



November 7<sup>th</sup>, 2013  
For Immediate Release  
FMS: TSX-VENTURE

**FOCUS GRAPHITE ANNOUNCES UPDATED ECONOMIC RESULTS  
OF ITS 2012 PRELIMINARY ECONOMIC ASSESSMENT**

- **IRR increases to 36.4% pre-tax and is 28.6% after-tax**
- **NPV \$317 million pre-tax and \$185 million after-tax on an 8% discounted cash flow basis**
- **Operating costs reduced by \$367 per ton milled for purification costs to \$68 per tonne milled**
  - **Operating costs are now \$458 per tonne of concentrate**
- **\$28 million reduction in working capital associated to purification costs**

OTTAWA, Ontario – (November 7, 2013) - Focus Graphite Inc. (“Focus” or the “Company”) (TSX-V: FMS; OTCQX: FCSMF; FSE: FKC) is pleased to announce the results of an updated positive Preliminary Economic Assessment (“PEA”) for its Lac Knife Graphite Project (“Lac Knife” or “the Project”). The Lac Knife property is located about 27 kilometers south west of Fermont, Quebec. This update is based on improved metallurgical results of the recent Pilot Plant test campaign using an optimized flotation and polishing circuit conducted at SGS Lakefield and announced on August 21<sup>st</sup>, 2013.

The increase in concentrate grades and associated economic results were updated in the project cash flow summary and were validated by RPA Inc. in consultation with Soutex Inc. of Quebec City. Inputs updated in the financial model included: final concentrate average grade increase from 92% Ct to 96.6% Ct within the new flake size distribution categories, a reduction in operating cost by \$367 per tonne milled, due to the elimination of the need to purify the concentrate by a third party and the associated \$27,600,000 in working capital requirements. Pricing is based on “run-of mine” prices, without the value added price used in the original PEA financial model. The original report was filed on October 29<sup>th</sup>, 2012.

The Lac Knife project has a pre-tax internal rate of return (“IRR”) of 36.4% (28.6% after tax) and a pre-tax net present value of \$ 316.9 million (\$185.3 million after tax) in the base case using a weighted average price of US\$1866 per tonne of run-of-mine concentrates. The cost of production is \$458 per tonne of concentrate.

**Highlights are summarized below:**

	Pre Tax Value (\$ millions)	After Tax Value (\$ millions)
<b>Net Present Value</b>		
8% discount rate	316.9	185.3
10% discount rate	250.1	143.3
12% discount rate	198.4	110.6
Capital Expenditure including a 25% contingency of \$24m	125.95	125.95
Operating cost per tonne milled	\$67.61	\$67.61
Operating cost per tonne of concentrate produced	\$458.20	\$458.20
Pre-Tax IRR	36.4%	28.6%
Pre Tax Payback Period	2.4 years	2.8 years
Exchange rate	US\$1.00 = C\$1.00	US\$1.00 = C\$1.00
Strip Ratio	1.12	1.12

Don Baxter, P.Eng, President and Chief Operating Officer, stated: “The recent Pilot Plant results are key to the potential economic viability of Lac Knife. The results show that all flake concentrate above 200 mesh can be produced at 98% Ct thereby eliminating the need to use third party purification proposed in our original PEA study. Within the graphite community, most operations produce lower-grade fines that are difficult to sell. Lac Knife holds the potential to open new markets to Focus for small flake technology-grade graphite products.

“The updated PEA indicates that Lac Knife shows positive economic potential based on current run of mine prices for markets that are here today” Mr. Baxter said.

Focus CEO Gary Economo said: “With the recent excellent metallurgical results from the Lac Knife Pilot Plant and, with the key variables updated in this announcement, our project has the potential to become one of the lowest-cost producers of graphite in the world. The feasibility study we have just initiated moves us closer to financing, securing off-take agreements, permitting and construction.”

In tandem to the feasibility level design for the Lac Knife development, Focus continues its development of value-added products destined for technology markets. These products will include spherical graphite used for Li-ion batteries as well as expanded and micronized and purified graphite for use in powder metallurgy and composite materials. These products for technology-grade graphite applications can sell for prices averaging \$10,000 per tonne. Focus’ work in this area is ongoing and is showing promising results. Value-added products, their costs and their sale prices, were not included in the PEA update average pricing.

**Operational Highlights:**

- Open pit mine life is 20 years, at 300,000 tonnes per year.
- Life of mine production of 6.0 million tonnes (Mt) of mill feed at a grade of 15.66% graphitic carbon (Cgr), based on the initial Mineral Resource Estimate\* disclosed on January 19, 2012

- Processing includes crushing, grinding, flotation, magnetic separation, thickening and drying of run of mine to produce 44,300 tonnes of concentrate per annum (tpa), a reduction of 2,300 tonnes of concentrate is essentially due to the higher concentrate grade.
- Sustaining capital average is \$996,300 per year
- Life of mine project production of 880,877 tonnes of concentrate at 96.6% Ct

