FOCUS GRAPHITE INC.

(An exploration stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month period ended December 31, 2018

FOCUS GRAPHITE INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2018.

The following Management Discussion and Analysis ("MD&A") of the operations, results, financial condition and future prospects of Focus Graphite Inc. ("Focus" or the "Company") are current as of February 28 2019. It should be read in conjunction with the Company's interim unaudited financial statements and notes thereto for the three-month period ended December 31, 2018, and the audited annual financial statements and the notes thereto for the year ended September 30, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency is in Canadian dollars. All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise stated.

This MD&A contains or may refer to certain statements that may be deemed "forward-looking statements". Forward-looking statements include estimates and statements that describe the Company's future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "anticipates", "believes", "could", "estimates", "predict", "seek", "potential", "continue", "intend", "plan", "expects", "may", "shall", "will", or "would" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for mineral commodities; exploration successes; new opportunities; continued availability of capital and financing; general economic, market or business conditions; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Focus does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations.

Nature of Business

Focus is a Canadian mineral exploration and development company incorporated under the *Canada Business Corporations Act*. The Company is engaged in the acquisition, exploration and development of mineral properties principally in Québec, with the aim of discovering commercially exploitable deposits of minerals (primarily graphite, rare earth elements ("REE")). The Company's main focus is to bring the Lac Knife graphite project to production.

Common shares of the Company are listed for trading on the Toronto Stock Exchange Venture Market (''TSX-V'') under the symbol "FMS" and on the OTCQX under the symbol "FCSMF". Focus' corporate office is located at 945 Princess St., Box 116, Kingston, Ontario, K7L 0E9.

Going Concern Assumption

The financial statements accompanied by the management's discussion and analysis have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. During the quarter ended December 31, 2018, the Company incurred a net loss of $1,075,940 (2017 - $989,938) and negative cash flows from operations of $533,147 (2017 - $1,890,613). In addition, the Company has a working capital deficiency of $2,595,121 and a deficit of $42,794,772.

The above factors raise significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management takes into account all

available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses and continue its exploration activities in fiscal 2019, is dependent upon Management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. Failure to obtain additional financing results in material uncertainties that cast significant doubt as to the Company's ability to continue to operate as a going concern.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

Given the current market conditions, there is no assurance that the Company will be successful in raising the additional required funds.

Alternatively, to address its financing requirements and streamline operational costs, Management is considering the following options:

1. Potential sale of part of the Company's equity position in Grafoid Inc. (Focus holds 7,800,000 shares in Grafoid Inc. (`Grafoid`);
2. Potential sale of part or all of the Company's free trading shares in Braille Energy Systems Inc. (formerly Mincom Capital Inc.). (Focus currently has 2,500,000 shares of Braille Energy Systems Inc. ('BESI") (TSX-V: BES (formerly TSX-V: MOI)) which is currently trading at $0.05 (previous close on January 30, 2019;
3. Potential sale or option of the Company's non-graphite related assets including the Eastmain-Léran/Alta Option and Eastmain-Léran Polymetallic properties in the James Bay territory of northern Québec;

The outcome of these measures cannot be predicted at this time and Management's ability to complete these measures will depend on market conditions and its ability to find buyers for these assets. The Company's Board of Directors has approved pursuing these measures.

Corporate Development Highlights

Focus Closes First Tranche of a Non-Brokered Offering for Proceeds of $820,000

On October 3, 2016, the Company announced the closing of the first tranche the non-brokered private placement (the "Offering") for gross proceeds of $820,000. The financing was previously announced on September 27, 2016. The Company issued 8,200,000 units (the "Units") at a price of $0.10 per Unit. Each Unit is comprised of one (1) common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles its holder to purchase one (1) common share at a price of $0.12 per common share until September 30, 2020. No finder's fees were paid in connection with the first tranche of the Offering.

The securities issued in connection with the closing of the first tranche of the Offering were subject to a four-month hold period expiring on January 31, 2017.

An insider of the Company participated in the Offering and subscribed for an aggregate of 8,000,000 Units representing an aggregate amount of $800,000. Participation of insiders of the Company in the Offering constitutes a "related party transaction" as defined under *Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Offering is exempt from the formal

valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to insiders nor the consideration being paid by insiders will exceed 25% of the Company's market capitalization. The Company did not file a material change report 21 days prior to the closing of the Offering as the details of the participation of insiders of the Company had not been confirmed at that time.

On November 30, 2016, the Company announced that it will not proceed with additional closings of the non-brokered private placement of up to 30,000,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of up to $3,000,000 (the "Offering") announced on September 27, 2016 for which the closing of the first tranche was announced on October 3, 2016.

Focus Closes Non-Brokered Private Placement for Proceeds of $700,000

On November 11, 2016, the Company announced the closing of a non-brokered private placement (the "Offering") for proceeds of $700,000. The Company issued 7,000,000 flow-through common shares of the Company (the "Flow-Through Shares") at a price of $0.10 per Flow-Through Share.

In connection with the closing of the Offering, the Company paid cash finder's fees totaling $56,000 and issued 560,000 non-transferable warrants, each warrant entitling the holder to acquire one (1) common share of the Company at a price of $0.20 per common share until November 8, 2020.

The securities issued in connection with the closing of the Offering were subject to a four-month hold period expiring on March 9, 2017.

Focus Closes Private Placement for Proceeds of $212,500

On December 23, 2016, the Company closed a private placement for gross proceeds of $212,500. The private placement was comprised of 2,125,000 units at a price of $0.10 per unit. Each unit is comprised of one common shares and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 until December 23, 2020. In connection with the financing, the Company paid cash finder’s fees totaling $16,000 and issued, as additional consideration, 160,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.10 until December 23, 2018.

Focus and SOQUEM Report High Hydrometallurgical Recoveries of Rare Earth Elements from the Kwyjibo REE Project

On November 21, 2016 the Company and partner SOQUEM Inc. ("SOQUEM") announced the results from the 2014-2015 hydrometallurgical tests conducted on the Kwyjibo Poly-metallic Rare Earth Elements-Copper-Iron-Phosphate Project ("Kwyjibo" or the "Project"), located in the Côte-Nord administrative district of northeastern Québec.

Highlights:

- Relatively simple metallurgical flowsheet, a distinctive feature of the Kwyjibo project among peer rare earth element projects.
- Approximately 90% extraction rate from rare earth concentrate for all rare earth elements for the Magnetitite Mineralization Type ("MM1").
- The plan is to perform an initial Mineral Resource Estimate, followed by a Preliminary Economic Assessment study in 2017-18.

Kwyjibo Rare Earth Project Metallurgical Testwork

The latest hydrometallurgical leaching test program was conducted at Hazen Research in Colorado, USA. The program studied the use of three types of acids (H_2SO_4, HCl and HNO_3) on various types of mineralization and subjected them to a beneficiation flowsheet that was previously developed at COREM, of Quebec City. Hazen Research confirmed an average recovery of 90% of rare earth elements also obtained at COREM and Hazen also measured these high extraction rates under non-optimized leaching conditions.

The Hazen program was conducted on two (2) composite samples that are representative of the two types of mineralization that are characteristic of the northeast portion of the Josette Horizon. The first composite sample of MM1 was taken from HQ-diameter drill core that were split in half from two drill holes (10885-13-61A and 10885-13-69A). The representative MM1 sample is a hydrothermal massive iron formation, with variable amounts of veins containing REE-bearing phosphates and silicates as well as calc-silicate minerals. The second composite sample of Breccia Type ("BR1") mineralization is composed of HQ-diameter drill core splits from three diamond drill holes (10885-13-73A, 10885-13-74A and 10885-13-69A). The representative BR1 sample is characterized by a stockwork of magnetite veins, REE-bearing phosphates and silicates, and calc-silicate minerals in a granitic host rock. Mineralogical studies performed at COREM in 2013 show that REE occur in phosphate (apatite and britholite) and silicate (allanite and kainosite) phases.

Testwork results to date show that silicate concentrates produced from the composite samples leach well with nitric acid and hydrochloric acid. There is therefore no reason to separate the phosphates and silicates that both contain rare earth elements. Extraction using sulfuric acid gave poor results and therefore it was eliminated as a choice for acid leaching.

"From the work performed, it was determined that the differences between the REE extractions for HCl and HNO_3 were minor." [(1)] *Hazen Research,* HYDROMETALLURGICAL WORK FOR KWYJIBO PROJECT, PREPARATION AND LEACHING OF RARE EARTH CONCENTRATES, project 12182, *August 2016*

With the current price of these two types of acids, the use of HCl appears to be a more economical choice when considering operating costs. The following graphs show that the use of a 6 Molar ("6M") concentration of HCl at 90°C, achieved approximately 90% extraction from rare earth concentrate for all rare earth elements for the MM1 Combined and the BR1 mineralization types.

When considering all the mineral beneficiation processing steps previously developed by COREM (grinding, magnetic separation, flotation), followed by the leaching extraction developed by Hazen the non-optimized global recoveries of rare earth elements are described in the following table:

REE Global Non-Optimized Recoveries: Beneficiation + HCl Extractions

Composite Sample	**Global Recovery (%)**										
	Critical REE										
	Y	Pr	Nd	Eu	Tb	Dy	LREE	HREE	HREE+Y	TREE	TREE+Y
MM1	73.9	79.4	78.6	77.4	76.7	75.7	78.8	76.4	74.9	78.5	77.6
BR1	81.1	89.8	88.0	85.6	85.6	86.5	88.8	87.0	87.1	88.5	88.3

LREE (light rare earth elements): La+Ce+Pr+Nd+Sm
HREE (heavy rare earth elements): Eu+Gd+Tb+Dy+Ho+Er+Tm+Yb+Lu
TREE (total rare earth elements): La+Ce+Pr+Nd+Sm+Eu+Gd+Tb+Dy+Ho+Er+Tm+Yb+Lu

The mineral processing flowsheet for the Kwyjibo project will therefore consist uniquely of minimal comminution steps followed by magnetic separation to remove the magnetite. Such a minimal beneficiation flowsheet will simplify operations.

On-going Laboratory Test Program:

The current hydrometallurgical test program ongoing at Hazen research is focused on the leaching of non-magnetic products and the concentration/precipitation of dissolved rare earth elements. Hazen will continue to optimize the process flowsheet by working on the liberation size and grinding, as well as magnetic separation and leaching.

Future Program:

Very encouraging results were obtained with both ore types, but since the in-situ value of the MM1 mineralization type is higher, future efforts will aim to optimize the recovery of REE's from Kwjybo's MM1 mineralization type. That portion of the mineralization is located closer to surface and would potentially be less costly to mine. This combined with the fact that it is much easier to process than the BR1 mineralization type, the consensus was to proceed towards this objective.

After completion of the current testwork program, SOQUEM and Focus Graphite intend to complete an initial Mineral Resource Estimate to be followed by a Preliminary Economic Assessment in 2017-18.

Quality Control and Assurance

Alain Dorval, P.Eng. of Norda Stelo Inc., is an independent Qualified Person as defined by National Instrument 43-101, for the purposes of the mineral processing and laboratory supervision as well as Eric Larochelle, P. Eng. of SMH Process Innovation, who is also an independent Qualified Person as defined by National Instrument 43-101 and both of them have reviewed the technical content of this disclosure.

The Quebec Government Confirms Receipt of Focus' Technical Documents in Support of the Environmental and Social Impact Assessment for its Lac Knife Natural Flake Graphite Project

On November 30, 2016, the Company announced that as part of the ongoing environmental permitting review process, the Ministère du Développement Durable, de l'Environnement et de la Lutte contre les Changements Climatiques ("MDDELCC") of Québec has received supporting documentation regarding the Environmental and Social Impact Assessment ("ESIA") report on the Lac Knife natural flake graphite project submitted in December 2014 (refer to Focus Graphite's news release dated December 1, 2014 available at www.focusgraphite.com).

The ESIA support documentation also includes the Mine Closure Plan. The Mine Closure Plan will continue to evolve prior to and during the projected mine life. Communication with the MDDELCC is ongoing as the permitting process continues towards the planned detailed engineering phase of the Lac Knife project.

Qualified Person

The above scientific and technical information regarding exploration activities as defined in National Instrument (NI) 43-101 s. 1.1, was reviewed and approved by Marc-André Bernier, M.Sc., P.Geo. (Québec and Ontario), a Director of the Company and a Qualified Person under NI 43-101 Standards of Disclosure for Mineral Projects.

Focus Reports 102.1m Grading 10.7% Graphitic Carbon (Cg) from its Infill and Extension Drilling Program at Lac Tetepisca, Québec

On January 20, 2017 the Company announced the results of the 2016 infill and extension drilling program completed on the Lac Tétépisca Graphite Project. The results of 2016 drilling program (18 holes; total: 2,424 m) combined with the results of the maiden core drilling program carried out on the Project in 2014, will form the basis of an initial Mineral Resource Estimate, to be followed by a Preliminary Economic Assessment (PEA).

Highlights:

- In 2016, 18 HQ-diameter holes (total: 2,424 m) were drilled to test the continuity of the graphitic mineralization within the "Manicouagan-Ouest Graphitic Corridor" with respect to the variability of graphitic carbon thickness and grades. Fifteen (15) holes intersected significant graphitic mineralization with grades ranging from 5.6% Graphitic Carbon (Cg) to 19.35% Cg over a minimum true thickness of 6.2 m.

- Best intersection: Hole LT-16-32, drilled at -45 degrees to a depth of 159 m, intersected 102.1 m grading 10.7% Cg (from 42.0 m to 145.15 m (core length: 103.15 m), including:
    - 30.2 m grading 16.7% Cg (from 45.75 m to 76.25 m (core length: 30.5 m); and
    - 13.0 m grading 14.4% Cg (from 100.4 m to 113.5 m (core length: 13.1 m).

- The Manicouagan-Ouest Graphitic Corridor is a linear kilometer-scale geophysical Magnetic (MAG) - Electromagnetic (EM) anomaly that is now drilled-tested over a 1,000 m strike length. The main graphite-bearing zone is 85 m wide on average, with drilling down to approximately 100 m.

The maiden core drilling program conducted on the Manicouagan-Ouest Graphitic Corridor in 2014 intersected significant graphitic mineralization including in hole LT-14-04 which intersected 103.9 m^2 grading 10.25% Cg.

The 2016 drilling program consisted of three fences of drill holes spaced 200 m apart that were designed to test the 600 m southwest extension of the deposit. A fourth fence of holes (Line 2+00N) tested the northeast extension. In the wider central portion of the deposit, five (5) drill holes tested the higher grade portion of the Manicouagan-Ouest Graphitic Corridor on sections that are spaced 100 m apart. The infill drilling has confirmed the continuity of the graphitic mineralization as well as the occurrence of a high-grade zone, and it has provided further representative mineralization material for orientation metallurgical testing that is ongoing.

This second phase of core drilling targeting the Manicouagan-Ouest Graphitic Corridor further indicates the potential for the Lac Tétépisca project (and the Southwest Manicouagan reservoir area) to host a new large volume - high grade natural graphite deposit. Drill intercepts reveal that the highest-grade section of the Manicouagan-Ouest Graphitic Corridor is continuous over a strike length of 1 km and down to approximately 100 m depth. Graphitic grades within this section range from 10 to 13% Cg. The average thickness of the main graphitic horizon is 85 m with a higher-grade zone lying along the eastern edge, stratigraphically above a lower grade zone.

2016 Infill and Extension Drilling Program

The 2016 Lac Tétépisca drilling program was designed by Focus. IOS Services Géoscientifiques ("IOS") of Saguenay, Québec, supervised the drilling campaign. Diamond drilling was performed by Chibougamau Diamond Drilling Ltd. of Chibougamau, Québec. The drill core was logged in the field by IOS, and then shipped to IOS' laboratory facilities in Saguenay for sample preparation for geochemical analysis and storage. Samples were sent to COREM, an ISO/IEC 17025:2005 certified facility located in Québec City,

for graphitic carbon analysis using LECO high frequency combustion method with infrared measurement (code LSA-M-B10). Total sulphur was also analyzed by LECO (code LSA-M-B41).

Quality Assurance / Quality Control

Under the QA/QC program, about 10% of the samples (a total of 131 core samples) were analyzed by COREM for total (code LSA-M-B45), organic (code LSA-M-B58), inorganic (code LSA-M-B11) and graphitic (code LSA-M-B10) carbon as well as for total sulphur (code LSA-M-B41). Duplicates of the same 131 samples were also sent to ACTLABS Laboratories of Ancaster, Ontario (ISO/IEC 17025:2005 with CAN-P-1579) for graphitic carbon (code 5D - C Graphitic) and total sulphur (code 4F - S Combustion infrared detection) determinations and for 35 multi-element analysis using ICP methods (code 1E2 - Aqua Regia). IOS introduced 87 standards, 15 duplicates (sawing, crushing or grinding duplicates) and 91 blank samples into the batch of core sample as part of the QA/QC program.

Focus Graphite Reports a 26% Increase in Measured and Indicated Mineral Resources at its Lac Knife Flake Graphite Project, Quebec

On January 24, 2017, the Company announced an updated Mineral Resource Estimate for its 100%-owned Lac Knife flake graphite project, which was adjusted March 9, 2017. The updated Mineral Resource Estimate is based on 231 drill holes totaling 22,505 metres of historic and recent drilling and has been prepared by AGP Mining Consultants Inc. in accordance with Canadian Securities Administrators' National Instrument 43-101 "Standards of Disclosure for Mineral Projects" (NI 43-101).

Highlights:

- Measured and Indicated Mineral Resources increased by 26% when reported at a cut-off of 3.0% Graphitic carbon (Cg) to 12.1 million tonnes grading 14.64% Cg (Table 1) compared to the previous estimate of 9.6 million tonnes grading 14.77% Cg[1] at the same cut-off (Table 2).
- Upgraded 2.5 million tonnes of Inferred resources to the Indicated category.
- Delineated an additional 2.3 million tonnes of Inferred resources that are located within the southern extension of the Lac Knife deposit.
- The updated Mineral Resource Estimate increased the in-situ graphite content by 25% to 1.771 million tonnes in the Measured and Indicated category.

At the 3% Cg cut-off grade, Measured and Indicated Mineral Resources are now estimated at 12.1 million tonnes grading 14.64% Cg (Table 1). Additionally, there are 2.3 million tonnes of Inferred resources at 16.20 % Cg (Tables 1 and 2).

Table 1. Lac Knife Mineral Resource Estimate @ 3.0 % Cg cut-off

	Tonnage (t)	Cg (%)	In Situ Graphite (t)
Measured	447,000	21.45	96,000
Indicated	11,654,000	14.38	1,675,000
Measured + Indicated	12,101,000	14.64	1,771,000
Inferred	2,299,000	16.20	372,000

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*

- *The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

The update to the Mineral Resource Estimate is based on the addition of the 2014 exploration and definition drilling programs that added 65 new drill holes of which 41 targeted the Lac Knife deposit's southern extension. The additional 4,871 metres of drilling successfully achieved the objectives of delineating the expansion of the mineralized zones to the south and to upgrade the quality of existing Inferred resources to the Indicated category. This resource update is now supported by a total of 231 drill holes totalling 22,505 metres of historic and recent drilling.

As shown in Table 2 below, the resource tonnage increased by 26% in the Measured and Indicated category from 9.6 million tonnes grading 14.77% Cg in the Lac Knife project Feasibility Study[2] ("FEAS") to 12.1 million tonnes grading 14.64% Cg in this new update. This translated to an increase of 25% of in-situ graphite from 1.414 million tonnes to 1.771 million tonnes.

