.](#), Founding Principal of [Technology Metals Research, LLC](#), and Independent Director of the Company.

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 potential relationships between the Company, its shareholders and possible third-party investors or joint actors. 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", "will" 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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