



Focus Graphite’s Lac Knife Project’s Benchmark Feasibility Study Reports

Highlights: \$383 million NPV; 30.1% IRR; operating costs of \$441 per tonne

OTTAWA, Ontario -- (Marketwire – June 25th, 2014) - Focus Graphite Inc. (TSX-V:FMS; OTCQX:FCSMF; FRANKFURT:FKC) ("Focus" or the "Company") is pleased to report the results of its Feasibility Study ("FS") for the Lac Knife Project performed by Met-Chem Canada Inc.

The study was based on a 25-year mine life that produced a Pre-tax Net Present Value ("NPV") of \$383 million calculated at a discounted cash flow ("DCF") rate of 8% Pre-tax, the financial model has an Internal Rate of Return ("IRR") of 30.1% and a capital payback period of 3.0 years.

The after tax financial model has an NPV of \$224 million calculated at a DCF rate of 8%, and with an IRR of 24.1% and a capital payback of 3.2 years. A National Instrument 43-101 technical FS report will be filed on SEDAR within 45 days of this news release.

"Lac Knife is a remarkable property by any Canadian or international standard," Gary Economo, Focus' Chief Executive Officer said. "As we have already demonstrated, Lac Knife provides us, and our shareholders, with a significant advantage. And that is: The ability to meet our customers' needs for quality products at competitive prices."

Don Baxter, Focus's President and COO said: "We are very pleased to have reached this significant milestone in the development of the Lac Knife Project. With the Feasibility Study in hand, an offtake with an end-user signed as well as battery tested spherical graphite, Focus has positioned itself as a leader in the graphite space, with no other company having reached this level of development."

| Table 1 | | | |
|---|------------------|----------------------|-------------------|
| Lac Knife Feasibility Results (Pre-Tax) | Base Case | 2016 Forecast | Units |
| Average Price / Tonne of Concentrate: | \$1,713 | \$2,256 | US\$ |
| Internal Rate of Return (IRR) | 30.1 | 41.8 | % |
| Net Present Value @ 6% Discounted Cash Flow | 510 | 809 | \$ million |
| Net Present Value @ 8% Discounted Cash Flow | 383 | 624 | \$ million |
| Net Present Value @ 10% Discounted Cash Flow | 291 | 488 | \$ million |
| Payback Period | 3.0 | 2.1 | Years |
| Lac Knife Feasibility Results (After-Tax) | Base Case | 2016 Forecast | Units |
| Internal Rate of Return (IRR) | 24.1 | 32.8 | % |
| Net Present Value @ 6% Discounted Cash Flow | 304 | 476 | \$ million |
| Net Present Value @ 8% Discounted Cash Flow | 224 | 364 | \$ million |
| Net Present Value @ 10% Discounted Cash Flow | 165 | 280 | \$ million |
| Payback Period | 3.2 | 2.4 | Years |
| All monetary values are in Canadian Dollars ("CDN") except where specified otherwise | | | |

Results from the FS indicate that the Lac Knife Project is viable economically with a Base Case scenario that includes a concentrator production line rate of 44,300 tonnes of concentrate annually at an average mill feed rate of 323,670 tonnes per year of Mineral Reserves over a 25-year mine life. A concentrator availability of 93% was used for the study. The additional Measured, Indicated, and Inferred Resources will continue to be evaluated to develop the mid and long term growth profile for the Company.

Highlights:

- Reduced operating costs from \$458 per tonne of concentrate to \$441 per tonne within close range of the Updated PEA study released November 7th, 2013.
- Mining costs are 126.95 \$/t of concentrate (\$17.85 per tonne of ore) with the major component associated contract mining costs. Contract mining versus lower cost owner mining can be revisited with further evaluation of mine equipment leasing and associated owner's costs.
- Processing costs for the concentrator are, on average over the life of mine \$239.37 per tonne of concentrate produced, based on yearly average processing costs of \$33.66 per tonne of ore processed. The low cost hydroelectric power supplied by Hydro Quebec contributes to overall low production costs.
- Detailed engineering is planned to start in 2014 and further analysis of each of these cost components will continue during the detailed engineering stage.
- Life of Mine Plan resulted in an overall average strip ratio of 1.8 to 1 for 25 years.
- Average prices used in the financial model do not include value added products that can be produced using the typically lower valued finer natural flake graphite. These finer graphite concentrates can be further processed into value added products for the Lithium Ion battery market because of their high carbon content of 98% carbon and realize a higher margin for a reasonable capital investment and operating cost over and above those outlined in this release. Based on these results it has become an important objective to outline the scope of this secondary transformation project for electrifying transportation and for use by other lithium battery end users.