Table 2: Sensitivity to cut-off change and comparison to previous estimate (2014)

		Updated Mineral Resource Estimate (3.0% Cg Cut-off base case)			2014 Mineral Resource Estimate (3.0% Cg Cut-off base case)			Percent Change	
	Cut-off	Tonnes	CG (%)	Cg Tonnes	Tonnes	CG (%)	Cg Tonnes	Tonnage	Graphite
Measured	> 10.0	447,000	21.45	96,000	428,000	23.81	102,000	4%	-6%
	> 5.0	447,000	21.45	96,000	432,000	23.66	102,000	3%	-6%
	> 3.0	447,000	21.45	96,000	432,000	23.66	102,000	3%	-6%
	> 2.0	447,000	21.45	96,000	432,000	23.66	102,000	3%	-6%
Indicated	> 10.0	9,832,000	15.56	1,530,000	7,466,000	15.77	1,177,000	32%	30%
	> 5.0	11,571,000	14.45	1,672,000	9,065,000	14.44	1,309,000	28%	28%
	> 3.0	11,654,000	14.38	1,675,000	9,144,000	14.35	1,312,000	27%	28%
	> 2.0	11,656,000	14.38	1,675,000	9,146,000	14.35	1,312,000	27%	28%
Measured + Indicated	> 10.0	10,272,000	15.82	1,625,000	7,894,000	16.21	1,279,000	30%	27%
	> 5.0	12,018,000	14.71	1,768,000	9,497,000	14.86	1,411,000	27%	25%
	> 3.0	12,101,000	14.64	1,771,000	9,576,000	14.77	1,414,000	26%	25%
	> 2.0	12,103,000	14.64	1,771,000	9,578,000	14.77	1,415,000	26%	25%
Inferred	> 10.0	2,093,000	17.02	356,000	2,196,000	15.81	347,000	-5%	3%
	> 5.0	2,282,000	16.28	372,000	2,941,000	13.75	404,000	-22%	-8%
	> 3.0	2,299,000	16.20	372,000	3,102,000	13.25	411,000	-26%	-9%
	> 2.0	2,299,000	16.20	372,000	3,116,000	13.20	411,000	-26%	-9%

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*
- *The rounding of tonnes as required by NI43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

In the Inferred resource category, the tonnage decreased by 26% from 3.1 million tonnes in the FEAS to 2.3 million tonnes in this resource update. The Inferred resource category average grade increased from 13.25% Cg to 16.20% Cg. This resulted in a reduction of 9% of in-situ graphite in this category from 411,000 tonnes down to 372,000 tonnes. These overall changes in the resources resulted from converting most of the 2.5 million tonnes of Inferred resources in the FEAS resource constraining shell to

the Measured and Indicated categories, and also by extending the deposit to the south adding an additional 2.3 million tonnes of Inferred resources in the revised South Central Zone.

The updated Mineral Resource Estimate is based on 231 core drill holes totaling 22,505 metres of historic and recent drilling. This includes 149 surface drill holes totaling 12,041 metres completed since 2010.

- *Mineral Resources have been reported within a constraining pit shell at a cut-off grade of 3.0% graphitic carbon ("Cg").*

Focus Reports an Adjustment to the Measured and Indicated Mineral Resources at its Lac Knife Flake Graphite Project, Québec, Resulting in a 42% Increase Relative to 2014 Estimate

On March 9, 2017, the Company announced a rectification to the Measured and Indicated mineral resources statement released by the Company on January 24, 2017 on its Lac Knife flake graphite project.

On February 5, 2017, Focus was informed by AGP Mining Consultants that a correction was applied to the classification model which affected the south portion of the resource estimate announced on January 24, 2017. The correction only affected the internal distribution of the Inferred and Indicated resources in the area covered by the latest infill drilling. The grade estimation was not affected by the change.

The 2014 infill drilling program successfully upgraded Inferred resources to the Indicated and Measured categories. The upgraded resources are located to the south and outside of the open pit shell that was used for the 2014 Lac Knife project feasibility study (2) ("FEAS"). In the current FEAS mine plan, any additional tonnage located outside of the FEAS open pit shell design would only be mined and processed after the 25-year mine life.

Following the adjustment made by AGP Mining Consultants, using a 3.0% graphitic carbon (Cg) cut-off, the revised Measured and Indicated resources at Lac Knife now stand at 13.56 million tonnes grading 14.95% Cg (Table 1). This represents a 42% increase in Measured and Indicated resources compared to the 9.576 million tonnes grading 14.77% Cg reported in the 2014 FEAS (Table 2). The adjustment also translates into a 43% increase in graphite tonnes, from 1.414 million tonnes to 2.027 million tonnes (Table 1). Additionally, there are 840,000 tonnes of Inferred resources grading 13.90% Cg (Table 1).

Table 1. Revised Lac Knife Mineral Resource Estimate @ 3.0% Cg cut-off

	Tonnage (t)	**Cg (%)**	**Contained Graphite (t)**
Measured	447 000	21.45	96 000
Indicated	13 112 000	14.73	1 931 000
Measured + Indicated	**13 560 000**	**14.95**	**2 027 000**
Inferred	840 000	13.90	117 000

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*
- *The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

Table 2: Revised Sensitivity to cut-off change and comparison to the 2014 feasibility study

		Updated Mineral Resource Estimate (3.0% Cg Cut-off base case)			2014 Mineral Resource Estimate (3.0% Cg Cut-off base case)			Percent Change	
	Cut-off	Tonnes	Cg (%)	Cg Tonnes	Tonnes	Cg (%)	Cg Tonnes	Tonnage	Graphite
Measured	> 10.0	440 000	21.66	95 000	428 000	23.81	102 000	3%	-7%
	> 5.0	447 000	21.45	96 000	432 000	23.66	102 000	3%	-6%
	> 3.0	447 000	21.45	96 000	432 000	23.66	102 000	3%	-6%
	> 2.0	447 000	21.45	96 000	432 000	23.66	102 000	3%	-6%
Indicated	> 10.0	11 227 000	15.86	1 781 000	7 466 000	15.77	1 177 000	50%	51%
	> 5.0	13 021 000	14.80	1 927 000	9 065 000	14.44	1 309 000	44%	47%
	> 3.0	13 112 000	14.73	1 931 000	9 144 000	14.35	1 312 000	43%	47%
	> 2.0	13 114 000	14.72	1 931 000	9 146 000	14.35	1 312 000	43%	47%
Measured + Indicated	> 10.0	11 667 000	16.08	1 876 000	7 894 000	16.21	1 279 000	48%	47%
	> 5.0	13 468 000	15.02	2 023 000	9 497 000	14.86	1 411 000	42%	43%
	> 3.0	13 560 000	14.95	2 027 000	9 576 000	14.77	1 414 000	42%	43%
	> 2.0	13 561 000	14.95	2 027 000	9 578 000	14.77	1 415 000	42%	43%
Inferred	> 10.0	698 000	15.10	105 000	2 196 000	15.81	347 000	-68%	-70%
	> 5.0	832 000	14.00	116 000	2 941 000	13.75	404 000	-72%	-71%
	> 3.0	840 000	13.90	117 000	3 102 000	13.25	411 000	-73%	-72%
	> 2.0	840 000	13.90	117 000	3 116 000	13.20	411 000	-73%	-72%

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*
- *The rounding of tonnes as required by NI43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

Compared to the model announced on January 24, 2017, the revised model improves the Measured and Indicated resources tonnage by 12% and it contains 14% more graphite tonnes (Table 3). The improvement to the Measured and Indicated resources category is offset by a reduction in the Inferred category amounting to 63% in tonnages and 69% in graphite tonnes.

Table 3: Revised Model Compared to the Previous Announcement on January 24, 2017

	March 2, 2017 Revised resource estimate (3.0% Cut-off)			January 24, 2017 Resource estimate (3.0% Cut-off)				
	Tonnage (t)	**Cg (%)**	**Graphite (t)**	**Tonnage (t)**	**Cg (%)**	**Graphite (t)**	**Percent change - Tonnage**	**Percent change - Contained Graphite**
Measured	447,000	21.45	96,000	447,000	21.45	96,000	0%	0%
Indicated	13,112,000	14.73	1,931,000	11,654,000	14.38	1,675,000	13%	15%
Measured + Indicated	**13,560,000**	**14.95**	**2,027,000**	**12,101,000**	**14.64**	**1,771,000**	**12%**	**14%**
Inferred	840,000	13.90	117,000	2,299,000	16.20	372,000	-63%	-69%

While the grade for the estimated blocks was not affected by the change, there is an apparent minor variation to the average grade of the combined Measured and Indicated categories at the 3% cut-off due to the redistribution of the higher grade Inferred blocks that were converted to Indicated resources.

The updated mineral resource is based on 231 core drill holes totaling 22,505 metres of historic and recent drilling from 2014. This includes 149 surface drill holes totaling 12,041 metres completed since 2010. Mineral Resources have been reported within a constraining pit shell at a cut-off grade of 3.0% Cg.

Qualified Persons

Pierre Desautels, P.Geo. Principal Resource Geologist of AGP Mining Consultants Inc. Qualified Person under NI 43-101 who is independent of the Company, has review and authorized the release of the mineral resource estimates presented herein.

Mr. Marc-André Bernier, M.Sc, P.Geo (Québec and Ontario), a Director of the Company and a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects, has reviewed and approved the technical content of this disclosure.

Focus Reports that Initial Locked Cycle Flotation Tests on Lac Tétépisca Mineralization Achieve 92.7 % Graphite Recovery and Concentrate Grades of 96.2% Carbon for all Flake Sizes Combined

During the year ended September 30, 2017, on February 1, 2017, the Company reported the initial Locked Cycle flotation Test[1] (LCT) results from the Lac Tétépisca Graphite Project. The LCT was performed by SGS Canada Inc. (SGS) on a 155 kg Master composite graphite mineralization sample. Further open circuit cleaner testing was conducted on six variability graphite mineralization samples (total: 108 kg).

Highlights:

- The LCT produced an overall graphite recovery of 92.7% total Carbon[2] (Ct)
- The average grades of the “jumbo” (+48 mesh) and “large” (-48/+80 mesh) flake categories were 95.6% Ct and 95.0% Ct, respectively
- The “medium” sized flakes (-80/+100 mesh) graded 96.3% Ct
- The “fine” flake products (-100/+200 mesh) yielded an average grade of 97.7% Ct
- These initial test results indicate that all concentrate size fractions above 400 mesh have a high carbon grade ranging from 95.0% Ct to 97.8% Ct. High carbon flake graphite concentrates translate into reduced levels of impurities to be removed during the purification process.

The principal objectives of the scoping level metallurgical test program were to design a conceptual flotation flowsheet that can upgrade the Lac Tétépisca graphite mineralization into a concentrate grading at least 96% Ct while minimizing flake size degradation.

The conceptual flowsheet was developed using results from a series of 14 flotation tests and the closed-circuit performance was evaluated in a LCT. The flotation test program was completed on a 155 kg Master composite and six variability samples (total: 108 kg) originating from representative Lac Tétépisca graphite mineralization. The LCT produced an overall graphite recovery of 92.7% at a combined concentrate grade of 96.2% Ct.

The flake size distribution in the concentrate that was generated in the LCT using the 2016 Master composite is presented in Table 1. A total of 17.2% of the concentrate mass reported to the "jumbo" flake category (+48 mesh). The "large" flake category (-48/+80 mesh) contained 20.5% of the concentrate mass. Another 7.9% of the mass reported to the "medium" flake size fraction (-80/+100 mesh) (Table 1).

The finer flake size distribution classes (+400/-100 mesh) also reported carbon grades above 95% Ct.

Table 1: Lac Tétépisca concentrate flake size distribution and total carbon (Ct) grades.

Category	**Size Fraction**	**Size Fraction**	**Weight**	**Assays**	**Distribution**
	Mesh	**Microns**	**%**	**% Ct**	**% Ct**
Jumbo	+32 mesh	+500	4.2	95.8	4.1
	+48 mesh	+300	13.0	95.6	12.9
Large	+65 mesh	+212	13.5	95.0	13.4
	+80 mesh	+180	7.0	95.0	6.9
Medium	+100 mesh	+150	7.9	96.3	7.9
Fine	+150 mesh	+106	13.0	97.8	13.2
	+200 mesh	+75	15.4	97.7	15.7
Very Fine	+325 mesh	+45	15.8	96.7	15.9
	+400 mesh	+38	3.6	95.2	3.6
	-400 mesh	-38	6.6	92.9	6.4
		Total:	**100.0**		**100.0**

A total of six variability composites ranging from low-grade disseminated material grading 3.81% graphitic carbon (Cg) to high-grade massive mineralization grading 22.3% Cg produced consistent metallurgical results when subjected to the developed flowsheet conditions.

The combined concentrate grades for the six variability samples ranged from 95.4% Ct to 97.8% Ct with open circuit graphite recoveries of 84.9% to 91.6%.

The mass recovery into the "large" and "jumbo" flake categories for the six variability composites ranged between 31.8% for the massive mineralization composite, to 62.0% for the low-grade disseminated composite.

Qualified Person

The information pertaining to the metallurgical test program completed by SGS that is presented in this disclosure has been reviewed and approved by Mr. Oliver Peters, M.Sc., P.Eng., MBA, Consulting Metallurgist for SGS Canada Inc. and Principal Metallurgist of Metpro Management Inc. 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.

Mr. Marc-André Bernier, M.Sc., P.Geo. (Québec and Ontario), a Director of the Company and a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects, has reviewed and approved the technical content of this news release relating to the Lac Tétépisca project metallurgical test results.

Focus Holds First Closing of a Non-Brokered Private Placement for $937,015

On March 7, 2017, the Company announced that it closed the first tranche of its non-brokered private placement to raise aggregate maximum gross proceeds of $1.5 million by issuing 20,000,000 units at $0.075 per unit. The financing was subsequently increased to $2.5M. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share of Focus at an exercise price of $0.10 for a period of 48 months. The Company raised gross proceeds of $937,015 by issuing an aggregate of 12,493,536 units. The net proceeds from the sale of the units will be added to Focus' working capital.

In connection with the first closing of the private placement, Focus paid a cash sales commission to Secutor Capital Management Corporation in an amount of $70,761. In addition, Focus granted broker warrants to Secutor Capital Management Corporation and another securities dealer entitling the holders to acquire up to 934,482 additional common shares of Focus. The broker warrants may be exercised at a price of $0.10 per share for a period of four years.

Focus Announces Second Closing of Private Placement for $438,833

On March 29, 2017, the Company announced that it closed the second tranche of its non-brokered private placement previously-announced March 7, 2017. The Company raised gross proceeds of $438,833 and issued 5,851,103 units at $0.075 per unit. As previously disclosed, each unit consisted of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share of Focus at an exercise price of $0.10 for a period of 48 months.

Following the close of the second closing, Focus raised total proceeds of $1,375,847 in the private placement. In connection with the second closing of the private placement, Focus paid finder's fee in the aggregate amount of $33,107. In addition, Focus issued broker warrants entitling to acquire up to an aggregate of 441,422 additional common shares of Focus at a price of $0.10 per share until March 24, 2021.

Focus Announces Third Closing of Private Placement for $1,113,525

On April 25, 2017, the Company announced that it closed the third and final tranche of its previously-announced non-brokered private placement at which it issued an aggregate of 14,847,001 units at a price of $0.075 per unit, for gross proceeds of $1,113,525. Each of the units consisted of one common share in the capital of Focus and one common share purchase warrant. Each warrant entitled its holder to purchase one additional common share of Focus at an exercise price of $0.10 until April 21, 2021.

As a result of the third closing, Focus raised total proceeds of $2,489,372 in the private placement. The net proceeds from the sale of the units will be added to Focus' working capital.

In connection with the third closing of the private placement, Focus paid finder's fee in the aggregate amount of $46,000. In addition, Focus issued non-transferable broker warrants entitling to acquire up to an aggregate of 613,333 common shares of Focus at a price of $0.10 per share until April 21, 2021.

Focus Announces a Non-Brokered Private Placement to Raise $5M

On June 6, 2017 the Company announced its non-brokered private placement to raise $5million by issuing 66,666,666 units whereby each unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share of Focus at an exercise price of $0.10 for a period of 48 months.

First Closing of a Non-Brokered Private Placement for $236,250

On June 6, 2017, the Company announced it closed the first tranche of the financing and raised gross proceeds of $236,250 by issuing an aggregate of 3,150,000 units at a price of $0.075 per unit. The net proceeds will be used for working capital.

Second Closing of a Non-Brokered Private Placement for $154,000

On July 20, 2017, the Company announced it closed the second tranche of its non-brokered private placement and raised gross proceeds of $154,000 by issuing 2,053,333 units at a price of $0.075 per unit.

Third Closing of a Non-Brokered Private Placement for $375,000

On August 8, 2017, the Company announced it closed the third tranche of its non-brokered private placement and raised gross proceeds of $375,000 by issuing 5,000,000 units at a price of $0.075 per unit. In connection with this closing, the Company paid cash finder’s fees totaling $26,250 and issued 350,000 non-transferable warrants, each warrant entitling the holder to acquire one (1) common share of the Company at a price of $0.10 per common share until August 8, 2021.

Fourth Closing of a Non-Brokered Private Placement for $2,992,500

On August 15, 2017, the Company announced it closed the fourth tranche of its non-brokered private placement and raised gross proceeds of $2,992,500 by issuing 38,966,667 units at a price of $0.075 per unit.

Focus Closes Non-Brokered Flow-Through Private Placement

On June 20, 2017, the Company announced the closing of a non-brokered private placement for proceeds of $1,050,000 by issuing 11,666,666 flow-through common shares at $0.09 per Flow-Through Share.

In connection with the closing of the Offering, the Company paid cash finder's fees totaling $76,000 and issued 844,444 non-transferable warrants, each warrant entitling the holder to acquire one (1) common share of the Company at a price of $0.09 per common share until June 20, 2019.

Focus Announces Resignation of Vice-President of Development

In June 2017, the Company also announces that Mr. Jeff Hussey resigned as Vice-president of Development, to pursue another career opportunity.

Focus Announces a Non-Brokered Private Placement for $2,500,000

On August 29, 2017 the Company announced that it intends to complete a non-brokered private placement of up to 33,333,333 units at a price of $0.075 per unit, for gross proceeds to Focus of up to $2,500,000. Each of the units will consist of one common share in the capital of Focus Graphite and one common share purchase warrant. Each warrant will entitle its holder to purchase one additional common share of Focus at an exercise price of $0.10 for a period of 48 months.

The net proceeds from the sale of the units will be added to Focus' working capital.

First Closing of a Non-Brokered Private Placement for $75,000

On September 26, 2017 the Company announced that it has held a first closing of a non-brokered private placement at which it issued an aggregate of 1,000,000 units at a price of $0.075 per unit, for gross proceeds to Focus of $75,000. Each of the units consists of one common share in the capital of Focus and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share of Focus at an exercise price of $0.10 for a period of 48 months.

The net proceeds from the sale of the units will be added to Focus' working capital.

Second and Final Closing of a Non-Brokered Private Placement for $2,077,500

On October 5, 2017, the Company announced that it has received all the necessary regulatory approvals to complete the previously announced additional $2,077,500 subscription (see news release dated September 26, 2017 for more details). Therefore, as part of a second and final closing of its previously announced non-brokered private placement (the "Offering"), Focus has issued 27,700,000 units at a price of $0.075 per unit for gross proceeds of $2,077,500. Each unit consists of one common share in the capital of Focus and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common share of Focus at an exercise price of $0.10 until October 4, 2021.

Focus Reports Excellent Long Term Cycling Results from Its Testing of Lac Knife High Purity Spherical Coated Graphite; Lithium-Ion Batteries Show Zero Capacity Loss After 250 Cycles

Testing Indicates Potential to Exceed 2000 Cycles in Automotive Batteries

On September 28, 2017 the Company announced excellent results from ongoing independent laboratory tests comparing long term cycling performance of Lac Knife surface coated spherical crystalline fine flake graphite against commercially competitive standard grades of coated crystalline flake graphite in the anodes of CR2016 coin cells.

Infographics accompanying this announcement are available at:

http://www.globenewswire.com/NewsRoom/AttachmentNg/63ecfd7b-5659-4767-940d-98fe16779805

http://www.globenewswire.com/NewsRoom/AttachmentNg/7a1cf37e-0e35-4f61-983e-995b8e62086e

The results presented are a follow up from data presented in Focus' November 25, 2015 news release where similar tests were run on Lac Knife' standard grade spherical graphite. Those tests exhibited essentially zero loss in capacity after 110 cycles versus two commercially competitive grades that showed losses of 4.4% and 6.4% over the same number of cycles.

Testing was conducted at a globally recognized laboratory in Europe. The name of the laboratory is being withheld because of commercial and competitive confidentiality.

Ongoing Life Cycle Testing

During the year ended September 30, 2018, on November 25, 2017 Focus Graphite published data showing that its Lac Knife Standard Grade of uncoated and coated spherical graphite exhibited essentially zero loss in capacity after 110 cycles versus two commercially competitive grades that showed losses of 4.4% and 6.4% over the same number of cycles.

In a presentation to the International Battery Seminar in Fort Lauderdale, Florida on March 26, 2017, Dr. Joseph Doninger, Focus' Director of Manufacturing and Technology presented long term cycling test results showing that the zero loss in capacity of the Standard Grade of coated spherical graphite lasted for 250 cycles and showed a loss of only 4.5% in capacity after 570 cycles compared with losses of 11.7% after 440 cycles and 10.5% after 510 cycles for a competitive supplier's coated spherical graphite.

He said that projecting these results suggests that Lac Knife's coated SPG could last beyond 2000 cycles in full sized batteries.