#### Sensitivity Analysis Update:

<b>Pre-Tax Sensitivity to Graphite Price</b>				
<b>Product specifications</b>	<b>\$US/t conc</b>	<b>NPV @10%</b>	<b>NPV @8%</b>	<b>IRR</b>
-10% Downside scenario	1,679	\$192,115	\$247,502	30.9%
Updated Base Case	1,866	\$250,112	\$316,857	36.4%
+10% Upside scenario	2,053	\$308,109	\$386,213	41.7%
<b>After-Tax Sensitivity to Graphite Price</b>				
<b>Product specifications</b>	<b>\$US/t conc</b>	<b>NPV @10%</b>	<b>NPV @8%</b>	<b>IRR</b>
-10% Downside scenario	1,679	\$109,087	\$144,646	24.5%
Updated Base Case	1,866	\$143,266	\$185,305	28.6%
+10% Upside scenario	2,053	\$176,939	\$225,431	32.4%

A copy of the PEA report and the October 29<sup>th</sup>, 2012 PEA announcement are available on Focus Graphite's website [www.focusgraphite.com](http://www.focusgraphite.com).

The updated PEA pre-tax cash flow model is based on a constant 2012 dollar basis, with no provision for escalation. The prices used in the model do not include any potential of value added products the Company is currently developing.

*\*Note: This PEA is considered by RPA to meet the requirements of a Preliminary Economic Assessment as defined in Canadian NI 43-101 regulations. The economic analysis contained in the technical report is based, in part, on Inferred Resources, and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves. There is no certainty that the reserves development, production, and economic forecasts on which the PEA is based will be realized.*

This news release has been reviewed by Don Baxter, P.Eng, President and COO of the Company and a Qualified Person under National Instrument (NI) 43-101 guidelines.

#### About RPA:

RPA Inc. is a group of technical professionals who have provided advice to the mining industry for nearly 30 years. During this time, RPA has grown into a highly respected organization regarded as the specialty firm of choice for resource and reserve work. RPA provides services to the mining industry at all stages of project development from exploration and resource evaluation through scoping, prefeasibility and feasibility studies, financing, permitting, construction, operation, closure, and rehabilitation. Our

portfolio of customers includes clients in banking (both debt and equity) institutional investors, government, major mining companies, exploration and development firms, law firms, individual investors, and private equity ventures.

### **About SGS Metallurgical Services (Lakefield)**

SGS Canada Inc. ("SGS") is recognized as a world leader in the development of concentrator flowsheet design and pilot plant testing programs. SGS' Metallurgical Services division was founded over half a century ago. Its metallurgists, hydro-metallurgists and chemical engineers are experienced in all the major physical and chemical separation processes utilized in the recovery of metals and minerals contained in resource properties around the world.

The technical and economic information relating to the PEA contained in this press release has been reviewed and approved by Marc Lavigne, M.Sc., ing., Senior Mining Engineer for RPA, Pierre Roy, M.Sc., P.Eng., ing., Senior Metallurgist Specialist for Soutex, all independent qualified persons under NI 43-101.

The information pertaining to the metallurgical test program completed by SGS that is presented in this news release has been reviewed and approved by Mr. Oliver Peters, M.Sc., P.Eng, MBA, SGS Canada Inc. Consulting Metallurgist. Mr. Peters has extensive experience in the development of metallurgical processes and has managed the majority of the graphite testing programs conducted at SGS in recent years

### **About Focus Graphite**

Focus Graphite Inc. is an emerging mid-tier junior mining development company, a technology solutions supplier and a business innovator. Focus is the owner of the Lac Knife graphite deposit located in the Côte-Nord region of northeastern Québec. The Lac Knife project hosts a NI 43-101 compliant Indicated Mineral Resource Estimate\* of 4.9 million tons grading 15.8% graphitic carbon (Cgr) as crystalline graphite with an additional Inferred Mineral Resource Estimate\* of 3.0 million tons grading 15.6% Cgr of crystalline graphite. Focus' goal is to assume an industry leadership position by becoming a low-cost producer of technology-grade graphite. On October 29th, 2012 the Company released the results of a Preliminary Economic Assessment ("PEA") of the Lac Knife Project which indicated that the project has a very good potential to become a graphite producer. As a technology-oriented enterprise with a view to building long-term, sustainable shareholder value, Focus also invests in the development of graphene applications and patents through Grafoïd Inc.

### **Forward Looking Statements – Disclaimer**

This news release contains forward looking information within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words or phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is subject to known and unknown risks,

uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking Information, including but not limited to: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operations of mineral deposits; (v) the risk associated with establishing title to mineral properties and assets; (vi) the risks associated with entering into joint ventures; (vii) fluctuations in commodity prices; (viii) the risks associated with uninsurable risks arising during the course of exploration, development and production; (ix) competition faced by the resulting issuer in securing experienced personnel and financing; (x) access to adequate infrastructure to support mining, processing, development and exploration activities; (xi) the risks associated with changes in the mining regulatory regime governing the resulting issuer; (xii) the risks associated with the various environmental regulations the resulting issuer is subject to; (xiii) risks related to regulatory and permitting delays; (xiv) risks related to potential conflicts of interest; (xv) the reliance on key personnel; (xvi) liquidity risks; (xvii) the risk of potential dilution through the issue of common shares; (xviii) the Company does not anticipate declaring dividends in the near term; (xix) the risk of litigation; and (xx) risk management.

Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, no material adverse change in metal prices, exploration and development plans proceeding in accordance with plans and such plans achieving their expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance upon forward-looking information. Forward-looking information is made as of the date of this news release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

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