Today, the prices for the Lac Knife graphite concentrates average US\$1,713 per tonne based on the size distribution and high carbon grade. Also included in the table above are the results using forecasted prices for 2016 where the average price for the same concentrates is estimated to increase to US\$2,256 per tonne. These prices are estimated by Industrial Minerals Data of the UK, who are recognized in this field as an independent source of accurate, detailed information for the natural flake graphite market.

Met-Chem's financial model does not include potential value-added, purified, spheronized, and coated battery-grade graphite in its financial and operational calculations.

The exchange rate used is \$0.91 US Dollars per Canadian Dollar. Table 1 provides the Net Present Values calculated at various discounted cash flow rates for the Base Case production scenario of 44,300 tonnes of graphite concentrate produced annually. The financial analysis in the FS study used the 24 month price of US\$1,713 per tonne that is a weighted average for the various graphite concentrates that are classified by flake size and also valued by their carbon content.

The annual milling capacity is 323,670 tonnes per year to produce 44,300 tonnes of concentrate annually at a cost of \$441 per tonne of concentrate. The concentrate will grade 97.8% Graphitic Carbon (“Cg”) on average for a 25-year open pit mine life based on current open pit reserves. All graphite concentrate produced with flakes larger than 200 mesh contain more than 98% Cg.

The FS is based on the Pilot Plant test work run by SGS Mineral Services in Lakefield, Ontario, during the spring of 2013 and announced in a news release on August 21st, 2013. The concentrator process flow sheet is based on standard flotation circuits followed by a series of polishing mills that upgrade the carbon content by cleaning impurities present in the ore that are generally found on the graphitic carbon flake surfaces of the Lac Knife mineralization. Pilot Plant recovery was 91%, full scale, consistent operations should improve on the mill process recovery. Flake size distribution is expected to increase in favour of larger flake as the full scale plant will start with a SAG mill which is better suited to mitigate flake damage as opposed to crushing and grinding methods used in the pilot plant.

Lac Knife is unique in that all natural flake graphitic concentrates produced with flake size above 200 mesh (75 microns) size are more than 98% Cg. This allows Focus to divert finer sized products that would typically be difficult to sell due their flake size to higher value added products such as spherical graphite for batteries due to the high carbon content of 98% carbon (See “Lithium Battery Coin Cell Test Results” below).

Proven and Probable Mineral Reserves:

The open pit design includes 429 kt of Proven Reserves and 7,428 kt of Probable Reserves for a total of 7,857 kt of Proven and Probable Mineral Reserves grading 15.13% Cg. The Mineral Reserves which account for mining dilution and ore loss are reported at a cut-off grade of 3.1% Cg. In order to access these reserves, 2,746 kt of overburden, 10,926 kt of waste rock and 231 kt of Inferred Mineral Resources must be mined. This total waste quantity of 13,903 kt results in a stripping ratio of 1.8 to 1. Table 2 presents the Lac Knife open pit mineral reserves that were estimated for the FS. The remaining Measured and Indicated Resources within the Lac Knife deposit will help to develop the mid and long-term growth profile for the company (See Table 5 for MRE).

| Table 2 | | |
|--|---------------------|---------------------|
| Lac Knife Open Pit Mineral Reserves | | |
| Category | Tonnage (kt) | Cg Grade (%) |
| Proven | 429 | 23.61 |
| Probable | 7,428 | 14.64 |
| Proven and Probable | 7,857 | 15.13 |

A pit optimization analysis was carried out using the MS-Economic Planner module of MineSight® which ran the Lerchs-Grossmann algorithm to determine the economic limits of the deposit. The analysis showed that the open pit design for the Feasibility Study should be based on a 25-year mine life that includes approximately 82% of the Measured and Indicated Mineral Resources.

The open pit design incorporates 10 m high benches and follows the pit slope recommendations from the 2014 geotechnical investigation. The pit is 700 m long and 400 m wide at surface and has a maximum pit depth of 100 m.