The purpose of its ongoing battery materials testing efforts is to validate the commercial viability of the high purity crystalline flake graphite recovered from its Lac Knife deposit, and to demonstrate that Lac Knife graphite holds the potential to improve the performance of anodes in Lithium Ion batteries (refer to May 27th, 2014 and February 26th, 2015 News Releases).

The properties of the flake graphite recovered from the Lac Knife high quality and high carbon content graphite deposit, allow for the recovery of concentrate that grades 98% C even in the finer size fractions down to 200 mesh (75 microns) that are usually the most difficult products to sell. This holds the potential for Focus to create a high-margin business opportunity by providing customers with a finer grade, lower cost, value-added graphite product.

Battery manufacturers require a cost competitive alternative to current sources of synthetic and natural flake graphite. China produces the majority of the world's purified SPG, using methods generally regarded as environmentally unsustainable.

Presentation of Data:

All Lac Knife flake graphite materials tested were purified, spheronized and sized for application in the anodes (negative electrodes) of Lithium-Ion batteries. The anodes for all samples tested consisted of 90% graphite, 7% PVDF binder and 3% carbon black and a copper coil current collector with a thickness of 20 microns. All cells were assembled and tested in a CR2016 coin cell configuration prepared with 1M LiPF6/EC/DMC electrolyte and lithium foil counter electrodes. The coin cells were then cycled between 0.003 and 1.5 volts. Formation was carried out with C/10 current density and cycling was carried out with the same voltage limits at C/10. To evaluate the cycling performance, half cells made with the lithium metal counter electrode were charged and discharged at a relatively low current density and cycled galvanostatically at a C/10 rate until the limit of the test was reached.

Focus is currently engaged in battery testing with more than 20 potential end-users and seven universities and government laboratories.

Focus has established a recent history of technological successes by designing processes leading to superior performing coated spherical graphite for use in battery anodes and high performing expanded graphite for use in Li-Ion battery cathodes.

The Company's proprietary, low temperature process, developed by its technical team headed by Dr. Doninger, is believed to be more efficient than very high temperature thermal purification and is suitable for the removal of specific types of impurities found in the Lac Knife graphite deposit.

The path from graphite product development to the battery manufacturers' testing labs is a lengthy, multi-step process.

Staged R&D testing is a prerequisite to the sale, or offtake, of any manufactured graphite for use in lithium-ion, alkaline and lead-acid batteries in the automobile, consumer, medical equipment, tools, hand-held industrial devices and aviation manufacturing industries or with military equipment suppliers.

Qualified Person

Dr. Joseph Doninger, Focus Graphite's Director of Technology and Manufacturing is the Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - has reviewed and approved the technical content of this news release. Dr. Doninger is an internationally recognized graphite processing expert and himself, the inventor of a number of patents and an author of over 27 technical papers and presentations related to graphite processing and the use of graphite in energy storage systems. Dr. Doninger is a co-editor on the NATO Science Series book titled "New Carbon Based Materials for Electrochemical Energy Storage Systems". Dr. Doninger is also an Honorary Professor at the Department of Chemistry from the Kiev National University of Technologies and Design.

Focus and SOQUEM Launch Preliminary Economic Assessment of their Kwyjibo Rare Earth Element Project in Northern Québec – Met-Chem Selected to Conduct Study

On October 2, 2017, the Company and its partner SOQUEM Inc. ("SOQUEM") announced that they have engaged Met-Chem of Montréal, a division of DRA Americas Inc ("Met-Chem/DRA"), to undertake a Preliminary Economic Assessment (PEA) of their Kwyjibo Polymetallic-Rare Earth Elements (REE) **–** Copper-Iron-Phosphate project ("Kwyjibo" or the "Project"), located in the Côte-Nord administrative district of northeastern Québec.

Preliminary Economic Assessment of the Kwyjibo project

The PEA will be based on promising hydrometallurgical test results from lab-scale work being conducted at Hazen Research Inc. of Golden, Colorado. On November 21, 2016, Focus and SOQUEM announced results from the 2014-2015 chemical leaching test work program conducted on two composite drill core samples from the Magnetite and Lower Breccia zones of the Josette horizon. The tests and subsequent purification steps are supervised by Mr. Eric Larochelle, P. Eng., a metallurgical consultant part of Met-Chem/DRA's team of experts.

Highlights of that test work included:

- A distinct and relatively simple metallurgical flowsheet when compared with those of peer rare earth element projects
- A very high leach extraction rate of approximately 90% from rare earth concentrate for all rare earth elements for the massive Magnetite Mineralization Type ("MM1")

Met-Chem/DRA commenced work on the PEA on August 1, with a view to completion of its report by late 2017 or early 2018.

Qualified Persons

Mr. Daniel M. Gagnon, P.Eng, FCIM, Senior Vice-President Mining, Geology, Met-Chem/DRA, a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects has reviewed and approved the technical content of disclosure.

Mr. Eric Larochelle, P.Eng., President of SMH Process Innovation, an independent consultant to Met-Chem/DRA responsible for the hydrometallurgical program and a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects has read and approved the hydrometallurgical technical information contained in this news release.

Mr. Marc-André Bernier, M.Sc, P.Geo (Québec and Ontario), a Director of the Company and a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects, has reviewed and approved the non-technical content of this disclosure.

Focus Introduces Its New "Superfine Grade" of Coated Spherical Graphite for Lithium Batteries to the International Battery Industry

On October 10, 2017, the Company announced the introduction of a Superfine Grade of coated spherical graphite product sourced from its Lac Knife Graphite Project.

The Company's manufacturing accomplishment was achieved under the direction of Dr. Joseph Doninger, Focus' Director of Manufacturing and Technology, and follows the Company's original May 27, 2014 announcement of the development of its premium standard (medium) and fine battery grades, and; its subsequent August 8, 2016 announcement of the successful purification of Lac Knife's fine grade material to 99.99% purity which is shown in the following Scanning Electron Microscope (SEM) photomicrograph of a flake of purified Lac Knife graphite.

A photo accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/19dd47dc-41c8-4ce1-b62a-2db97d76a1ae

As previously disclosed, Focus new Superfine Grade graphite product development was first presented to the 34th International Battery Symposium (IBS) in Fort Lauderdale, Florida, by Dr. Doninger on March 21, 2017.

Highlights include:

- Market introduction of Focus' first Superfine coated spherical graphite
- Enlarges Company's potential customer base
- Expands Focus' value-added product range

Focus' development and introduction of a Superfine Grade to the battery market represents a milestone in the Company's ongoing efforts to continuously improve its products to meet industry demands and are intended for use in various lithium-ion battery applications. The first cycle Galvanostatic curves in Figure 1 show that the new Superfine Grade of spherical graphite has a very high reversible capacity of 360 mAh/g and low first cycle loss of only 1.19%.

An infographic accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/16fab8d7-641a-4f69-8050-dd479b12f773

A photo accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/494ef0f5-0b43-44e9-8593-6728e2c7b8b9

The particle size distribution curves for the new Superfine Grade of spherical graphite are compared with the Standard and Fine Grade curves in Fig. 2 and show that Focus now offers a wide range of particle sizes to meet the demands of the battery industry.

An infographic accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/42ef4124-58ad-4c16-9245-89b15aa59222

Dr. Doninger noted that the high Reversible Capacity of 360 mAh/g, low Irreversible Capacity Loss of 1.19% and low surface area of 0.89 m^2/g for the new Superfine Grade of spherical graphite compare very favorably with the Lac Knife's Standard and Fine grades introduced in 2014 as shown in Table 1.

A table accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/8a5bd647-8eb4-4700-9f9e-5893dce130f9

The Company knows of no other junior graphite developer today with a deposit capable of competitively converting their fine flake component to battery grade production. Focus Graphite President and Chief Executive Officer Gary Economo said the Company's ongoing R&D and materials testing aims to position Focus as a commercially competitive and important source of new graphite products for next generation energy storage and production.

Focus is currently engaged in battery testing with more than 20 potential end-users and seven universities and government laboratories.

As a technology graphite developer, Focus is deeply engaged in R&D and development of graphite concentrate and value-added products for a low carbon economy.

Focus has established a recent history of technological successes by designing processes leading to superior performing coated spherical graphite for use in battery anodes and high performing expanded graphite for use in Li-Ion battery cathodes.

The Company's proprietary, low temperature process, developed by a Focus Graphite technical team headed by Dr. Doninger, is believed to be more efficient than very high temperature thermal purification and is suitable for the removal of specific types of impurities found in the Lac Knife graphite deposit.

Focus' low temperature process versus conventional very high temperature purification processes obviates the use of large amounts of energy - one of the largest single cost components of graphite purification.

Focus has acquired an intimate understanding of both the future needs of the battery manufacturing sector and trends in that sector as a long-standing Board Member of Chicago-based NAATBatt International (the National Alliance for Advanced Transportation Batteries).

Holding the ability to purify Lac Knife's fine flakes expands the company's potential to sell substantially more of the graphite extracted from Lac Knife into high-value, high-tech applications instead of approximately 30 percent being sold for lower value industrial applications.

The path from graphite product development to the battery manufacturers' testing labs is a lengthy, multi-step process.

Staged R&D testing is a prerequisite to the sale, or offtake, of any manufactured graphite for use in lithium-ion, alkaline and lead-acid batteries in the automobile, consumer, medical equipment, tools, hand-held industrial devices and aviation manufacturing industries or with military equipment suppliers.

Qualified Person

Dr. Joseph Doninger, Focus Graphite's Director of Technology and Manufacturing is the Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - and has reviewed and approved the technical content of this news release. Dr. Doninger is an internationally recognized graphite processing expert and himself, the inventor of a number of patents and an author of over 27 technical papers and presentations related to graphite processing and the use of graphite in energy storage systems. Dr. Doninger is a co-editor on the NATO Science Series book titled "New Carbon Based Materials for Electrochemical Energy Storage Systems." Dr. Doninger is also an Honorary Professor at the Department of Chemistry from the Kiev National University of Technologies and Design.

Focus Unveils Its Highly Conductive Ultrafine and Expanded Graphites For Battery Cathodes Creating a Complete Line of Value-Added Lac Knife Graphite Products for Lithium-Ion and Alkaline Batteries

Testing Indicates Electrical Conductivity of Lac Knife's Ultrafine and Expanded Graphites Outperform Commercially Available Synthetic and Standard Flake Graphites by up to a Factor of 10

On October 18, 2017, the Company announced that ongoing independent testing of its new ultrafine grades of flake graphite and expanded, natural flake graphite from its Lac Knife, demonstrate up to 10 times the electrical conductivity over standard grades of synthetic and natural graphite used in Li-Ion and Alkaline battery cathode applications.

Focus' new superfine grades of flake graphite and the ultrafine grades of expanded graphite were first presented at the 34th International Battery Symposium (IBS) in Fort Lauderdale, Florida, by Dr. Joseph Doninger, Focus' Director of Technology and Manufacturing on March 21, 2017. (The complete technical presentation entitled *"Advances in the Performance of Lac Knife Natural Flake and Expanded Graphite in Electrochemical Power Sources*" can be accessed by following the link)

Dr. Doninger's presentation also included the introduction of the Company's Superfine Coated Spherical Graphite product to add to its standard and fine grades developed previously and an update on long-term battery cycle testing.

The Company's latest achievements are an extension to Dr. Doninger's developmental efforts first reported on March 31, 2016 at the 33rd International Battery Seminar. That initial publication of expanded graphite test results demonstrated that the expanded Lac Knife flake graphite produced nearly doubled the electrical conductivity of the cathode mix when compared with the standard competing grades of synthetic and flake graphites.

Expanded graphite is a form of processed natural crystalline flake, featuring dramatically improved electrical conductivity in cathode mixes. Delaminated expanded flake is also preferable to conventional air-milled flake and/or premium quality synthetic graphites when higher conductivity properties are desired.

A U.S. based independent battery testing conducted the scientific investigations and testing. The identity of that facility has been withheld for commercially competitive reasons.

The Company intends to continue its long-term cycling testing to 1000 cycles, develop new grades spherical graphite for use in high power applications; develop silicon modified graphite for high capacity applications, and; continue its development of Lac Knife expanded graphite for use in battery cathodes.

Qualified Person

Dr. Joseph Doninger, Focus Graphite's Director of Technology and Manufacturing is the Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - has reviewed and approved the technical content of this news release. Dr. Doninger is an internationally recognized graphite processing expert and himself, the inventor of a number of patents and an author of over 27 technical papers and presentations related to graphite processing and the use of graphite in energy storage systems. Dr. Doninger is a co-editor on the NATO Science Series book titled "New Carbon Based Materials for Electrochemical Energy Storage Systems". Dr. Doninger is also an Honorary Professor at the Department of Chemistry from the Kiev National University of Technologies and Design.

Focus Graphite Creates a 613 Ah/Kg Reversible Capacity Silicon-Enhanced Graphite Anode for Li-Ion Batteries – Nearly Doubling Theoretical Capacity of 372 mAh/Kg

On October 26, 2017, the Company announced it has developed a silicon-enhanced graphite anode for next generation lithium-ion batteries.

Testing in CR2016 coin cells showed the Company's initial efforts to introduce nano-sized silicon into Lac Knife spherical graphite anode materials were successful in nearly doubling the capacity of Lithium-Ion batteries currently using synthetic and standard flake graphite in the anode mix.

Dr. Joseph Doninger, Focus Director of Manufacturing and Technology – who headed the testing program – said the testing results pushed performance well beyond the prescribed limits of theoretical reversible capacity of 372 Ah/kg for lithium-ion battery cells.

In a February 25, 2015 news release, the Company announced its spherical graphite (SPG) exhibited superior performance in coin cells when compared with commercial grades of synthetic graphite. This data is shown in Figure 1, link below:

Figure 1. http://www.globenewswire.com/NewsRoom/AttachmentNg/46e31f86-4cdf-4ea8-8c97-d0b8e0d2f059

As shown, Focus Graphite's carbon coated fine grade of spherical graphite (SPG) at a reversible capacity of 366 Ah/kg is very close to the theoretical limit of 372 Ah/kg achievable with graphite. In addition, coin cells made with the two commercial grades of synthetic graphite achieved reversible capacities of only 345 and 347 Ah/kg, about 6% lower in capacity than the Lac Knife SPG. However, both the excellent performance of the Focus SPG and the commercial grades of synthetic graphite used in the anode have almost half of the capacity achieved with the new Focus silicon-enhanced Lac Knife SPG.

With pure silicon alone used as the anode material, theoretical reversible capacities as high as 4200 Ah/kg are possible. However, there is a serious problem with using silicon in that it swells and contracts as much as much as 400% during the lithiation and de-lithiation process that occurs during cycling. This results in the formation of an unstable anode and hence an unusable lithium-ion battery. Much work has been reported in the literature to add lithium to the graphite used in the anodes but continuing stability problems caused by the swelling of the silicon have held back its development.

Dr. Doninger explained that Focus Graphite has developed a process that addresses this problem and as indicated in Figure 2 below, with the addition of 18 wt. % silicon nanoparticles into our Lac Knife SPG, we

have shown the possibility of achieving a reversible capacity value of 613 Ah/kg – almost twice the capacity of the commercially available grades of synthetic graphite and our standard Lac Knife spherical graphite.

Figure 2. http://www.globenewswire.com/NewsRoom/AttachmentNg/eecb53bd-2725-4e04-81a7-a0a4fd975851

This data was presented at the 30th International Electric Vehicle Symposium and Exhibition held from October 9 to 11, 2017, in Stuttgart, Germany. A copy of the paper presented is available on the Focus website via the following link: Electrochemical Performance of Lac Knife Natural Crystalline Flake Graphite from Quebec, Canada in Lithium Ion Batteries.

As shown above, a reversible capacity of 613 Ah/kg was achieved with the Lac Knife silicon-enhanced SPG at a C/20 rate after the first cycle which is the same charging rate that was used in the coin cell tests run on the synthetic and Lac Knife graphite anode materials shown in Figure 1. Although the irreversible capacity loss (ICL) after the first cycle was 26.4% compared to 0.7% for the untreated SPG, the high reversible capacity achieved with the silicon-enhanced SPG indeed is quite remarkable particularly since these tests were conducted on an uncoated grade of spherical graphite.

Additional testing is being planned to optimize both the formulations and process used to produce the silicon-enhanced Lac Knife SPG. These tests, along with coating the SPG with carbon to cushion the swelling that can occur due to the presence of silicon in the graphite, should result in further increases in the reversible capacity and decreases in the irreversible capacity loss.

The following figures provide a partial overview of the scope of Focus Graphite's silicon-doped graphite anode test project results.

Figure 3. http://www.globenewswire.com/NewsRoom/AttachmentNg/668f3aaf-526b-4703-8a17-878bcddc5ff1

Figure 4. http://www.globenewswire.com/NewsRoom/AttachmentNg/25395abf-bad9-49e4-ad74-95f4334a2bde

Qualified Person

Dr. Joseph Doninger, Focus Graphite's Director of Technology and Manufacturing is the Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - has reviewed and approved the technical content of this news release. Dr. Doninger is the developer and co-developer of a number of U.S., European and Canadian patents related to carbon processing methodologies and processing equipment. Also, a chemical engineer, Dr. Doninger is the author and co-author of some two dozen technical papers and studies related to graphite composite anodes; carbon-based materials for electrochemical energy storage systems; advanced graphite for Lithium-ion batteries and other related publications.

Focus' Non-Brokered Flow-Through Private Placement Raised $3,492,048

During the quarter ended December 31, 2017, Focus raised a total of $3,492,048 gross proceeds in three tranches through a non-brokered flow-through private placement. A total of 43,650,600 Flow-Through Shares were issued in the financing at $0.08 per Flow-Through Share.

First Closing of a Non-Brokered Flow-Through Private Placement for $1,290,000

On November 7, 2017, the Company announced a first closing of a non-brokered private placement. It issued an aggregate of 16,125,000 flow-through common shares at a price of $0.08 per Flow-Through Share, for gross proceeds of $1,290,000.

In connection with the closing of the Offering, the Company paid cash finder's fees totalling $60,000.

A director and an officer of the Company purchased a total of 2,500,000 Flow-Through Shares. Their participation under the Offering constitutes a "related party transaction" as defined under National Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("NI 61-101"). However, such participation is exempt from the valuation and minority shareholder approval requirements of NI 61-101 based on the fact that neither the fair market value of the Offering, nor the consideration paid by such person, exceeds 25% of the Company's market capitalization. The Company did not file a material change report at least 21 days prior to the closing of the private placement as participation of the insiders had not been established at that time.

Second Closing of a Non-Brokered Flow-Through Private Placement for $1,952,048

Following an increase of the gross proceeds that may be raised through this financing, on December 20, 2017, the Company announced the second closing. It raised $1,952,048 in gross proceeds by issuing an aggregate of 24,400,600 flow-through common shares. In connection with the closing of the FT Offering, the Company paid cash finder's fees totalling $114,123.

Third Closing of a Non-Brokered Flow-Through Private Placement for $250,000

On December 29, 2017, the Company announced the third and final closing of the private placement at which it issued an aggregate of 3,125,000 flow-through common shares at a price of $0.08 per Flow-Through Share, for gross proceeds of $250,000. In connection with the closing of the FT Offering, the Company paid cash finder's fees totalling $15,000.

Focus Launches Phase III Drilling at its 100%-owned Lac Tétépisca Flake Graphite Project, Québec - 38 Holes Planned (total: 5,750 m)

On November 20, 2017, the Company announced the commencement of Phase III drilling at its wholly owned Lac Tétépisca Flake Graphite Project located southwest of the Manicouagan reservoir in the Côte-Nord administrative region of Québec. Phase III drilling continues to target the "Manicouagan-Ouest Graphitic Corridor" (MOGC), a 2.0 km-long graphite bearing structure mapped by the Company through prospecting, mechanical trenching and combined ground magnetic (MAG)-EM geophysical surveying from 2012 to 2014.

Phase I drilling conducted in 2014 tested a 600-m section of the MOGC with 16 holes (total: 1,873 m) positioned along four sections spaced 200 m apart. In 2016, the Company completed a second phase of infill and extension drilling on the MOGC which included 18 HQ-diameter holes (total: 2,424 m) drilled along four fences, completing the 200-m line spacing pattern in the extent of the MOGC, plus five (5) additional infill holes drilled at a 100-m spacing between 2014 fences. Fifteen (15) holes from the Phase II program intersected significant graphitic mineralization with grades ranging from 5.6% graphitic carbon (Cg) to 19.35% Cg over a minimum true thickness of 6.2 m (refer to Focus news release dated January 20, 2017, available at www.focusgraphite.com).

Phase III drilling commenced on November 17 using two drills rigs. Thirty-eight (38) HQ-diameter holes are planned (total: 5,750 m). The drilling is designed to further test the continuity, thickness and grade of the main graphitic mineralization within the MOGC at a 50-m hole spacing over a segment of 0.9 km and down

to a vertical depth of 150 m. The large diameter drilling is also designed to provide graphite mineralization material to continue with pilot plant metallurgical testwork.

The fall 2017 exploration program at Lac Tétépisca is designed and operated by IOS Services Géoscientifiques of Chicoutimi, Québec, under the supervision of the Table Jamésienne de Concertation Minière (TJCM) of Chibougamau, Québec. The core drilling contractor is Chibougamau Diamond Drilling Ltd. of Chibougamau, Québec. Focus has earmarked a budget of $1.35 million for the fall exploration program.

Sample preparation will be provided by IOS, while assaying will be provided by the Consortium de Recherche en Traitement de Minerais (COREM) of Québec City. All core will be assayed for graphitic carbon and total sulfur, with an additional 10% of all samples to be assayed for total carbon, inorganic carbon, organic carbon and metallic trace elements. Quality control, monitored by an IOS chemist, will consist of 15% reference materials, including blank samples, certified and internal reference material, as well as 10% duplicates to be assayed by Activation Laboratories of Ancaster, Ontario.

Qualified Persons

Mr. Réjean Girard, P.Geo., President of IOS Services Géoscientifiques Inc. and a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - has reviewed and approved the technical content of disclosure.

Mr. Marc-André Bernier, M.Sc, P.Geo. (Québec and Ontario), a Director of the Company and a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects, has reviewed and approved the non-technical content of this disclosure.

Focus Announces Unit Offering to Raise $1M

On December 15, 2017, the Company announced a unit offering for total gross proceeds of up to $1 million. The Offering consists of up to 12.5 million units at a price of $0.08 per Unit. Each Unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.12 per share for a period of 36 months following the closing date. The Unit Offering is subject to regulatory approval.

On December 20, 2017, Focus announced the close of this financing that raised gross proceeds of $600,000 by issuing 7,500,000 units at a price of $0.08 per Unit. In connection with the closing of the Unit Offering, the Company paid cash finder's fees totalling $36,000.

Focus Formalizes Marketing Arrangement with Grafoid Inc.

On March 13, 2018, Focus announced it has executed a formal Marketing Agreement with Grafoid. Under the terms of the Marketing Agreement, Focus engaged Grafoid to provide marketing and product development and related services using its technical and industry knowledge and expertise. Grafoid will (i) provide marketing and product development and related services for Focus' business projects (including the Lac Knife crystalline flake graphite deposit); (ii) assist in the development of offtake agreements with third parties; (iii) assist in the technological development of graphite products; (iv) assist Focus in its efforts to secure a $175-million financing to be used for capital expenditure funding to support the Lac Knife project; and (v) provide other services as may be agreed upon between the parties. Terms of the financing have not yet been determined. The Marketing Agreement is subject to applicable regulatory approval.

The Marketing Agreement formalizes the arrangement between the parties that has been in effect since October 1, 2017, and will continue until terminated. Focus will pay Grafoid $200,000 per month for the services provided, as well as a 3% success fee for completing the $175-million capital expenditure financing. Either party may terminate the Marketing Agreement upon 30 days' written notice.

Focus Graphite and SOQUEM Announce Positive PEA for the Kwyjibo REE Project in Québec

On June 28, 2018, the Company released the results of the Preliminary Economic Assessment ("PEA") for the Kwyjibo Rare Earth Element ("REE") Project ("Kwyjibo"), based on a maiden resource estimate and preliminary metallurgical testwork. The Kwyjibo Project is located 125 km northeast of the port city of Sept-Iles, Québec, Canada. The Kwyjibo project is a Joint Venture between Focus (50%) and SOQUEM Inc. (50%) with SOQUEM acting as Operator.

Highlights1:

- The combined resource for the Josette Northeast and Josette Southwest zones is 6.92 Mt at 2.72% TREO (Total Rare Earth Oxides) in the Measured and Indicated categories2 and 1.33 Mt at 3.64 %TREO in the Inferred category2
- The PEA focuses exclusively on the Josette Northeast Zone with an underground mine and on-site concentrator and a hydrometallurgical processing facility located off-site
- 10-year life of mine (LOM) with an average annual ore production of 387,000 t at 3.29% TREO. Total LOM production is 3.55 Mt at 3.29% TREO
- The REE are concentrated in three minerals: apatite, britholite and allanite
- Average annual concentrate production of 174,000 t grading 7.0 % TREO
- Further hydrometallurgical processing leading to an annual production of 9,500 t of TREO
- Pre-tax internal rate of return ("IRR") of 21.4% (18.0% after tax) and pre-tax net present value ("NPV") of CAD 572.9 million (CAD 380.7 million after tax) in the base case scenario using a Basket price of CAD 42.81 per kg of TREO
- Capex of CAD 723.6 million with a payback of period of 3.4 years
- Overall TREO recovery of 75%
- The recovery of the REE, especially for Nd and the heavy rare earths (Gd, Dy, Tb, Ho, Er and Y), with a conventional solvent-extraction hydrometallurgical process is efficient not only in terms of extraction but also separation.
- The Kwyjibo REE deposit remains open at depth with the potential to increase mine life through additional drilling and technical studies.

1 The Preliminary Economic Assessment summarized in this news release is only intended to provide an initial, high-level review of the project. The PEA mine plan and economic model include the use of Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the Preliminary Economic Assessment will be realized.

2 Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves. The rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, TREO grade and contained REE.

PEA Summary

The PEA by Met-Chem covers the mining and milling of REE-bearing magnetitite material from an underground mine, with a mine life of 10 years and a concentrator located on the Kwyjibo Property. Processing includes crushing, grinding, magnetic separation, thickening and filtering of run-of-mine. The TREO concentrate produced at the on-site mill will be shipped to a hydrometallurgical plant located outside the mine site.

The hydrometallurgical processing plant is designed to transform REE concentrate into three separate refined Rare Earth Oxide ("REO") products for an annual production rate of 9,500 t of TREO. The hydrometallurgical process leaches the concentrate in three steps using solid conversion and is completed by a multistage solvent extraction process to produce three REO products: Nd-Pr oxides, Dy oxide and a mix of the remaining REO and Y oxide.

The magnetic separation at the concentrator is designed to produce a 7.00% TREO concentrate with a recovery of 96%. The recovery of TREO from concentrate processed at the hydrometallurgical plant is 78%. The overall TREO recovery is estimated at 75%.

The mine production and the economic result of the PEA are shown below in Table 1.

The PEA was prepared by Met-Chem of Montréal, Québec, a division of DRA Americas Inc., and will be filed on SEDAR at www.sedar.com under Focus Graphite Inc. within 45 days of this news release.

Table 1: PEA Summary Parameters

	Value	**Unit**
Mine Production		
Production capacity	387 000	t/y
Life mine production	3.55	Mt
Grade (mill feed)	3.29	% TREO
Concentrate production	174 000	t/y
Concentrate grade	7.00	% TREO
Pre-Tax Economic Results		
NPV @ 8%	564.0	M CAD
IRR	21.2	%
Payback Period	3.4	years
Undiscounted Cash Flow	1,454.9	M CAD
After Tax Economic Results		
NPV @ 8%	373.9	M CAD
IRR	17.8	%
Payback Period	3.6	years
Undiscounted Cash Flow	1,070.9	M CAD
Capital Expenditure and Operating Costs		
Capital Expenditure	723.6	M CAD
Sustaining Capital	18.8	M CAD
Revenue	3,463.3	M CAD
Operating Cost	355	CAD/t milled

Operating Cost	14,478	CAD/t REO produced
Life of mine	10	years
Exchange Rate	1.25	CAD/USD
Net smelter Royalty (NSR)[4]	1.5	%

[4] The NSR is payable to the Iron Ore Company of Canada.

Geology and Mineral Resources

The Kwyjibo Rare Earth Element Project, totalling 116 claims and covering 6,273.48 hectares, is located 125 km northeast of the city of Sept-Iles, Québec. The project is also located 25 km east of the Québec North Shore and Labrador railway line (QNS&L) and is only accessible by air from Sept-Iles.

Kwyjibo is located in the Grenville Geological Province of northeastern Québec, and hosts Mesoproterozoic polymetallic iron (Fe), copper (Cu), rare earth elements (REE) and gold (Au) mineralization. The mineralization system comprises six (6) historical showings, distributed in a 4 km-long corridor, with the main Fe-REE mineralization being the Josette Horizon. The Josette Horizon is divided into two zones: Josette Northeast and Josette Southwest.

The Fe-REE mineralization system of the Josette Horizon has been drill tested over a strike length of 1.2 km and to a depth of 300 m. Its thickness varies from a few metres to more than 50 m. The mineralized system remains open at depth. The Josette Northeast Zone is delineated over a strike length of 600 m. The drilling grid consists of 50 m spaced sections on which drill holes are spaced by 50 to 100 m apart. Locally, on the Northeast Zone, 25 m spaced sections have drill holes spaced by 25 to 75 m.

The resource estimate is based on validated results from 109 surface drill holes for a total of 19,168 m of drilling that were completed on the Josette Horizon between 1994 and 2013. About 6,500 m of drill core (total of 4,962 samples) have been assayed for REE, base metals, and major and trace elements. Also, specific gravity was measured for 886 samples from selected 2012 and 2013 drill holes. The geology was interpreted on 2D sections followed by modelling of 3D envelopes of the mineralized zones. The mineral resource estimate was based on 1.5 m-long composites along the holes. Blocks of 10 m x 10 m x 5 m were used and guided by the selective mining unit concept and by the drill hole spacing.

Table 2. Resource Estimates[5]

RESOURCES		**TOTAL**	**REO Light and Heavy**		**REO Product Types**				
Type	**Tonnes**	**TREO**	**LREO**	**HREO**	**Nd_2O_3 + Pr_2O_3**	**Dy_2O_3**	**Other REO + Y_2O_3**	**Fe_2O_3**	**P_2O_5**
	***1,000**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Josette Northeast Zone									
Measured	1 634	3.34	2.25	1.09	0.68	0.11	2.55	54.69	4.73
Indicated	2 340	3.49	2.34	1.15	0.71	0.12	2.66	52.54	5.34
M + I	3 974	3.43	2.30	1.12	0.69	0.11	2.62	53.42	5.09
Inferred	1 116	4.04	2.73	1.31	0.81	0.13	3.09	49.81	5.96

Josette Southwest Zone									
Measured	775	1.80	1.21	0.59	0.36	0.06	1.38	54.14	3.80
Indicated	2 167	1.74	1.17	0.57	0.35	0.06	1.34	52.20	3.47
M + I	2 942	1.76	1.18	0.57	0.35	0.06	1.35	52.71	3.56
Inferred	209	1.51	1.02	0.49	0.30	0.05	1.16	40.14	3.83
Combined Zones									
Measured	2 409	2.84	1.92	0.93	0.58	0.09	2.18	54.51	4.43
Indicated	4 507	2.65	1.78	0.87	0.53	0.09	2.03	52.38	4.44
M + I	6 916	2.72	1.83	0.89	0.55	0.09	2.08	53.12	4.44
Inferred	1 325	3.64	2.46	1.18	0.73	0.12	2.78	48.28	5.62

[5] *Cautionary notes and other relevant information:*

1. *Mineral Resources are exclusive of Mineral Reserves.*
2. *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
3. *The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards on Mineral Resources and Reserves prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on May 10, 2014.*
4. *The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resources and cannot be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.*
5. *TREO = La2O3 + Ce2O3 + Pr2O3 + Nd2O3 + Sm2O3 + Eu2O3 + Gd2O3 + Tb2O3 + Dy2O3 + Ho2O3 + Er2O3 + Tm2O3 + Yb2O3 + Lu2O3 + Y2O3.*
6. *LREO = La2O3 + Ce2O3 + Pr2O3 + Nd2O3 + Sm2O3 (as used by Hazen Research Inc.).*
7. *HREO = Eu2O3 + Gd2O3 + Tb2O3 + Dy2O3 + Ho2O3 + Er2O3 + Tm2O3 + Yb2O3 + Lu2O3 + Y2O3 (as used by Hazen Research Inc.).*
8. *The effective date of the resource statement is November 17, 2017.*

Modelling was performed using MineSight® v. 9.00 software and the inverse distance squared (ID2) method to estimate TREO (including individual elements), Fe_2O_3 and P_2O_5 grades for the Measured, Indicated and Inferred categories of mineral resources. No capping was applied as TREO contents do not reveal nugget effect behavior. The geometry of the primary search ellipse was determined from variography analyses with an anisotropy factor applied. Ellipsoid axes in the X, Y and Z domains were set at 150 m × 150 m × 20 m, respectively, using normal and unfolded coordinates for the first pass. Where blocks were not informed in the first pass, a second search was used, keeping the same parameters as the first pass except that the minimum number of composites used to inform a block was reduced to six (6) instead of the nine (9) used in the first pass. Where blocks were not informed after the first and second passes, ellipsoid axes in the X, Y and Z domains were set at 250 m × 250 m × 40 m with the number of composites set at three (3). Two solid models were developed corresponding to the Josette Northeast and Josette Southwest zones. A regressive model was developed to determine the density of each block as a function of interpolated iron content, as iron and TREO grades are strongly correlated. A cut-off of CAD 330 per tonne was applied.

Preliminary Metallurgical Testwork

Following a first round of experimental testwork in 2016[6], Hazen Research Inc. of Golden, Colorado (USA), conducted a second round of experimental metallurgical testwork in 2017 on a representative REE-bearing 40 kg composite sample of magnetitite ore from the Josette Northeast Zone (refer to Focus news release dated November 24, 2016, available at www.focusgraphite.com). The goal of the testwork was to determine the parameters of the extraction pH and the separation factors of the different REE. The testwork included:

- Magnetic separation of the REE-bearing and magnetite-rich sample
- Acid selection studies
- Hydrochloric acid (HCl) leaching of the nonmagnetic concentrate to generate a REE liquor
- Leached liquor neutralization and recovery of the REE as phosphates
- Hydroxide metathesis of the REE phosphates to remove the phosphate and fluoride
- Leaching of the metathesis product to produce a purified REE chloride liquor
- Finally, solvent extraction experiments to determine extraction pH and separation factors for the different REE from the bulk purified chloride liquor.

Test programs comparing the three most commonly used acids were conducted on the non-magnetic concentrate. The results provided the basis for choosing HCl for the leaches. REE recoveries are summarized in Table 3.

[6] Hydrometallurgical Work for Kwyjibo Project, Purification of Leach Liquor for Recovery of Rare Earth Elements, Revision 1. Hazen Research Inc., January 23, 2018, 162 pages.

Table 3. REE Recoveries in Hydrometallurgical Unit Operations

Unit Operation	TREE + Y Recovery	HREE Recovery
Leach	98	96
Neutralization	>99	>99
Releach	98**	98**
Reneutralization	99	>99
Metathesis	>99	>99
Metathesis leach	82	81
SX bulk loading	>99	>99
Cumulative	77.97**	80.4**

SX = solvent extraction
* Represents the cumulative recovery of TREE + Y in the nonmagnetic concentrate
** Expert assumption and calculated based on initial test work at HAZEN Research. This represents an optimized releach extraction. Further testing is needed to confirm the releach optimum extraction.

Also, the initial reagent consumptions have been preliminarily assessed during the test programs. The results are summarized in Table 4.

Table 4. Reagent Addition and Consumption in Hydrometallurgical Unit Operations

Unit Operation	Reagent Consumption (kg/t concentrate)			
	HCl	CaCO3	MgO	50% NaOH
Leach	50	n/a	n/a	n/a
Neutralization	n/	322	20	n/a
Releach	42	n/a	n/a	n/a
Reneutralization	n/	n/a	267	n/a
Metathesis	n/	n/a	n/a	30
Metathesis leach	33	n/a	n/a	n/a
SX bulk loading	n/	n/a	n/a	59

n/a = not applicable
SX = solvent extraction

The test program was successful in proving and confirming the simple nature of the flow sheet required to extract and separate rare earth elements from the Kwyjibo REE-bearing minerals. The next program will establish the basis for optimization of process areas such as the releach, the metathesis leach and the interaction of calcium.

The Kwyjibo flow sheet was developed to emphasize the production of three REO products: a purified Nd-Pr oxide product, a purified separate Dy oxide product, and a Y-enriched mixed oxide product from the remaining rare earth elements.

About REE and REE Markets

Rare Earth Elements (REE) are a group of specialty metals with distinctive physical, chemical and optical properties that are seeing increases in demand across a wide range of industries, owing to their unique technological applications. Traditional applications range from permanent magnets, metal alloys, phosphors and catalysts, to polishing compounds, glass and ceramics. With the global drive to reduce greenhouse gas emissions, REE have become critical materials to emerging technologies in the renewable energy sector. Modern applications range from high-performance electric motors, rechargeable batteries in hybrid and electrical vehicles, and energy-efficient LED lighting and photovoltaic cells in solar panels, to high-power magnets in air conditioning systems and wind turbines.

The balance of demand and supply in the world market for REE has historically been relatively stable but has become sensitive to factors such as technological innovations and restrictive trade policies. Global consumption of REE has been increasing steadily since the mid 2000s, while supply has tightened dramatically. The global REE production is dominated by China, leaving other countries vulnerable to the availability and uninterrupted supply of Chinese exports to meet their industrial needs. Furthermore, China is increasingly prioritizing its domestic markets by reducing export quotas on REE and raising export taxes.

In their report entitled “Rare Earth Market Study for Kwyjibo Preliminary Economic Assessment”, Adamas Intelligence[7], an independent market research and advisory services group, states:

“Within the next ten years Adamas Intelligence believes that the evolving supply-demand fundamentals of the rare earth market will open a window of opportunity for multiple new rare earth mines to be developed outside of China, so long as these new mines are economically viable, and their output is comprised predominantly of the rare earth elements the market will necessitate most.”

Adamas Intelligence further states:

“The Kwyjibo Project offers strong economic exposure to the permanent magnet sector, which is the fastest-growing end-use category and most in need of additional rare earth supply.”

Neodymium and praseodymium are the principal REE used in high-powered magnets while dysprosium and terbium are also used in small amounts to allow magnets to retain their properties at higher temperatures.

[7] *Rare Earth Market Study for Kwyjibo Preliminary Economic Assessment, Adamas Intelligence, February 23, 2018, 23 pages*.

Qualified Persons

This press release has been reviewed for accuracy and compliance under National Instrument 43-101 Standards of Disclosure for Mineral Projects by the following qualified persons as defined by NI 43-101:

The technical information in this press release has been reviewed and approved by Mr. Rock Gagnon, P. Eng. of DRA/Met-Chem, and other qualified persons as relevant to their area of responsibility and expertise.

The mineral resource estimate, which forms the basis of the PEA, was prepared by S. Ibrango, P.Geo., PhD, MBA, Chief of Geology and Hydrogeology at Met-Chem, an "independent qualified person" as defined in NI 43-101.

The technical information on metallurgical testwork and hydrometallurgy was reviewed and approved by Mr. Eric Larochelle, P.Eng., President of SMH Process Innovation and an independent consultant to Met-Chem.

The non-technical content of this news release was reviewed and approved by Mr. Marc-André Bernier, M.Sc., P.Geo. (Québec and Ontario), Senior Geoscientist with the *Table Jamésienne de Concertation Minière* (TJCM) of Chibougamau, Québec, and a consultant to Focus Graphite Inc.

About SOQUEM

SOQUEM Inc., a subsidiary of Ressources Québec, is a leading player in mineral exploration in Québec. Its mission is to explore, discover and develop mining properties in Québec. SOQUEM has participated in more than 350 exploration projects and contributed to major discoveries of gold, diamonds, lithium and other mineral commodities.

About Met-Chem/DRA

The Met-Chem division of DRA Americas was originally established in 1969 as a consulting engineering company, headquartered in Montréal, and provides a wide range of technical and engineering services. Met-Chem is well recognized for its capabilities in mining, geology and mineral processing, and has a talented team of engineering, technical and project management personnel with experience in North America, Latin America, Europe, West Africa and India. DRA is a multidisciplinary global engineering group that originated in South Africa and delivers mining, mineral processing, energy, water treatment and infrastructure services from concept to commissioning, as well as comprehensive operations and maintenance services for the mineral resources, water, agriculture and energy sectors. DRA has offices in Africa, Australia, Canada, China and the United States.

Focus SEDAR Files Kwyjibo PEA Report

On August 3, 2018, the Company announced that the technical report by DRA\Met-Chem on the Kwyjibo project PEA is now available on www.sedar.com under Focus Graphite Inc. The summary results of the

PEA are disclosed above as released by the Company and joint-venture partner SOQUEM Inc. (refer to Focus news release dated June 28, 2018, available at www.focusgraphite.com).