Mining will be carried out by a mining contractor who will use conventional open pit mining methods that include drilling and blasting followed by a hydraulic excavator loading a fleet of 46-tonne haul trucks. The mine will be operated seasonally (7 months of the year) and a front-end wheel loader will be used to feed the processing plant from an ore stockpile during the winter months.

The study was conducted with engineering and estimation methods appropriate to target an estimate accuracy of 15% that is standard and realistic for capital and operating cost estimates in a Feasibility Study. Based on an extensive risk review exercise the contingency is 11.5%. The Capital Expenditures in Table 3 outline what is needed to construct the mine, processing plant, power line and all associated infrastructure that is estimated at a total of \$165.55 million.

| Table 3 | |
|---|-----------------------|
| Lac Knife Capital Expenditure - Cost Centers | CDN\$ millions |
| Mine equipment, infrastructure, and pre-stripping | 4.21 |
| Infrastructure | 11.62 |
| Primary Crushing | 7.02 |
| Concentrator | 62.24 |
| Environmental and Tailings Management | 8.22 |
| Additional Infrastructure | 15.4 |
| Indirect Costs | 39.77 |
| Contingency (11.5%) | 17.07 |
| Sub Total | 165.55 |

The company is currently in discussion with vendors to define financing packages for equipment. This will result in a reduced up front capital and add to the basket of financing options currently being investigated. Another financing option currently under due diligence is Supply Chain Financing (“SCF”) based on an offtake agreement signed in December 2013 for a minimum of 50% of Lac Knife’s production. SCF is a non-dilutive alternative to equity financing and is not as encumbering as traditional debt, or royalty financing. Future off-take agreements will contain a financial component as well.

This project-financing alternative could include equity and low interest debt as well as a signing bonus to execute an offtake agreement. These options have the potential to enhance future project economic metrics, and the company continues to discuss with several interested parties on various options.

| Table 4 | |
|--|--------------------------------|
| Lac Knife Operating Expenditures (25 year average) Cost Centers | \$/Tonne of Concentrate |
| Mining | 126.95 |
| Processing Costs (Concentrator) | 239.37 |
| General Administration Mine Site | 74.70 |
| Total Operating Costs | 441.02 |

The operating costs per tonne of concentrate produced are \$441 (See Table 4 above). This is an improvement over the updated Preliminary Economic Assessment (PEA) that showed \$458 per tonne of concentrate produced. One key variable to low production costs is Lac Knife's project location giving relatively easy access to low cost hydroelectric power from Hydro Quebec at the intersection of the access road and Provincial Highway 389.

Permitting is well underway with the ESIA to be submitted by the end of the summer and the Mine Closure Plan is planned for submission mid-summer. Focus continues to communicate, meet, and listen to local communities and will be increasing these efforts now that the feasibility is completed and the impacts are known.

The National Instrument 43-101 ("NI 43-101") MRE was performed by Pierre Desautels of AGP Inc. and was announced January 28th. It increased the Measured and Indicated Resources by 92% for the Lac Knife Deposit. The MRE is based on both the 2012 and 2013 additional exploration and definition drilling programs for a total of 92 holes, and 9,103 meters that successfully achieved the designed goal to upgrade the quality of existing Indicated and Inferred Resources to the Measured and Indicated Resource categories. This is in addition to 105 previous drill holes that totaled 9,217 meters.

Measured and Indicated Resources are estimated at 9.6 million tonnes grading 14.77% at a 3% Cg cut-off grade. Additionally there are 3.1 million tonnes of Inferred Resources at 13.25 % Cg using a 3% cut-off in this updated resource estimate presented in Table 5.

| Table 5 | | | |
|---|--------------------|---------------|----------------------------|
| Lac Knife Mineral Resource Estimate Categories | Tonnage (t) | Cg (%) | In situ Graphite(t) |
| Measured | 432,000 | 23.66 | 102,000 |
| Indicated | 9,144,000 | 14.35 | 1,312,000 |
| Measured + Indicated | 9,576,000 | 14.77 | 1,414,000 |
| Inferred | 3,102,000 | 13.25 | 411,000 |

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. (See Table 2 above for Reserves).