Focus Announces the Grant of Stock Options

On July 30, 2018, the Company announced the grant of 26,085,000 incentive stock options to its director, officers, employees and consultants. Each option allows the option holder to purchase shares in the Company at an exercise price of $0.05 per share. The options expire on July 30, 2023.

Focus Refines Roadmap for Supplying BioMedical Grade Graphite and Rare Earth Materials for Grafoid's Roll-Out of Its Innovative BioMedical Applications

During the quarter ended December 31, 2018, on November 8, 2018 the Company introduced its roadmap for refining BioMedical Grade Graphite to supply Grafoid's product line of BioMedical Applications. Already an established source of high grade graphite, suitable for use in BioMedicine, Focus is also excited by the potential of its Rare Earth projects –such as the Kwyjibo Rare Earth Element ("REE") Project ("Kwyjibo") – which increases the range of materials that Focus may have the ability supply in the future.

Within biomedicine, powerful imaging techniques from the single molecule to the whole organism directly impact the fundamental science or diagnosis. However, existing methods tend to be limited by the optical properties of the available probes. This has motivated a growing interest in leveraging nanoparticles for imaging – such as dye-doped silica particles, quantum dots, nanodiamonds or metallic nanoparticles.

A highly active area of this research is focusing on the development of rare-earth based nanoparticles where optical properties and low cytotoxicity are promising for biological applications. Rare-earth based nanoparticles offer a range of attractive properties which include high photostability, absence of blinking, extremely narrow emission lines, large stokes shifts, long lifetimes that can be exploited for retarded detection schemes, and facile functionalization strategies. With such a broad range of potential benefits, REEs offer a great deal of potential for reshaping imaging in biomedicine.

With this rapidly expanding demand for rare-earth based nanoparticles and high grade graphite across the BioMedical spectrum, Focus Graphite is actively refining its roadmap for supplying BioMedical grade material for Grafoid's product pipeline. A pipeline closing in on commercialization and recently bolstered by the addition of Dr. Shannon to Grafoid's advisory board. Dr. Shannon brings extensive experience, insight and guidance on Grafoid's portfolio of bio-medical applications and systems. Having received a medical degree from Queen's University in Canada, which included advanced training in surgery and sports medicine, Dr. Shannon also holds post-graduate degrees in neurochemistry and physiology. He has been actively engaged in applied medical research within these areas for over 27 years.

Focus Develops Proprietary Processing Technology for Producing Superfine, High-Performance Graphite for Use in the Production of Lithium-Ion Batteries

During the quarter ended December 31, 2018, on November 13, 2018 the Company announced the successful results of its efforts to advance the production of superfine, high-performance graphite using its proprietary processing technology. The Company's graphite from the Lac Knife is suitable for use across a wide range of technology applications from energy storage to biomedicine.

Over the last 4 years, the Company embarked on an intensive value added product development and testing program. This has resulted in a number of product announcements including the introduction of high-performing coated spherical graphite, highly conductive graphite for cathodes and the introduction of new super-fine grades of spherical graphite. All of which have been based on Focus proprietary thermal process that purifies graphite without the use of chemicals. For further details on the company's product development and testing programs, please see the EVS30 Whitepaper presented in Stuttgart, Germany in Oct 2017 on the website.

Typically, the large flakes hold more value for producers because they are much easier and less expensive to purify. The smaller flakes are typically sold off as industrial material and generally hold a much lower value in relation to its larger counterpart. Focus' processing technology provides an effective method for refining these smaller flakes into superfine, high-grade graphite – which is ideal for use in lithium-ion batteries and other energy storage applications. With growing market demand for reliable sources of high-grade graphite to build the next generation of lithium-ion batteries, Focus' proprietary process for refining superfine high-grade graphite inherently increases the value of smaller flakes to a level on par, or above, their larger counterparts. The net effect is an increase in the overall valuation for the total graphite load.

Focus is well poised with its history of technological successes designing processes that have led to superior performing coated spherical graphite for use in battery anodes and high performing expanded graphite for use in Li-Ion battery cathodes.

Focus Announces that its Superfine, High-Performance, Conductive Graphite used in the Production of Lithium-Ion Batteries is Currently Being Tested by Major Battery Companies

During the quarter ended December 31, 2018, on November 21, 2018 the Company announced that its superfine, high-performance, conductive graphite used in the production of Lithium-Ion batteries is currently being tested by Major Battery Companies.

Typically, a lithium-ion battery requires up to 15 times more graphite than lithium depending on which cathode is used. This is due to the high surface area and layered crystal structure of graphite making it highly suitable for use as an anode material into which the lithium Ions are intercalated. Additionally, some battery technologies require that the graphite in use be almost 100% pure. Sources of pure, high-grade graphite are scarce and not readily available in consistent supply. Focus' proprietary thermal process has the ability to provide a consistent supply of superfine, high-performance, conductive graphite for the purity needs of these battery technologies. This is evident by the current testing of Focus' products by battery companies who view potential suppliers like Focus as critical supply chain partners to meet their respective opportunities for growth.

With estimates predicting electric car and plug-in hybrid vehicle sales reaching approximately 14.2 million by 2025 and reflecting a compound average growth rate of 38 per cent per year from 2016 to 2025, these battery companies are refining their product roadmaps to service this rapidly growing demand for efficient and effective energy storage.[1]

For the last 4 years, Focus has been delivering innovations that represent potential advancements for the industry on a whole. Under the supervision of Dr. Joseph Doninger, Focus' Director of Manufacturing and Technology, Focus achieved a number of significant in-house manufacturing and technological milestones that reflect the high quality and physical attributes of its wholly owned Lac Knife graphite resource.

In a presentation at the International Battery Seminar in Fort Lauderdale, Florida, on March 26, 2017, Dr. Doninger presented long-term cycling test results demonstrating that the zero loss in capacity of the standard grade of coated spherical graphite lasted for 250 cycles and showed a loss of only 4.5% in capacity after 570 cycles.

This is significant when compared with a competitive supplier's spherical graphite, which we used for testing purposes, that lost 11.7% after 440 cycles and 10.5% after 510 cycles. With a better than 50% cycling performance in comparative testing, these results suggest that Focus Graphite's coated SPG could last beyond 2000 cycles in full sized batteries. These results are significant to battery manufacturers who factor life cycle economics as a key benefit to end-users.

Closing of Two Tranches of Flow-Through Private Placement Raising $1,275,000

During the quarter ended December 31, 2018, on December 11, 2018, the Company closed the first tranche of its flow-through private placement raising gross proceeds of $650,000. The flow-through private placement comprised of 13,000,000 flow-through units at a price of $0.05 per Unit. Each Unit is comprised of one flow-through common share and one common share purchase warrant. Each Warrant entitles its holder to purchase one common share at a price of $0.055 per common share until December 11, 2020 respectively. In connection with the financing, the Company paid cash finders' fees of $38,500 and issued, as additional consideration, 770,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.05 until December 11, 2020 respectively. A Director of the Company participated in the private placement for a total amount of $100,000.

On December 27, 2018, the Company closed a second tranche of its flow-through private placement raising gross proceeds of $625,000. The flow-through private placement was comprised of 12,500,000 flow-through units at a price of $0.05 per unit. Each Unit is comprised of one flow-through common share and one common share purchase warrant. Each Warrant entitles its holder to purchase one common share at a price of $0.055 per common share until December 27, 2020. In connection with the financing, the Company paid cash finders' fees of $43,750 and issued, as additional consideration, 875,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.05 until December 27, 2020 respectively.

Exploration Activities

Three months ended December 31, 2018

	Lac Knife	Kwyjibo	Manicouagan	Eastmain-Leran	Total
	$	$	$		$
Balance - beginning of period	17,379,119	6,662,341	4,046,119	1,737,730	29,825,309
Additions					
Drilling	592,013	2,356	95,273	-	689,642
Independent technical studies	-	26,955	-	-	26,955
Geophysical survey	-	-	-	29,839	29,839
Geochemical survey	720,670	-	29,105	647,510	1,397,285
Property maintenance	-	3,717	4,943	-	8,660
PEA	3,767	7,019	-	-	10,786
Environmental studies	446,145	7,275	-	-	453,420
Pre-development agreements	-	37,254	-	-	37,254
	1,762,595	84,576	129,321	677,349	2,653,841
Tax credits and credit on duties	(119,931)	(1,270)	(16,770)	(91,192)	(229,163)
Tax credits and credit on duties reassessed & repaid	34,245				34,245
Balance - end of period	19,056,028	6,745,647	4,158,670	2,323,887	32,284,232

Three months ended December 31, 2017

	Lac Knife	Kwyjibo	Manicouagan	Eastmain-Leran	Total
	$	$	$		$
Balance - beginning of period	15,842,684	6,331,211	2,449,366	624,235	25,247,496
Additions					
Drilling	-	80	1,393,585	-	1,393,665
Independent technical studies	-	1,464	-	-	1,464
Geophysical survey	-	-	-	5,840	5,840
Geochemical survey	-	-	-	565,920	565,920
Metallurgical analysis	-	24,816	-	-	24,816
Resource estimate	-	17,606	-	-	17,606
Property maintenance	-	188	3,924	300	4,411
PEA	-	127,198	-	-	127,198
Feasibility studies	33,831	-	-	-	33,831
Environmental studies	8,806	-	-	-	8,806
Pre-development agreements	978	-	-	-	978
	43,614	171,352	1,397,509	572,060	2,184,535
Tax credits and credit on duties		(5,595)	(150,725)		(156,320)
Balance - end of period	15,886,298	6,496,968	3,696,150	1,196,295	27,275,711

Kwyjibo Polymetallic (Fe-REE-Cu-(Au)) Project, Côte-Nord Administrative District of Québec

The Kwyjibo project, located in the Grenville Geological Province of northeastern Québec, hosts a Mesoproterozoic polymetallic (iron (Fe), copper (Cu), rare-earth elements (REE), gold (Au)) deposit which is considered to be one of the best iron oxide copper-gold (IOCG) exploration targets in Québec. IOCG-type mineralization has already been traced over a distance of at least 4 km.

The project, totalling 118 map-designated claims (CDC) and covering 6,391.90 ha, is located a few kilometres north of Manitou Lake, approximately 125 km northeast of Sept-Îles, in the Côte-Nord administrative district of Québec. The Kwyjibo claim block is also located 25 km east of the Québec North Shore and Labrador (QNSL) rail line and is accessible by air from float plane and helicopter bases located in or near Sept-Îles.

On August 3, 2010, the Company announced the signing of an option agreement with SOQUEM Inc., a wholly-owned subsidiary of the Société générale de financement du Québec (SGF) (in April 2011, the SGF merged with Investissement Québec), to acquire a 50% interest in the Kwyjibo project.

Under the terms of the agreement, Focus earned the right to acquire a 50% interest in the Kwyjibo project, by investing up to $3 million in exploration work over a period of 5 years of which $1 million had to be invested during the first 2 years. As of June 30, 2013, the Company has invested a total of $3,967,258 on the Kwyjibo project (net of tax credits and mining duties). Having fulfilled its exploration commitments in August 2012, the Company earned its 50% interest in the project. All expenditures incurred on the Kwyjibo project are now split equally between Focus and SOQUEM. SOQUEM is the operator of the Kwyjibo exploration program.

The Kwyjibo property is subject to a pre-existing 1.5% Net Smelter Royalty (NSR) in favour of the Iron Ore Company of Canada (IOC).

Historical Exploration Programs

The Kwyjibo Fe-Cu-REE-(Au) mineralization system was discovered in 1993 during a follow-up of regional geochemical lake sediment anomalies. On surface, more than 10 polymetallic showings, including Josette and Malachite, were found over a strike length of 4 km at that time. Most of the showings discovered on the claim block consist of massive magnetite and breccia zones mineralized with copper and REE. Minerals of economic interest include magnetite, chalcopyrite, apatite, fluorite, allanite, britholite and kainosite. The dominant REE elements are neodymium (Nd) and yttrium (Y) (Strictly not a REE, yttrium is included in the suite of REE as its chemical properties and uses resemble those of heavy rare earths), both of which are included in the list of critical rare earth elements sought by industry as defined by the US Geological Survey.

Work performed in partnership by SOQUEM and IOC on the Kwyjibo exploration project from 1993 to 1996 consisted of airborne and ground geophysics (Mag, VTEM, induced polarization and radiometry), stream and soil sediments geochemical surveys, prospecting and mapping, and 39 shallow core drill holes totalling 5,807 m which tested the various mineralized zones discovered on the claim block. Following withdrawal of IOC in the project, SOQUEM completed 6 more drill holes in 1998 and mandated CERM (Centre d'étude en recherche minerale) of Québec to undertake petrographic and mineralogical studies as well as metallurgical testwork. SOQUEM completed a radiometric survey over the claim block in 2001 and mandated Geotech of Toronto to perform a VTEM survey in 2006. The Kwyjibo Fe-Cu-REE-(Au) mineralization system is still open in many directions and some of the geophysical anomalies (VTEM conductors) have not yet been drill tested.

Focus and SOQUEM Exploration and Development

Exploration work

2010 Prospecting, Channel Sampling and Re-assaying Program: Exploration work carried out by Focus and SOQUEM in 2010 comprised follow-up prospecting on geophysical anomalies outlined from the VTEM survey conducted over the claim block in 2006; channel and chip sampling of new trenches on six prospects/targets (Josette; Grabuge; Gabriel; 95-30; 2010-SP-08; and near Hole 95-37); mapping and GPS surveying of historical Cu-REE showings and of new magnetite-rich iron formation occurrences; and the re-logging and re-assaying of historical drill holes for the full range of REE (409 samples). The goal of the 2010 reanalysis of the best 1994-1998 drill core sections mineralized in REE was to bring the geochemical analysis database up to modern analytical standards using Inductively Coupled Plasma Mass Spectrometry (ICP-MS). This analytical method is accurate and highly sensitive for the whole range of REE and it is appropriately suited for minerals resistant to acid digestion, like some REE-bearing silicates. Previous geochemical analyses of drill core from the 1994-1998 period were mostly done by neutron activation, except for a few holes where X-ray Fluorescence (XRF) was used, and in many holes not all REE were analyzed. The results from the 1994-1999 core re-assaying program have been published and highlights include an intersection* of 30 m grading 2.55% TREO**, 0.15% Cu, 3.70% P_2O_5 and 49.9% Fe_2O_3 at the Josette prospect (hole 1088-95-29, refer to Focus Press release dated March 11, 2011).

Hole 1088-95-29 *Azimuth: N318°* *Dip: -45°* *Total length: 81.08 m* *341146E; 5658075N* *UTM Nad83, zone 20*		
	Unit	***Magnetitite***
From	*m*	*29.15*
To	*m*	*59.13*
Length*	*m*	***29.98***
TREO **	*%*	***2.55***
LREO	*%*	*1.74*
HREO	*%*	*0.81*
La2O3	*%*	*0.34*
Ce2O3	*%*	*0.78*
Pr2O3	*%*	*0.10*
Nd2O3	*%*	*0.42*
Sm2O3	*%*	*0.09*
Eu2O3	*%*	*0.01*
Gd2O3	*%*	*0.08*
Tb2O3	*%*	*0.01*
Dy2O3	*%*	*0.09*
Ho2O3	*%*	*0.02*
Er2O3	*%*	*0.05*
Tm2O3	*%*	*0.01*
Yb2O3	*%*	*0.03*
Lu2O3	*%*	*0.00*
Y2O3	*%*	*0.52*
Fe2O3	*%*	*49.90*
P2O5	*%*	*3.70*
Cu	*%*	*0.15*

***TREO** (total rare earth oxides):*
La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3+Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3
***LREO** (light rare earth oxides): La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3*
***HREO** (heavy rare earth oxides including yttrium):*
Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3

** Intersections are expressed as core length in metres and not the true thickness. The Josette horizon is oriented N050° and dips at -45° to -50° to the southeast. The hole, oriented N318°, was drilled perpendicular to the Josette Horizon and crosscut the Josette horizon at high angle (dip -45°).*

*** Rare earth elements assays are expressed as total rare earth oxides (TREO) including yttrium oxide. Strictly not a rare earth element, yttrium is included in the total amount of REE because of the chemical behaviour and uses that are similar to the lanthanides.*

2011 Drilling Campaign

From August 31 to September 23, 2011, Focus and SOQUEM completed additional line-cutting and geological mapping. From September 23 to November 17, 2011, the Company and SOQUEM implemented a 12-hole (2,604 m) exploration diamond drilling program designed to test geophysical EM and VTEM anomalies; to verify down dip extensions of the Gabriel and Grabuge showings; and to also confirm the extension and thickness of the Josette mineralized showing. Hole 10885-11-57, was drilled on the Josette showing, and returned the best REE grades: 2.40% TREO** over 48.8 m*, including: 3.40% TREO** over 24.3 m and 6.83% TREO** over 1.1 m (refer to Focus press release dated March 13, 2012, available at www.sedar.com).

Hole 1088-11-57
Azimuth: N313°
Dip: -45°
Total length: 156 m
341215E; 5658059N
UTM Nad83, Zone20

	Unit	***Magnetitite***	*incl.*	*Incl.*
From	*m*	*65.2*	*68.5*	*82.7*
To	*m*	*114*	*92.8*	*83.8*
Length*	*m*	***48.8***	*24.3*	*1.1*
TREO*	*%*	***2.40***	*3.40*	*6.83*
LREO	*%*	*1.62*	*2.30*	*4.67*
HREO	*%*	*0.78*	*1.10*	*2.16*
La2O3	*%*	*0.32*	*0.44*	*0.90*
Ce2O3	*%*	*0.73*	*1.03*	*2.10*
Pr2O3	*%*	*0.09*	*0.13*	*0.27*
Nd2O3	*%*	*0.39*	*0.56*	*1.13*
Sm2O3	*%*	*0.08*	*0.12*	*0.24*
Eu2O3	*%*	*0.01*	*0.01*	*0.03*
Gd2O3	*%*	*0.08*	*0.12*	*0.23*
Tb2O3	*%*	*0.01*	*0.02*	*0.04*

Dy2O3	*%*	*0.08*	*0.12*	*0.23*
Ho2O3	*%*	*0.02*	*0.02*	*0.05*
Er2O3	*%*	*0.05*	*0.07*	*0.14*
Tm2O3	*%*	*0.01*	*0.01*	*0.02*
Yb2O3	*%*	*0.03*	*0.04*	*0.08*
Lu2O3	*%*	*0.00*	*0.00*	*0.01*
Y2O3	*%*	*0.50*	*0.70*	*1.36*

incl. *= including: high grade composites within larger composites*
TREO *(total rare earth oxides): La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3+Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3*
LREO *(light rare earth oxides): La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3*
HREO *(heavy rare earth oxides including yttrium): Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3*

** Intersections are expressed as core length in metres and not the true thickness. The Josette horizon is oriented N050° and dip at -45° to -50° to the southeast. The hole, oriented N313°, was drilled perpendicular to the Josette Horizon and crosscut the Josette horizon at high angle (dip -45°).*

*** Rare earth elements assays are expressed as total rare earth oxides (TREO) including yttrium oxide. Strictly not a rare earth element, yttrium is included in the total amount of REE because of the chemical behaviour and uses that are similar to the lanthanides.*

*These new results also highlighted the significant content of critical rare earth elements at Kwyjibo (Nd+Eu+Tb+Dy+Y). This mineralization typically contains a high 41-42% REOc*** (ratio of critical rare earth elements, please refer to Focus press release dated March 13, 2012).*

**** The ratio of critical rare earth elements (REOc) is defined by the U.S. Department of Energy (DOE) as the sum of Nd+Eu+Tb+Dy+Y oxides divided by total rare earth oxides (TREO): REOc = ((Nd2O3+Eu2O3+Tb2O3+Dy2O3+Y2O3)/TREO)*100. The REOc ratio is the expression of the importance of those REEs sought by the industry without considering the technological challenge to recover the REE and all the costs related to a mine development.*

2012 Drilling, Channel Sampling and Geophysical Survey Program

The 2012 field season at Kwyjibo extended from July to mid-October and included line cutting (total: 40.46 line-km); the preparation of 26 diamond drill sites and 21 helicopter landing pads; additional channel sampling at the Josette horizon and in trenches identified as TR-95-29 and TR-95-30; a ground time-domain electromagnetic (TDEM) geophysical survey (total: 75.77 line-km) targeted selected 2006 VTEM anomalies; a borehole Pulse-TDEM geophysical survey (total of 5,492 m) spread between nine (9) historical holes (1994, 1995 and 1998), 12 holes from the 2011 drilling campaign and nine (9) holes from the 2012 campaign; mini bulk sampling of the Josette horizon for metallurgical testing and a new round of core drilling (31 holes for a total of 4,207 m) that targeted the Josette Horizon aimed at continuing to define the shape, size and REE-Fe-Cu grades of the mineralization.

On February 6, 2013, the Company and SOQUEM reported new surface geochemical results from the re-sampling (channel sampling) of the Josette showing and of trenches TR-95-29 and TR-95-30. The new sampling was designed to test the mineralization for the whole suite of REE using ICP-MS. Highlights of the re-sampling program included intersection* of: 2.95% TREO** and 1.44% Cu over 10 m, including a high-grade sub-zone of: 4.59% TREO** and 2.62% Cu over 2 m at the Josette showing (refer to Focus press release dated February 6, 2013):

Josette showing 2012 channel sampling				
	Unit	***Magnetitite***	*incl.*	
Length*	*m*	***10***	*2*	
TREO	*%*	***2.95***	*4.59*	
LREO	*%*	*2.15*	*3.45*	
HREO	*%*	*0.80*	*1.14*	
La2O3	*%*	*0.46*	*0.78*	
Ce2O3	*%*	*1.00*	*1.60*	
Pr2O3	*%*	*0.12*	*0.18*	
Nd2O3	*%*	*0.46*	*0.73*	
Sm2O3	*%*	*0.09*	*0.15*	
Eu2O3	*%*	*0.01*	*0.02*	
Gd2O3	*%*	*0.08*	*0.13*	
Tb2O3	*%*	*0.01*	*0.02*	
Dy2O3	*%*	*0.08*	*0.11*	
Ho2O3	*%*	*0.02*	*0.02*	
Er2O3	*%*	*0.04*	*0.06*	
Tm2O3	*%*	*0.01*	*0.01*	
Yb2O3	*%*	*0.03*	*0.04*	
Lu2O3	*%*	*0.00*	*0.00*	
Y2O3	*%*	*0.54*	*0.76*	
Fe2O3	*%*	*60.48*	*47.85*	
P2O5	*%*	*3.02*	*3.23*	
Cu	*%*	*1.44*	*2.62*	

TREO *(total rare earth oxides): La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3+Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3*
LREO *(light rare earth oxides): La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3*
HREO *(heavy rare earth oxides including yttrium): Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3*

** Intersections are expressed as channel length in metres and not the true thickness. The channel sampling was oriented perpendicular to the Josette horizon. The Josette horizon dips at -45.*

*** Rare earth elements assays are expressed as total rare earth oxides (TREO) including yttrium oxide. Strictly not a rare earth element, yttrium is included in the total amount of REE because of the chemical behaviour and uses that are similar to the lanthanides.*

In March 2013, the Company and SOQUEM reported the results of the late summer 2012 core drilling program at Kwyjibo (31 holes for a total of 4,207 m). Most of the holes crossed the massive magnetitite horizon and/or associated magnetite breccia. A total of 1,531 samples (including split in half NQ drill core, duplicates, blanks and standards) were submitted to ALS Minerals of Val-d'Or and Vancouver for base metals, REE, and major and trace elements analysis. The results confirm the grades, thicknesses and continuity of the Fe-REE-Cu mineralization of the northeastern part of the Josette Horizon over a total strike length of 600 m and to a depth of 175 m. Moreover, the new drill results again demonstrate the high content of critical rare earth elements (REOc), in particular Nd, Y and Dy in the Josette mineralization. Highlight intersections* of the drilling program include 3.04% TREO** and 0.1% Cu over 36.0 m (from 99.0 to 135.0 m), including a high grade sub-interval of 6.67% TREO** and 0.19% Cu over 7.0 m (from 111.0 m to 118.0 m) in hole 10885-12-75, summarized in the following table (refer to Focus Press release dated March 28, 2013):

Hole 10885-12-75 *Azimuth N320* *Dip -45°* *Total length 156 m* *341282E;* *5658048N* *UTM Nad83,* *Zone20*			
	Unit	***CMZ***	*incl.*
From	*m*	*99*	*111*
To	*m*	*135*	*118*
Length*	*m*	***36***	*7*
TREO **	*%*	***3.04***	*6.67*
LREO	*%*	*2.02*	*4.37*
HREO	*%*	*1.01*	*2.30*
La2O3	*%*	*0.38*	*0.77*
Ce2O3	*%*	*0.90*	*1.97*
Pr2O3	*%*	*0.12*	*0.27*
Nd2O3	*%*	*0.51*	*1.12*
Sm2O3	*%*	*0.11*	*0.24*
Eu2O3	*%*	*0.01*	*0.02*
Gd2O3	*%*	*0.11*	*0.24*
Tb2O3	*%*	*0.02*	*0.04*
Dy2O3	*%*	*0.10*	*0.23*
Ho2O3	*%*	*0.02*	*0.05*
Er2O3	*%*	*0.06*	*0.13*
Tm2O3	*%*	*0.01*	*0.02*
Yb2O3	*%*	*0.03*	*0.07*
Lu2O3	*%*	*0.00*	*0.01*
Y2O3	*%*	*0.66*	*1.50*
Fe2O3	*%*	*35.34*	*43.81*
P2O5	*%*	*5.13*	*12.15*
Cu	*%*	*0.10*	*0.19*

CMZ *= Composite of mineralized zone: lower breccia, magnetitite (hydrothermal massive magnetite) and upper breccia*
incl. *= including: high grade composites within larger composites*
TREO *(total rare earth oxides):*
La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3+Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3

LREO *(light rare earth oxides) : La2O3+Ce2O3+Pr2O3+Nd3O3+Sm2O3*
HREO *(heavy rare earth oxides including yttrium) : Eu2O3+Gd2O3+Tb2O3+Dy2O3+Ho2O3+Er2O3+Tm2O3+Yb2O3+Lu2O3+Y2O3*

** Intersections are expressed as core length in metres and not the true thickness. The Josette horizon is oriented N050 and dip at -45° to -50° to the southeast. The hole, oriented N320, was drilled perpendicular to the Josette Horizon and crosscut the Josette horizon at a high angle (dip -45°).*

*** Rare earth elements assays are expressed as total rare earth oxides (TREO) including yttrium oxide. Strictly not a rare earth element, yttrium is included in the total amount of REE because of the chemical behaviour and uses that are similar to the lanthanides.*

2013 Drilling Program

The 2013 drilling program at Kwyjibo was extended from August 4 to September 28 and it was designed to extend the area that has been drill tested across the western part of the Josette horizon and to test this horizon at depth along its eastern part in the aim to get sufficient coverage to conduct an initial Mineral Resource Estimate at Kwyjibo. The Company and SOQUEM received the land-use permit from the Québec Government on April 12, 2013 and began camp construction on June 17, 2013. The drilling was performed by G4 Drilling of Val-d'Or, Québec under the supervision of SOQUEM. At the end of the two-drilling rig program, 42 holes for a total of 8,481 m of infill drilling was completed (NQ size core) as well as 14 holes (HQ size core) for a total of 2,018 m of drilling for Phase II metallurgical testing program were also completed (total of 10,499 m). A total of 3,676 samples (including 3,205 half NQ drill cores from the 2013 summer drilling program, 474 half NQ and BQ drill cores not assayed from previous drilling programs, duplicates, blanks and standards) were submitted to Techni-Labs S.G.B. Abitibi Inc. (Actlabs) of Ste-Germaine-Boulé (Québec). Drilling at 50 m spacing is now complete over an area of 1.2 km by 200 m of the Josette Horizon. Most of the drill holes intercepted significant mineralization.

QA/QC program

As part of the QA/QC program related with the drill hole assays, Accurassay Laboratories of Thunder Bay has been contracted to verify the assays and review all the results from the past few years. Part of the mandate was to compare the performance of the two laboratories contracted to run the analyses (Actlabs and ALS Minerals) and to determine whether there is any offset between the ICP-MS and XRF methodologies that were used and check for any drift in measurement.

On July 31, 2014, the final report was received. In conclusion, both labs provided acceptable results and the historic ICP-MS results are generally reproducible, confirming the integrity and continuity of the historic data. The use of ICP-MS to measure rare earth elements as the most successful method for Kwyjibo material has been verified.

Metallurgical Testing Program

Initial Metallurgical Tests (Phase I)

On January 14, 2013, Focus and SOQUEM awarded a contract to the Consortium de Recherche Appliquée en Traitement et Transformation des Substances Minérales (COREM) of Québec-City to perform initial metallurgical tests (Phase I) on two representative composite rock samples from the

Josette showing under the supervision of Roche Ltd of Québec-City. The objective of the test work was to produce concentrates for critical rare earths, copper and iron, respectively. The first composite was a bulk sample comprised of 97 kg of magnetitite from the Josette showing. The second composite sample consisted of 235 kg of breccia-type mineralization from quarter-split NQ drill core samples from seven (7) holes drilled below trenches TR-95-29 and TR-95-30 in the main mineralized zone (northeast zone of the Josette Horizon). The breccia-type composite sample was comprised of a representative mixture of magnetitite (60%) and brecciated granitic gneiss (40%) with 20 to 50% of magnetite veins and REE-bearing calcosilicate mineral veins.

On January 15, 2014, Focus and SOQUEM received the final report for Phase I metallurgical tests from COREM of Québec City. Results indicate that there is a positive concentration of copper from the magnetitite mineralization (from 71.4% to 98.3% recovery @ 13.5% to 26.6% Cu), but these mineral samples were considered later to be marginal and not representative of the copper content of the overall main mineralized zone known as the Josette Horizon. It was also possible to produce high Fe magnetite concentrates with interesting Fe recovery (68.4% Fe with 92% of recovery rate for the magnetitite and 71.7% Fe with 86.9% of recovery for the breccia) and low silica content, but due to a high phosphorous and sulfur content in the concentrate, it would not be saleable under current market conditions.

A phosphate concentrate that includes rare earth elements can be produced from both samples. The mineralogical study reveals that the principal rare earth element bearing minerals are apatite and britholite (phosphate minerals) and allanite and kainosite (silicate minerals). There are also indications that there is a need to process the magnetitite and the breccia mineralization types individually. The test work also demonstrated that a magnetic separation of the sample after grinding allowed for a significant reduction in mass prior to further upgrading via flotation. The use of magnetic separation will thus help to limit the size of downstream flotation equipment in future test work.

Conceptual flow sheet and preliminary leaching tests (Phase II)

In August 2013, the Company and SOQUEM awarded the Phase II metallurgical testing contract to COREM of Québec City. Testing included: grindability and abrasion tests, cleaning tests of iron concentrates, oriented flotation and concentration tests for rare earth elemental recovery for phosphate phases and silicate phases, a study of rare earth bearing minerals with the aim to identify which ones host critical rare earth elements and also leaching tests.

On August 1, 2014, Focus and SOQUEM received the final report of the Phase II metallurgical tests from COREM of Québec City. Results for grindability and abrasion tests show that the ore is considered soft to medium hard, which will impact positively the cost of the grinding circuit and its operating cost.

Results of Low Intensity Magnetic Separation (LIMS) shows that the magnetic iron concentrate still contains a high concentration of deleterious elements (phosphate or sulfide) and does not meet the industry specification limits. On the other hand, the magnetic separation is essential in the ore treatment as it eliminates up to 50% of the total mass that has to be processed by flotation with a very low rare earth element loss of a maximum of 10%.

Three different flotation methods results show that 84% to 90% of the rare earth elements are recovered, the two best methods being the conventional phosphate flotation or conventional phosphate flotation followed by the depression of silicates that carry rare earth elements with a fatty acid collector. The method using sulfonate collector did not perform as well as the two others and was therefore discarded.

Acid (HCl) lixiviation of the two concentrates allows recovery of 80% to 96% of the rare earth elements and shows that the majority of the rare earth elements bearing minerals are dissolved. The final developed flow sheet includes magnetic separation and desulphurization followed by flotation and lixiviation to produce two concentrates (phosphates and silicates) that contain rare earth elements.

On July 14, 2015, the Company received the final version of the summary report and recommendation from Roche Groupe-Conseil of Montréal mandated to supervise the metallurgical testing program conducted by COREM of Québec-City.

Roche's report highlighted the possibility of using two different conceptual flow sheets for the flotation and recovery of the rare earth elements bearing minerals. The two conceptual flow sheets are based on either conventional phosphate flotation or conventional phosphate flotation followed by the depression of silicates that carry rare earth elements. These 2 flow sheets gave comparable recoveries of rare earth elements with the exception that conventional flotation followed by the depression of silicates carrying rare earth elements, produced 2 different concentrates (phosphates and silicates concentrates) that would have different economic values. The final selection of the most appropriate flow sheet will depend on the economic value of the concentrates and on the capital and operating costs required to recover the rare earth units.

Although the leach test results are promising, it is clear that additional hydrometallurgical test work is required in order to be able to achieve a conceptual flow sheet for the hydrometallurgy plant. Additional leach tests are recommended to better define the kinetics and the different possible leach routes that are required to bring the project to a Preliminary Economic Assessment (PEA) level.

Hydrometallurgical Testing (Phase III)

On October 30, 2015, the Company and SOQUEM awarded the Phase III hydrometallurgical testing contract to Hazen Research Inc., located in Golden, Colorado, USA. The work included the production of three different concentrates of rare earth elements. The concentrates were leached in an acidic environment to recover the REE's. The objective of the test work was to determine the most efficient leaching conditions for each individual ore type when making concentrate products. The hydrometallurgical testing report includes recommendations for the development of the Kwyjibo project.

On November 24, 2016, the results from the 2014-2015 hydrometallurgical tests conducted on the Kwyjibo project were news released. The release described a relatively simple metallurgical flow sheet, that is a distinctive feature of the Kwyjibo project among peer rare earth element projects. Test achieved approximately 90% extraction rate from rare earth concentrate for all rare earth elements for the Magnetitite Mineralization Type ("MM1").

The latest hydrometallurgical leaching test program was conducted at Hazen Research of Golden, Colorado, USA. The program studied the use of three types of acid (H_2SO_4, HCl and HNO_3) on various types of mineralization and subjected them to a beneficiation flow sheet that was previously developed at COREM, of Quebec City. Hazen research confirmed an average recovery of 90% of rare earth elements also obtained at COREM and Hazen also measured these high extraction rates under non-optimized leaching conditions.

The Hazen program was conducted on two (2) composite samples that are representative of the two types of mineralization that are characteristic of the northeast portion of the Josette Horizon. The first composite sample of MM1 was taken from HQ-diameter drill core that were split in half from two drill

holes (10885-13-61A and 10885-13-69A). The representative MM1 sample is a hydrothermal massive iron formation, with variable amounts of veins containing REE-bearing phosphates and silicates as well as calc-silicate minerals. The second composite sample of Breccia Type ("BR1") mineralization is composed of HQ-diameter drill core splits from three diamond drill holes (10885-13-73A, 10885-13-74A and 10885-13-69A). The representative BR1 sample is characterized by a stockwork of magnetite veins, REE-bearing phosphates and silicates, and calc-silicate minerals in a granitic host rock. Mineralogical studies performed at COREM in 2013 show that REE occur in phosphate (apatite and britholite) and silicate (allanite and kainosite) phases.

Testwork results to date show that silicate concentrates produced from the composite samples leach well with nitric acid and hydrochloric acid. There is therefore no reason to separate the phosphates and silicates that both contain rare earth elements. Extraction using sulfuric acid gave poor results and therefore it was eliminated as a choice for acid leaching.

"From the work performed, it was determined that the differences between the REE extractions for HCl and HNO_3 were minor." (1) Hazen Research, HYDROMETALLURGICAL WORK FOR KWYJIBO PROJECT, PREPARATION AND LEACHING OF RARE EARTH CONCENTRATES, project 12182, August 2016

With the current price of these two types of acids, the use of HCl appears to be a more economical choice when considering operating costs. The following graphs show that the use of a 6 Molar ("6M") concentration of HCl at 90°C, achieved approximately 90% extraction from rare earth concentrate for all rare earth elements for the MM1 Combined and the BR1 mineralization types.

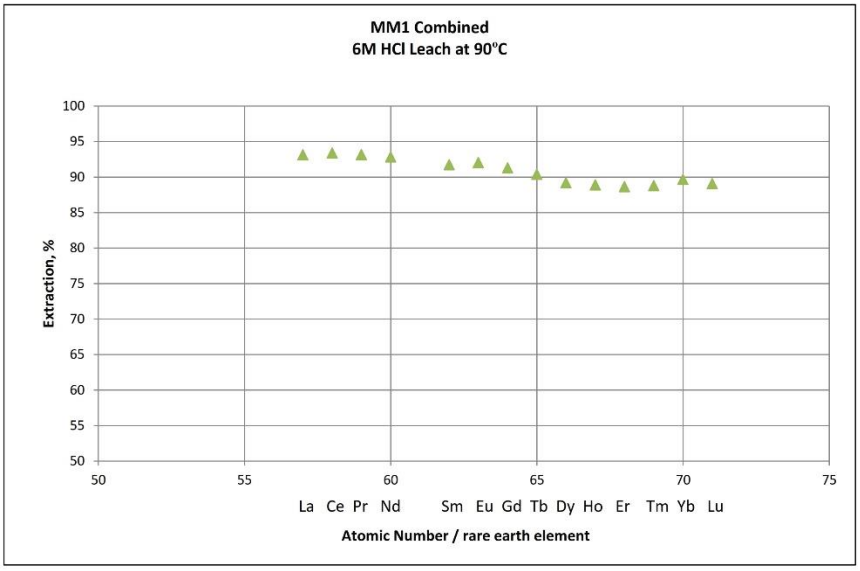

Figure 1. REE Extractions for the MM1 Combined mineralization type in a 6M HCl leach at 90°C

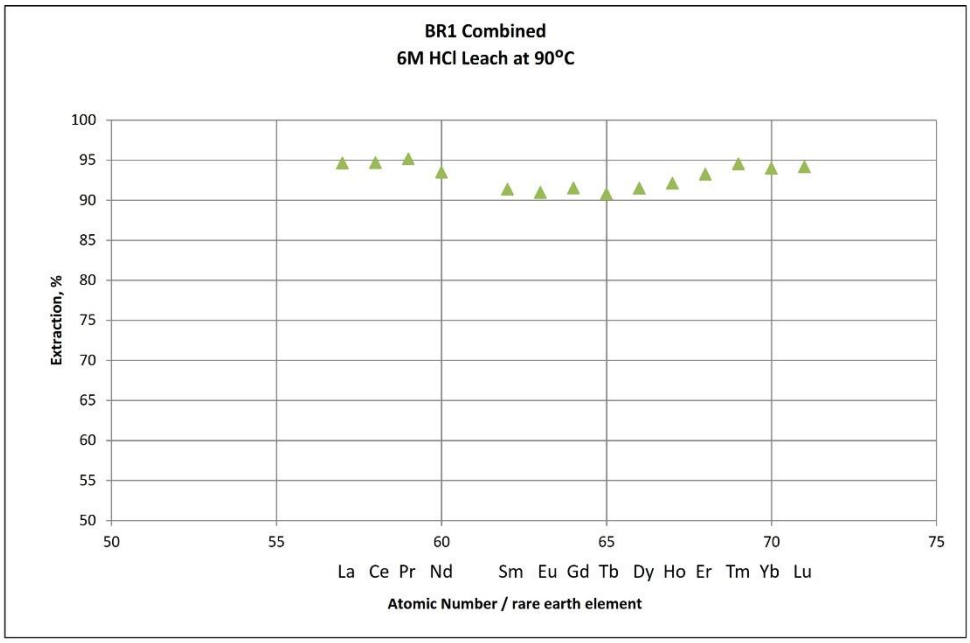

Figure 2. REE Extractions as a Function of Temperature for BR1 Combined with 6M HCl

When considering all the mineral beneficiation processing steps previously developed by COREM (grinding, magnetic separation, flotation), followed by the leaching extraction developed by Hazen the non-optimized global recoveries of rare earth elements are described in the following table:

REE Global Non-Optimized Recoveries: Beneficiation + HCl Extractions

Composite Sample	Global Recovery (%)										
	Critical REE										
	Y	Pr	Nd	Eu	Tb	Dy	LREE	HREE	HREE+Y	TREE	TREE+Y
MM1	73.9	79.4	78.6	77.4	76.7	75.7	78.8	76.4	74.9	78.5	77.6
BR1	81.1	89.8	88.0	85.6	85.6	86.5	88.8	87.0	87.1	88.5	88.3

LREE (light rare earth elements): La+Ce+Pr+Nd+Sm
HREE (heavy rare earth elements): Eu+Gd+Tb+Dy+Ho+Er+Tm+Yb+Lu
TREE (total rare earth elements): La+Ce+Pr+Nd+Sm+Eu+Gd+Tb+Dy+Ho+Er+Tm+Yb+Lu

The mineral processing flow sheet for the Kwyjibo project will therefore consist uniquely of minimal comminution steps followed by magnetic separation to remove the magnetite. Such a minimal beneficiation flow sheet will simplify operations.