Lithium Battery Coin Cell Test Results

On May 27th, Focus Graphite announced it "Succeeded in Producing Extremely High-Performing Coated Spherical Graphite for Lithium Ion Batteries". The results from coin cell performance testing performed on Lac Knife Spherical Graphite ("SPG") produced outstanding performance metric results. The benchmark products have a typical irreversible capacity loss ("ICL") of 6-10% ICL. Lac Knife SPG showed two ICL test results measuring 1.01% and 1.44%, truly remarkable results. Essentially these battery performance tests illustrated that the Irreversible Capacity Loss ("ICL") was reduced by 75% compared to the benchmark products available in the market today.

These tests confirm Focus' capability to tailor lithium ion battery anode grade SPG and value added products to meet the most stringent customer specifications

Lac Knife anode SPG is unique in having such a low ICL performance metric, this could be attributed to the unique properties of the Lac Knife high carbon content concentrate that grades 98% C, even in the finer flake size concentrate products down to 200 mesh (75 microns) that are usually the most difficult products to sell. This holds the potential to allow Focus market access to significantly higher margin value added products with a finer grade lower cost product creating a unique opportunity.

“Commercially and competitively, these results open the door for Focus to confidently accelerate our plans to market and sell our battery grade, high margin products to potential partners and customers,” said Mr. Baxter.

Qualified Persons

The technical information within this news release was approved by Project Leader Mary-Jean Buchanan Eng., and Jeffrey Cassoff Eng., Lead Mining Engineer, and Ewald Pengel P. Eng., Senior Metallurgist, who was responsible for concentrator design, all from Met-Chem Canada Inc., and all individuals that are Qualified Persons under NI 43-101 guidelines and all independent of the issuer. Pierre Desautels P.Geo. of AGP Inc. completed the NI 43-101 Mineral Resource Estimate report and is also independent of the issuer.

The technical information in this news release was prepared by Mr. Don Baxter, P. Eng., Focus President & Chief Operating Officer, a Qualified Person as defined by NI 43-101 guidelines, who has reviewed and approved the technical content of this news release.

About Focus Graphite

Focus Graphite Inc. is an emerging mining development company with an objective to produce value added products initially for the lithium ion battery market from the Lac Knife graphite deposit located south west of Fermont, Québec. The Lac Knife project hosts a NI 43-101 compliant Measured and Indicated Mineral Resource Estimate* of 9.6 million tonnes grading 14.77% graphitic carbon (Cg) as natural flake graphite with an additional Inferred Mineral Resource Estimate* of 3.1 million tonnes grading 13.25% Cg. Focus' goal is to assume an industry leadership position by becoming a low-cost producer of technology-grade graphite. The feasibility study results released on June 25th, 2014 for the Lac Knife Project indicated that the project is economically viable and has the potential to become a low cost graphite producer based on 7.86 million tonnes of Proven and Probable Reserves grading 15.13 Cg. On May 27, 2014 the Company announced the Potential for High Value Added Sales in the Li-Ion Battery Sector following battery coin cell tests performed on Lac Knife Spherical Graphite (“SPG”). Testing measured the performance metrics and confirmed Focus' capability to tailor lithium ion battery anode grade graphite and value added products to meet the most stringent customer specifications. This is a result of being a technology-oriented enterprise having a vision of building long-term, sustainable shareholder value. Focus also invests in the development of graphene applications and patents through Grafoid Inc.

** Mineral resources are not mineral reserves and do not have demonstrated economic viability*

About Met-Chem Canada, Inc.

Met-Chem is an internationally renowned consulting engineering firm established in 1969 to provide all phases of geology, mining, mineral processing and engineering services throughout the world. From its headquarters in Montreal, Met-Chem offers the mining industry professional expertise that covers scoping, pre-feasibility and feasibility studies, basic and detailed engineering, procurement and construction management, training, start-up, commissioning and operations assistance.

About Industrial Minerals-DATA

Industrial Minerals ("IM") Data-Graphite is a dedicated pricing and analysis service for the natural graphite market. Tracking over 40 different grades from around the world, IM Data's pricing database supplies up-to-date information which allows for tracking both current and historical trends as far back as 1988. Their analysts, based in London and Shanghai, collect information directly from the industry, providing exclusive insight and market intelligence. With up-to-date pricing data, market analysis and commentary, IM Data | Graphite is the only independent source of accurate, detailed and independent information for the natural graphite market.

Forward Looking Statement

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 and 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 operation 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 stated 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 on 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.

Contact:

Mr. Don Baxter, P.Eng
President and Chief Operating Officer
705-789-9706
dbaxter@focusgraphite.com
www.focusgraphite.com