Hydrometallurgical Testing – Purification (Phase IV)

On September 21, 2016, the Company and SOQUEM awarded the Phase IV hydrometallurgical testing contract to Hazen Research Inc. of Golden, Colorado, USA. The work consists of developing process flow sheets for purifying the leach liquor containing REE and for the recovery of REE using solvent extraction. Throughout 2017, Hazen continued to optimize the REE purification process flow sheet by working on the liberation size and grinding, as well as on magnetic separation and leaching. Very encouraging results were obtained with both ore types (MM1 and BR1), but since the in-situ REE grades

in the Josette massive Magnetite horizon MM1-Type mineralization type are higher, subsequent efforts were aimed at optimizing the recovery of REEs from MM1-type mineralization. That portion of the mineralization is located closer to surface and would potentially be less costly to mine. This combined with the fact that it is much easier to process than the BR1 mineralization type, the consensus was to proceed towards this objective.

Hazen completed Phase IV hydrometallurgical testing of MM1-Type REE mineralization in September 2017. In January 2018, Hazen Research delivered their final report on the hydrometallurgical work for the Kwyjibo Project. The final purification process flow sheet is designed to extract and recover three REE fractions: Light rare earths (La, Ce, Pr and Nd), intermediate rare earths (Sm, Eu and Gd) et heavy rare earths (Tb, Dy, Ho, Er and Tm-Yb-Lu, plus Y). The cumulative recovery of rare earth elements and yttrium is 72 %. Hazen recommends future optimization testworks in the leaching, neutralization and solvent extraction processes in order to increase the cumulative recovery. The final flow sheet design will be incorporated into the Preliminary Economic Assessment of the Kwyjibo project currently underway by Met-Chem Canada Inc., of Montréal.

Environmental and Social Aspects

On October 23, 2013, Focus organized a Kwyjibo's project site visit with two members of the Uashat Mak Mani Utenam Innu First Nation on territory where the project is located. The aim of the visit was to present the nature of the work conducted on site and discuss the environmental concerns of the local Innu families.

In December 2013, the Company and SOQUEM received the final report regarding the monitoring of surface water quality completed by Roche Groupe-Conseil of Québec-City. This follow-up on surface water quality was conducted over the preceding 3 years during Focus-SOQUEM's fieldwork campaigns with the aim to be able to evaluate potential environmental impacts associated with drilling campaigns. In general, the provincial and federal criteria for the quality of surface waters were met and the only minor incidents of exceeding water quality criteria that were noted could also be related to the natural environment. Monitoring of surface water quality is still ongoing by Norda Stelo (formerly Roche Groupe-Conseil) of Québec-City every year.

On December 19, 2017, Focus and SOQUEM received the results of surface water quality monitoring and assessment work performed at the Kwyjibo project by AXOR Experts-Conseils Inc. (AXOR) of Montréal, Québec, in August of 2017. The survey also targeted the Manitou River as well as the headwaters of Manitou Lake as they are located upstream of the project. The water quality survey is designed to augment the knowledge base on physical, chemical, biological, and microbiological characteristics of surface waters draining the Kwyjibo project for the purpose of impact assessment during future mine certification and permitting processes. SOQUEM will renew AXOR's mandate to perform annual water surface quality sampling survey on the Kwyjibo Property. The survey will be conducted in July or early August 2018, depending on weather conditions.

On February 27, 2018, SOQUEM awarded a contract to environmental engineering firm Englobe of Montréal, Québec to provide strategic guidance on how to address the challenge of seeking social acceptability for the Kwyjibo project and to assist the JV partners in designing an effective strategy to communicate and inform communities concerned or impacted by the development of the project, including raising awareness to the social and economic benefits of sustainable REE mining. Since then, Englobe has been analyzing documents submitted by Focus and SOQUEM relative to the project and to the REE sector and has been compiling and assessing the history of communications with the Uashat

mak Mani-Utenam band Council (ITUM) since 2011, with the objectives to set up a communication plan with ITUM and organize a meeting between the parties.

Preliminary Economic Assessment

On July 27, 2017, SOQUEM and Focus engaged Met-Chem Canada Inc. of Montréal ("Met-Chem"), a division of DRA Americas Inc., to undertake a Preliminary Economic Assessment (PEA) of the Kwyjibo project. Met-Chem is a globally recognized expert in mine and infrastructure design, including construction and mine operations, resource mapping, metallurgy, cost assessment, process design and administration. They have direct experience in the REE sector having prepared pre-feasibility studies (PFS) on the Zandkopsdrift and Steenkampskraal REE projects in South Africa, and on the Browns Range Project in Australia. The PEA to be prepared by Met-Chem will cover the following aspects of the Kwyjibo project: The preparation of a mineral resource estimate in accordance with NI 43-101; site selection; infrastructure design; preliminary mine design and mining plan in a remote setting; equipment and personnel requirements; development of a process flow sheet and selection of processing equipment; mine-to-processing plant transportation and road access studies; investment estimates; electrical requirements; site surveys and design of a treatment plant, economic analysis and economic sensitivity studies among other activities, and; ultimately, the preparation of a technical report incorporating all study elements. The PEA will incorporate hydrometallurgical test results and the final REE purification process flow sheet derived from lab-scale work being conducted by Hazen Research on composite drill core samples from the Josette massive Magnetite horizon MM1-Type mineralization. Met-Chem commenced work on the PEA on August 1, 2017.

Update for the Three Months Period Ended June 30, 2018

On June 28, 2018, the Company and SOQUEM Inc. released the highlights of the positive Preliminary Economic Assessment (PEA) of the Kwyjibo project prepared Met-Chem in collaboration with SMH Process Innovation LLC of Sandy, Utah, USA, who was responsible for metallurgical testwork and hydrometallurgy. The PEA demonstrates that the Kwyjibo project has a positive potential to become a profitable producer of rare earth elements and rare earth element oxide products.

PEA Highlights[1]:

- The combined resource for the Josette Northeast and Josette Southwest zones is 6.92 Mt at 2.72% TREO (Total Rare Earth Oxides) in the Measured and Indicated categories[2] and 1.33 Mt at 3.64 %TREO in the Inferred category[2]
- The PEA focuses exclusively on the Josette Northeast Zone with an underground mine and on-site concentrator and a hydrometallurgical processing facility located off-site
- 10-year life of mine (LOM) with an average annual ore production of 387,000 t at 3.29% TREO. Total LOM production is 3.55 Mt at 3.29% TREO
- The REE are concentrated in three minerals: apatite, britholite and allanite
- Average annual concentrate production of 174,000 t grading 7.0 % TREO
- Further hydrometallurgical processing leading to an annual production of 9,500 t of TREO
- Pre-tax internal rate of return ("IRR") of 21.4% (18.0% after tax) and pre-tax net present value ("NPV") of CAD 572.9 million (CAD 380.7 million after tax) in the base case scenario using a Basket price of CAD 42.81 per kg of TREO

- Capex of CAD 723.6 million with a payback period of 3.4 years
- Overall TREO recovery of 75%
- The recovery of the REE, especially for Nd and the heavy rare earths (Gd, Dy, Tb, Ho, Er and Y), with a conventional solvent-extraction hydrometallurgical process is efficient not only in terms of extraction but also separation.
- The Kwyjibo REE deposit remains open at depth with the potential to increase mine life through additional drilling and technical studies.

Cautionary notes:

[1] The Preliminary Economic Assessment of the Kwyjibo REE project is considered to meet the requirements of a Preliminary Economic Assessment as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101). The PEA is only intended to provide an initial, high-level review of the project. The PEA mine plan and economic model include the use of Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the Preliminary Economic Assessment will be realized.

[2] Cautionary note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves. The rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, TREO grade and contained REE.

The PEA by Met-Chem covers the mining and milling of REE-bearing magnetitite material from an underground mine, with a mine life of 10 years and a concentrator located on the Kwyjibo Property. Processing includes crushing, grinding, magnetic separation, thickening and filtering of run-of-mine. The TREO concentrate produced at the on-site mill will be shipped to a hydrometallurgical plant located outside the mine site.

The hydrometallurgical processing plant is designed to transform REE concentrate into three separate refined Rare Earth Oxide ("REO") products for an annual production rate of 9,500 t of TREO. The hydrometallurgical process leaches the concentrate in three steps using solid conversion and is completed by a multistage solvent extraction process to produce three REO products: Nd-Pr oxides, Dy oxide and a mix of the remaining REO and Y oxide.

The magnetic separation at the concentrator is designed to produce a 7.00% TREO concentrate with a recovery of 96%. The recovery of TREO from concentrate processed at the hydrometallurgical plant is 78%. The overall TREO recovery is estimated at 75%.

The mine production and the economic result of the PEA are shown below in Table 1, while Table 2 provides the mineral resource estimates.

Table 1: Kwyjibo project PEA Summary Parameters

	Value	Unit
Mine Production		
Production capacity	387 000	t/y
Life mine production	3.55	Mt
Grade (mill feed)	3.29	% TREO
Concentrate production	174 000	t/y
Concentrate grade	7.00	% TREO
Pre-Tax Economic Results		
NPV @ 8%	564.0	M CAD
IRR	21.2	%
Payback Period	3.4	years
Undiscounted Cash-Flow	1,454.9	M CAD
After Tax Economic Results		
NPV @ 8%	373.9	M CAD
IRR	17.8	%
Payback Period	3.6	years
Undiscounted Cash-Flow	1,070.9	M CAD
Capital Expenditure and Operating Costs		
Capital Expenditure	723.6	M CAD
Sustaining Capital	18.8	M CAD
Revenue	3,463.3	M CAD
Operating Cost	355	CAD/t milled
Operating Cost	14,478	CAD/t REO produced
Life of mine	10	years
Exchange Rate	1.25	CAD/USD
Net smelter Royalty (NSR)[4]	1.5	%

Table 2. Resource Estimates[3]

RESOURCES		TOTAL	REO By Element												
Types	**Tonnes ('000)**	**TREO (%)**	**La_2O_3 %**	**Ce_2O_3 %**	**Pr_2O_3 %**	**Nd_2O_3 %**	**Sm_2O_3 %**	**Eu_2O_3 %**	**Gd_2O_3 %**	**Tb_2O_3 %**	**Dy_2O_3 %**	**Ho_2O_3 %**	**Er_2O_3 %**	**Tm_2O_3 %**	**Y**
Josette Northeast Zone															
Measured	1 634	3,34	0,44	1,02	0,13	0,55	0,11	0,01	0,11	0,02	0,11	0,02	0,06	0,01	
Indicated	2 340	3,49	0,45	1,06	0,14	0,57	0,12	0,01	0,12	0,02	0,12	0,02	0,07	0,01	
M + I	3 974	3,43	0,45	1,04	0,13	0,56	0,12	0,01	0,12	0,02	0,11	0,02	0,06	0,01	
Inferred	1 116	4,04	0,54	1,24	0,16	0,66	0,14	0,01	0,14	0,02	0,13	0,03	0,08	0,01	
Josette Southwest Zone															
Measured	775	1,8	0,23	0,55	0,07	0,29	0,06	0,01	0,06	0,01	0,06	0,01	0,03	0,00	
Indicated	2 167	1,74	0,23	0,54	0,07	0,28	0,06	0,01	0,06	0,01	0,06	0,01	0,03	0,00	
M + I	2 942	1,76	0,23	0,54	0,07	0,28	0,06	0,01	0,06	0,01	0,06	0,01	0,03	0,00	
Inferred	209	1,51	0,20	0,47	0,06	0,24	0,05	0,01	0,05	0,01	0,05	0,01	0,03	0,00	
Combined Zones															
Measured	2 409	2,84	0,37	0,87	0,11	0,46	0,10	0,01	0,10	0,02	0,09	0,02	0,05	0,01	
Indicated	4 507	2,65	0,35	0,81	0,10	0,43	0,09	0,01	0,09	0,01	0,09	0,02	0,05	0,01	
M + I	6 916	2,72	0,35	0,83	0,11	0,44	0,09	0,01	0,09	0,02	0,09	0,02	0,05	0,01	
Inferred	1 325	3,64	0,49	1,11	0,14	0,59	0,13	0,01	0,12	0,02	0,12	0,02	0,07	0,01	

[35] *Cautionary note and other relevant information:*

1. The economic viability of mineral resources that are not mineral reserves has not been demonstrated. The mineral resource estimate could be materially affected by
2. The mineral resources were estimated following the definition standards of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) for mineral resources a May 10, 2014.
3. The inferred mineral resources in this estimate have a lower level of confidence than that applying to indicated resources and must not be converted into mineral r continued exploration.
4. TREO (total rare earth oxides) = $La_2O_3 + Ce_2O_3 + Pr_2O_3 + Nd_2O_3 + Sm_2O_3 + Eu_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3 + Y_2O_3$
5. LREO (light rare earth oxides) = $La_2O_3 + Ce_2O_3 + Pr_2O_3 + Nd_2O_3 + Sm_2O_3$ (as used by Hazen Research Inc.)
6. HREO (heavy rare earth oxides) = $Eu_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3 + Y_2O_3$ (as used by Hazen Research Inc.)
7. The effective date of the resource estimate is November 17, 2017

The resource estimate presented in Table 2 is based on validated results from 109 surface drill holes for a total of 19,168 m of drilling that were completed on the Josette Horizon between 1994 and 2013. About 6,500 m of drill core (total of 4,962 samples) has been assayed for REE, base metals, and major and trace elements. Also, specific gravity was measured for 886 samples from selected 2012 and 2013 drill holes. The geology was interpreted on 2D sections followed by modelling of 3D envelopes of the mineralized zones. The mineral resource estimate was based on 1.5 m-long composites along the holes. Blocks of 10 m x 10 m x 5 m were used and guided by the selective mining unit concept and by the drill hole spacing.

Full details on data analysis and modelling, hydrometallurgical testwork results, engineering and economic assessment parameters and assumptions used in the PEA are available in the Kwyjibo project technical report by Met-Chem which was filed on SEDAR on August 2, 2018, and is available at www.sedar.com under Focus Graphite Inc.

Total capitalized exploration expenditures incurred on the claim block to date (net of tax credits and mining duties) are $6,745,647. The Company maintains its participation in the project at 50%.

Update for the Three Months Period Ended September 30, 2018

During the quarter ended June 30, 2018, Focus and SOQUEM continued working with environmental engineering firm Englobe of Montréal, Québec, on various initiatives designed to improve community relations, address stakeholder concerns and achieve social acceptability for the Kwyjibo project. Englobe continued building its information and knowledge base in the Kwyjibo project, rare earth element mining and processing, and on communities and other stakeholders concerned or potentially impacted by the project. SOQUEM and Focus, with the aid of Englobe, also launched a Web site dedicated to the Kwyjibo project, www.projet-kwyjibo.com and designed for the general public.

On August 2, 2018, Focus and SOQUEM released the Preliminary Economic Assessment (PEA) technical on the KwyJIbo project prepared by Met-Chem\DRA. The report entitled "*Projet de terres rares Kwyjibo – Rapport technique NI 43-101 – Évaluation économique préliminaire "* is available at www.SEDAR.com, under Focus Graphite Inc.

On August 3, 2018, SOQUEM retained the services of engineering firm Axor Expert-Conseils Inc. of Sept-Îles, Québec (Axor) to perform the annual surface water quality survey of the Kwyjibo property. Six (6) surface water sites on the property have been systematically monitored by SOQUEM since 2011. The latest survey was conducted by Axor on September 20, 2018. Test results are expected during the next quarter.

On September 27 and 28, SOQUEM President and CEO Olivier. Grondin along with Englobe and MU Conseils representatives, traveled to Sept-Îles to meet Municipalité régionale de comté de Minganie and Sept-Îles city officials, and representatives from the band council of the Innu First Nation of Uashat mak Mani-Utenam (ITUM). The goal of these meetings was to inform communities of the latest developments regarding the Kwyjibo project, namely the publication of the PEA, renew the partner's commitment to information sharing, open dialogue and sustainable mineral development, and to answer question on any aspect of the project.

Update for the Three Months Period Ended December 31, 2018

No work was performed on the Kwyjibo property during the quarter ended on December 31, 2018.

Kwyjibo Project Development Outlook

Focus and SOQUEM continue working with Englobe on various initiatives designed to improve community relations, address stakeholder concerns and achieve social acceptability for the Kwyjibo project. Initiatives currently under way include: Organizing community consultation and information

sessions; establishing a new roadmap for sustainable development for the joint venture partners; and improving the Kwyjibo project Web site.

Focus and SOQUEM are currently reviewing their strategy and timeline to advance the Kwyjibo REE project to the next stage of the mineral resource appraisal process pending the outcome of the ongoing community information, communication and dialogue initiative.

Lac Knife Graphite Project, Côte-Nord Administrative District of Québec

The Lac Knife project comprises 57 map-designated claims covering 2,986.31 ha located in Esmanville Township (NTS map sheet 23B/11), 27 km south-southwest of the iron-mining town of Fermont, in the Côte-Nord administrative district of Québec. Focus signed a letter of intent on August 19, 2010 and acquired a 100% interest in the claims titles in October 2010 when it acquired all of the issued and outstanding shares of 3765351 Canada Inc. Effective April 1, 2012, 3765351 Canada Inc. was liquidated, and its assets were transferred to Focus. 3765351 Canada Inc. was formally dissolved effective September 30, 2012.

The Lac Knife project is host to the historical Lac Knife graphite prospect discovered during regional government geological surveying in 1959. The prospect is located in the Grenville geological province of Northeastern Québec. Graphite mineralization is set in migmatized biotite-bearing quartz-feldspar gneiss belonging to the Nault Formation of the lower Proterozoic Gagnon Group. According to the Québec Ministry of Natural Resources (MRN), where this gneissic unit is sheared, brecciated and silicified, coarse graphite flakes and associated sulphide minerals make up 5-10% of the rock, with up to 20% or more in the more brecciated zones. Fuchsite and other iron-rich micas accompany the graphite and sulphide mineralization in the more silicified horizons.

Historical Exploration Programs

The Lac Knife graphite prospect was the subject of a first detailed investigation by Société Minière Mazarin Inc. (“Mazarin”) from 1987 to 1990. Between 1988 and 1990 Mazarin, through some 99 core drill holes defined three main graphite-bearing zones, extending more than 500 m in length and to a minimum depth of 125 m. Mazarin sponsored a first feasibility study on the Lac Knife project which was completed in 1989. An updated study was prepared by Cambior Inc. in 1991. Under this study, Cambior proposed an open-pit mining operation for six months of the year, which would supply enough graphite ore to feed a 400t per day concentrator on a year-round basis for an annual production of 23,000t of graphite concentrate.

In April of 2000, Mazarin concluded an agreement with Tennessee-based Ucar Graftech, a unit of Ucar International, and a leading manufacturer of high-quality natural graphite-based materials, whereby Ucar Graftech was to conduct a feasibility study for the Lac Knife graphite project, including the collection and testing of a 3,500-tonne graphite-bearing sample. All work on the project was suspended in 2001 because of a recession and a decline in graphite prices. In 2002, Graftech and Mazarin planned a joint venture with the goal of starting production in 2004. However, the graphite market again declined, and the Project did not proceed. During those years IAMGOLD Management Québec (“IAMGOLD”) purchased Cambior which included the Lac Knife project. The registered owner of Lac Knife project was 3765351 Canada Inc., a subsidiary of IAMGOLD. On October 4, 2010, Focus announced the closing of the acquisition of all of the issued and outstanding shares of 3765351 Canada Inc., in exchange for (i) a cash payment of $250,000 and (ii) the issuance of 4,016,362 common shares and 2,008,181 warrants of the Company, each warrant entitling IAMGOLD to acquire an additional common share of the Company at a price of $0.10 for a period of 24 months.

Focus Exploration and Development Programs

Exploration work by the Company at Lac Knife started in 2010 with a geological and environmental due diligence evaluation of the project and a technical review of the historical project database by

Roche Ltd. The results of which were used to plan a new core drilling campaign, the first at Lac Knife in over 20 years.

2010-2011 Drilling Campaign

During winter 2010-2011, the Company implemented a twelve-hole (1,233 m) core drilling program on the main graphite prospect which was designed to verify and replicate selected historical holes from the 1989 Mazarin drilling program. The results of the drilling served as a basis for the estimation by Roche of a first mineral resource estimate of the deposit. The final drill program report from IOS Services Géoscientifiques of Chicoutimi, Québec was received on January 15, 2013.

Mineral Resource Estimate

Note: These results related to the first Mineral Resource Estimate have been superseded by the results of the updated Mineral Resource Estimate disclosed January 28, 2014 (see below).

On December 5, 2011, the Company released the results of the first Mineral Resource Estimate (MRE) on the Lac Knife graphite project completed in accordance with National Instrument 43-101. According to Roche of Montréal, the Lac Knife project hosts a Measured and Indicated Mineral Resource totalling 4.972 Mt grading 15.67% graphitic carbon (Cg) as crystalline graphite (637 kt @ 15.59% Cg of Measured Mineral Resource and 4,335 kt @ 15.68% Cg of Indicated Mineral Resource) with an additional Inferred resource of 3.000 Mt grading 15.58% Cg as crystalline graphite. This MRE is based on a database of 112 drill holes (total 8,904 m) comprised of 12 holes drilled by Focus in 2010-2011 and 99 holes drilled by Mazarin in 1989-1990. The resource estimate and accompanying technical report by Roche dated December 5, 2011, was filed on SEDAR (www.sedar.com) on January 18, 2012, and is available on the Company's website at (www.focusgraphite.com). The block model was developed using GEMS™ software by Gemcom. Mineralization blocks are 5 m long, 7 m wide and 5 m high. A cut-off of 5% Cg was used. Five different graphite bearing zones are included in the resource estimation; all zones start from surface and extend to a maximum depth of 125 m, for total dimensions of 350 m width by 650 m strike length. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The MRE served as the basis of a Preliminary Economic Assessment (PEA) on the Lac Knife project published in 2012.

Updated Mineral Resource Estimate

On January 28, 2014, the Company released an update of its Mineral Resource Estimate for the Lac Knife deposit (prepared by AGP Mining Consultant Inc. of Barrie, Ontario). The resource estimate is based on both the 2012 and 2013 additional exploration and definition drilling programs for a total of 9,103 m in 92 holes. This is in addition to 105 previous drill holes that totalled 9,217 m. The drilling successfully achieved the designed goal to upgrade the quality of existing Indicated and Inferred Mineral Resources into the Measured and Indicated categories.

The updated Measured and Indicated resources are estimated at 9.6 Mt grading 14.77% graphitic carbon (Cg) at a 3% Cg cut-off grade (432 kt @ 22.66% Cg of Measured Mineral Resource and 9,144 kt @ 14.35% Cg of Indicated Mineral Resource). Additionally, there are 3.1 Mt of Inferred Mineral Resources at 13.25% Cg using a 3% cut-off as presented in Table 1. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves.

Table 1. Lac Knife Updated Mineral Resource Estimate*
@ 3.0 % graphitic carbon (Cg) cut-off.

	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. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserve.*

Highlights :

- Measured and Indicated Mineral Resources reported at a cut-off of 3.0% Cg increased in tonnage by 92% to 9.6 Mt grading 14.77% Cg compared to the previous estimate of 4.9 Mt grading 15.76% Cg reported at a cut-off of 5.0% Cg.
- Upgraded 432,000 tonnes of Indicated Mineral Resources to the Measured resource category grading an average of 23.66% Cg using a 3% cut-off grade.
- The updated resource estimate increased the in-situ graphite content by 81%.
- The bulk of the 3.0 million tonnes previously classified as Inferred Mineral Resource was successfully upgraded to the Measured and Indicated categories.
- Delineation of an additional 3.1 million tonnes of Inferred Resources that is located within the southwest extension of the Lac Knife deposit

The updated Mineral Resource estimate is based on 197 diamond drill holes totalling 18,320 m of historic and recent drilling. This includes 104 surface diamond drill holes totalling 10,337 m completed by Focus Graphite since 2010. Mineral Resources have been reported within a constraining pit shell at a cut-off grade of 3.0% graphitic carbon (Cg). The results significantly increase the quality and tonnage of the resource. The Updated Mineral Resource Estimate details on the mineral resource estimation procedures are given in Focus' press release dated January 28, 2014, which is available on the Company's website at (www.focusgraphite.com). The Updated Mineral Resource Estimate was used to determine the estimated mine life based on the mill feed rate for the Feasibility Study.

Preliminary Economic Assessment

Note: These results related to the Preliminary Economic Assessment (PEA) have been superseded by the results of the Feasibility Study disclosed June 25, 2014 (see below).

On October 29, 2012, the Company released the highlights of its positive Preliminary Economic Assessment (PEA) of the Lac Knife project completed in accordance with National Instrument 43-101. The PEA, prepared by RPA, in collaboration with Soutex (responsible for metallurgy and mineral processing) demonstrates that Lac Knife has a positive potential to become a profitable producer of graphite.

Operational Highlights*:

- Indicated Mineral Resources totalling 4.938 Mt grading 15.76% Cg and Inferred Mineral Resources totalling 3 Mt grading 15.58% Cg.
- Proposed 20 years of life of mine production of 6.0 Mt of mill feed at a grade of 15.66% graphitic carbon (Cg);
- Open pit operation at 300,000 tonnes per year;
- Average graphite recovery of 91.3% at Lac Knife processing plant;

- Life of mine production of 928,000 tonnes of concentrate at 92% Ct on average, or approximately 46,600 tonnes of concentrate per annum;
- Thermal purification upgrade of approximately 40% of the primary concentrate to 99.99% Cg by an existing producer with inherent purification losses of 15%;
- Life of mine project production of 868,000 tonnes of concentrate at 93.5% Cg on average, including 338,000 tonnes of high purity 99.95% Cg product.

Financial Highlights*:

- $246 million pre-tax Net Present Value (NPV) (at a 10% discount rate);
- 32% pre-tax Internal Rate of Return (IRR);
- $926 million pre-tax undiscounted cash flow;
- $3.7 billion total net revenue;
- Pre-tax payback period of 2.8 years;
- $154 million initial capital cost, inclusive of $33 million and $24 million in working capital and contingency (25%), respectively;
- $68 per tonne average unit operating cost at Lac Knife;
- $435 per tonne average unit operating cost, assuming thermal purification on a contract basis;
- PEA economics assessment for the Project calculated based on graphite market prices of $10,000, $1,300, and $800 per tonne of battery grade (>99.95% Cg, +100 mesh), medium grade (>90% Cg, -100+200 mesh) and fine grade (>80% Cg, -200 mesh) respectively, on a FOB mine basis.

** Cautionary note: The Lac Knife project PEA is considered to meet the requirements of a Preliminary Economic Assessment as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101). The economic analysis contained in the technical report is based, in part, on Inferred Resources (as defined in NI 43-101) 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 (as defined in NI 43-101). Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the reserves, development, production, and economic forecasts on which the PEA is based will be realized*.

For full details on data analysis and modelling and on engineering and economic assessment parameters and assumptions used in the Lac Knife PEA are available in the IRPA technical report filed on SEDAR (www.sedar.com) on October 31, 2012, and available on the Company's website at www.focusgraphite.com.

Updated Preliminary Economic Assessment

Note: These results related to the updated Preliminary Economic Assessment (PEA) have been superseded by the results of the Feasibility Study disclosed June 25, 2014 (see below).

On November 7, 2013, the Company announced updated results of the Preliminary Economic Assessment (PEA) for the Lac Knife Graphite Project The update was 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, 2013.

The increase in concentrate grades and associated economic assessment results were updated in the project cash flow summary and were validated by RPA Inc. in consultation with Soutex Inc. of Québec-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" concentrate prices, without the value-added price prices used in the original PEA financial model. The original report was filed on October 29, 2012.

The Lac Knife project has a pre-tax internal rate of return (IRR) of 36.4% and of 28.6% after tax and a pre-tax net present value of $ 316.9 million and of $185.3 million after tax in the base case using a weighted average price of US$1,866 per tonne of run-of-mine concentrates. The cost of production is $458 per tonne of concentrate (refer to the November 7, 2013, news release available at www.focusgraphite.com and at www.sedar.com*).*

Highlights of PEA Update Are Summarized Below:

	Pre-Tax Value ($ millions)	After Tax Value ($ millions)
Net Present Value		
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

**Cautionary 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*.

Feasibility Study

On November 4, 2013, the Company retained the services of Québec-based Met-Chem Canada Inc. ("Met-Chem") to complete a Feasibility Study and Mine Closure Plan to bring the Lac Knife graphite project closer to a production decision.

The Feasibility Study scope of work involves a comprehensive review of all project characteristics - from process validation to capital costs, operational costs, and basic engineering leading to the detailed engineering, marketing, environmental, health & safety, and other considerations in order to further validate and integrate the various technical aspects of the project.

On June 25, 2014, the Company reached a significant milestone in the development of the project when it released the highlights of its positive Feasibility Study (FS) of the Lac Knife project completed by Met-Chem Canada Inc. Results from the FS indicate that the Lac Knife Project is viable economically based on a 25-year mine life that resulted in a Pre-tax Net Present Value (NPV) of $383 million calculated at a discounted cash flow (DCF) rate of 8%. 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%, with an IRR of 24.1% and a capital payback of 3.2 years.

Table 1: Lac Knife's Feasibility Study - Net Present Values Calculated at Various Discounted Cash Flow Rates for the Base Case Production Scenario and the Forecasted Average Price/t in 2016

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**	**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**

Note: 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 Mineral Resources will continue to be evaluated to develop the mid and long-term growth profile for the Company.

Highlights:

- Reduced operating costs from PEA estimate of $458 per tonne of concentrate to $441 per tonne.
- 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 will 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 Québec 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.
- 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% graphitic carbon (Cg). The Mineral Reserves which account for mining dilution and ore loss are reported at a cut-off grade of 3.1% Cg. The Mineral Reserve is included within the Measured and Indicated Mineral Resources of 9,576 kt grading 14.77 % Cg (432 kt of Measured Mineral Resources grading 23.66 % Cg and 9,144 kt of Indicated Resources grading 14.35 % Cg). The reference point for the Mineral Reserve Estimate is the mill feed.
- 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 containing 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 21, 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% total carbon. This allows Focus to divert finer sized products that would typically be difficult to sell due to their flake size to higher value-added products such as spherical graphite for batteries due to the high carbon content of 98% (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% graphitic carbon (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 Feasibility Study. The Mineral Reserves are included in the Measured and Indicated Mineral Resources of 9,576 kt grading 14.77 % Cg (432 kt of Measured Mineral Resources grading 22.66 % Cg and 9,144 kt of Indicated Mineral Resources grading 14.35 % Cg). The reference point for the mineral reserve estimate is the mill feed. The remaining Measured and Indicated Mineral 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's Open Pit Mineral Reserves Estimated

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**

*The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserve. The reference point for the Mineral Reserve Estimate is the mill feed.

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: Outline of Financial Resources Required to Construct the Mine

Table 3	
Lac Knife Capital Expenditure - Cost Centres	**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
Power and Communication at mine site	15.4
Indirect Costs	39.77
Contingency (11.5%)	17.07
Sub Total	**165.55**

The operating costs per tonne of concentrate produced are $441 (see Table 4 below). 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 Québec at the intersection of the access road and Provincial Highway 389.

Table 4: Operating Expenditures Cost Centres

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

On August 8, 2014, the Company filed the complete Feasibility Study (FS) report of the Lac Knife project on SEDAR (www.sedar.com) in accordance with the National Instrument 43-101 standards and guidelines. The Feasibility Study was completed by Met-Chem Canada Inc. with contributions from AGP Mining Consultants, Journeaux Associates and Golder Associates. The FS report is also available on the Company's website at www.focusgraphite.com.

The technical information related to the Feasibility Study 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.

Off-Take Agreement with a Chinese Industrial Conglomerate

On December 20, 2013, The Company announced that it had entered into an offtake agreement for the future production from Lac Knife's graphite resource located 27 km southwest of Fermont, Québec.

The strategic agreement for up to 40,000 tonnes per year, with a minimum amount of 50% of production of graphite concentrate and value-added products produced was signed on December 19, 2013, by the Company with an industrial conglomerate, comprised of heavy industry, manufacturing and technology companies located in Dalian City, Liaoning Province, China. The 10-year agreement calls for the supply of up to 40,000 tonnes per year of large, medium and fine flake graphite concentrate and value-added graphite products from the proposed Lac Knife mining and processing facility.

On March 6, 2014, the Company reported that the terms of the agreement announced in December 2013 bind the parties to a minimum floor purchase of 20,000 tonnes per year in addition of the supply ceiling of 40,000 tonnes per year of future production from its Lac Knife graphite deposit. This announcement highlighted the availability of graphite flake concentrate for other strategic offtake buyers.

The specific terms of the agreement, including pricing and renewal rights, are confidential for competitive reasons.

Summary of Focus' Offtake Agreements

Offtake	Date of Agreement	Buyer	Minimum Quantity (tonnes)	Maximum Quantity (tonnes)	Products	Source of graphite concentrates and products	End date	Right to determine actual quantity
China offtake	December 19, 2013	Chinese industrial conglomerate	20,000	40,000	All flake sizes [1]	Lac Knife Project or other sources owned or controlled by Focus [2]	December 19, 2023	Focus
Graphene offtake	September 24, 2015	Grafoid Inc.	0	1,000	High purity (98.3% total carbon) large flake (>80 mesh) concentrate	Lac Knife Project or other sources owned or controlled by Focus [2]	10 years after commercial production start-up	Grafoid
Polymer offtake	September 24, 2015	Grafoid Inc.	0	25,000	All flake sizes [1]	Lac Knife Project or other sources owned or controlled by Focus [2]	10 years after commercial production start-up	Grafoid
TOTAL	-	-	**20,000**	**46,000**	-	-	-	-

Notes:

[1] Estimated yearly production of 44,300 tonnes as per the Feasibility Study dated June 25, 2014
[2] Focus to determine in its sole discretion origin of graphite concentrate to be delivered

Site Plan and Infrastructure Layout

On February 20, 2013, the Company received from Groupe Synergis of Shawinigan, Québec a letter report regarding the constraints related with the utilization of the Hydro Québec road as a Lac Knife project access road.

A contract was awarded to BBA Engineering, an independent consulting engineering firm in Québec in the second quarter of 2013. The mandate awarded includes the determination of any additional physical elements in the aim to complete the environmental baseline study, including site access road design and general mine site infrastructure layout. Part of this exercise was to determine various options for the installation of the concentrator, waste dumps, and tailings impoundment. Also included in the BBA Engineering mandate is a redesign of the project access road in order to abide by Hydro Québec regulations. This is required in order to have regular vehicle circulation during construction and operations without infringing on safety perimeters of the current electrical towers and infrastructure. This was a precursor to meeting with Hydro Québec to initiate discussions regarding the potential connection to the local power grid to service the Lac Knife mill and related project infrastructure. The cost was compared to generating electricity on site as a second option. Connecting to Hydro Quebec's power grid is the recommended option.

Filtered Tailing Management Conceptual Design Report

On September 25, 2014, the Company received the preliminary version of the conceptual design of a filtered tailings and waste rock management facility report from AMEC Americas Ltd. The filtered tailings and waste rock management design was developed as an alternative to the concept presented in the feasibility study to reduce risk to the environment and to address the requests of the stakeholders.

The concept is to use waste rock berms around the perimeter of the pile and place filtered tailings (dewatered tailings) co-mingled with waste rock in the interior of the pile. Drainage from the pile will be collected and reused during operations. The drainage will be kept within the Lac Knife watershed instead of being discharged in the direction of the more sensitive Rivière aux Pékans watershed that is part of the proposed Rivière Moisie aquatic reserve. In November 2014, the concept was presented to the Association de protection de la Rivière Moisie.

Metallurgical Testing Program

Phase I Metallurgical Testwork

On April 11, 2012, the Company announced the results of the first phase of metallurgical testing for the Lac Knife project. The test work was conducted on a 250 kg sample by SGS Metallurgical Services of Lakefield, Ontario. The results of the initial metallurgical testing showed the deposit holds 46.1% large flake (+48 mesh to +100 mesh); 39% medium flake (+150 mesh to +200 mesh) with an overall global recovery test rate of 85.9%. The Company received the final report for the Phase I testing at SGS on January 4, 2013.

Dense Media Separation (DMS) Testing Program

On February 28, 2013, the Company received the results from a trial dense media separation (DMS) testing program conducted by Metchib Metallurgical Laboratories of Chibougamau, Québec from November 5, 2012, to February 15, 2013. The test work was performed on a total of 300 kg of medium-grade graphite mineralization collected from a surface blast at the Lac Knife deposit in 2012. A total of 53 different tests were carried out on the sample to assess critical parameters such as crushing and grinding behaviours and degree of graphite particle liberation and particle shape and size distribution; and DMS cyclone design, pressure, cyclone feed conditions and concentrate recoverability. Select findings from the trial DMS testing program have been incorporated into the design of the flow sheet for the pilot plant testing program which began at SGS on April 17, 2013 (see below).

Phase II Variability Flotation Program

The contract for Phase II metallurgical testing at SGS was signed on September 24, 2012. Phase II testing program was designed to improve graphite flake recovery and to generate additional data required to finalize the operational parameters for the configuration of the pilot flotation plant. In November 2012, a total of seven composite 100 kg samples of low to high grade mineralized P-sized half-core from the Lac Knife deposit were prepared by IOS and then expedited to SGS in preparation for the variability flotation program. Phase II metallurgical testing at SGS began in December 2012 and was completed on March 25, 2013.

On March 4, 2013, The Company released preliminary Phase II locked cycle test* (LCT) results for the Lac Knife project. The testing was performed on 4 composites core samples comprised of low-grade and semi-massive graphite mineralization with a large proportion of large flakes (+80 mesh) in the graphite concentrates that ranged between 35% and 58%.

On July 9, 2013, the Company reported that the results of the final Phase II locked cycle test* (LCT) metallurgical results performed at SGS in Lakefield, Ontario, continued to confirm an average concentrate grade of 96.4% total carbon (Ct) and a high average flake graphite recovery of 92.5% (see Company's July 9, 2013, news release available at www.focusgraphite.com). SGS has completed all 6 Phase II LCTs on composite core samples comprised of low-grade, semi-massive, and massive graphite mineralization with a head grade ranging between 6.0% Ct and 25.0% Ct.

Highlights of these test results are as follows:

- The carbon content of graphite concentrates produced from the 6 composites averaged 96.4% Ct, including the finest graphite flake concentrate (-200 mesh) produced. This is a 4.4% increase over Phase I LCTs completed in mid-2012.

- The average graphite flake recovery for the overall deposit following the final Phase II LCT's increased to 92.5% which confirms the previous 4 tests and increases the recovery by 0.3% from the previous results.

- The proportion of large flakes (+80 mesh) recovered from the low grade, semi massive, and massive types of mineralization (total: 6 graphite concentrate samples) ranged between 35% and 58%.

- In addition, a LCT was completed on a composite sample of the deposit's host rock grading 1% Ct. The concentrate grade obtained was also very good at 96% Ct with a flake graphite recovery of 94.5%. These results suggest that mining dilution would not impact the recovery nor the final concentrate grade and quality in a negative way.

  ** A locked cycle test is a repetitive batch flotation test conducted to assess concentrator flow sheet design. It is the preferred method for arriving at a metallurgical projection from laboratory testing. The final cycles of the test are designed to simulate a continuous, stable flotation circuit.*

Pilot Flotation Plant Program

On April 17, 2013, the Company announced the commissioning of its pilot flotation plant (designed, built and operated by SGS in Lakefield, Ontario) and the start-up of circuit testing for the production of high-grade graphite concentrates from the Lac Knife deposit. The principal objectives of the pilot plant test work are to confirm the results from Phase II bench scale LCTs; to assess the technical viability and operational performance of the processing plant design; to generate tailings for environmental testing, and; to produce a range of graphite raw materials for customer assessments and for further upgrading. The test work will also generate data needed for scale up of relevant processing equipment and to identify those critical controls required to maintain consistency of graphite concentrate recovery and purity. The grinding and flotation components of the circuit have been configured specifically to minimize flake wear and breakage and to ensure the maximization of the medium and large graphite flake size recovery content.

Two bulk graphite composites were provided to SGS by the Company to use as feed material for the pilot plant that was designed to operate in continuous mode at a feed rate of 200 kg per hour. The first is a 21.6 tonne bulk sample of weathered semi-massive grade graphite mineralization that was collected from surface. The second bulk composite sample was assembled from drill core and consists of a 23.3 tonne blend of representative core samples from the massive, semi-massive and low-grade mineralization types within the Lac Knife deposit. The proposed mine plan for the deposit would not segregate the different mineralization types. Composite drill core samples were used for the pilot plant flotation program as a representative selection of the different types of mineralization throughout the deposit. Results of the earlier stage locked cycle tests demonstrated that there is no benefit in developing different flow sheets for each mineralization type. Both composites were crushed and homogenized by SGS prior to the pilot plant campaign to ensure consistent feed. Once the pilot plant circuit was dialled-in using the surface bulk sample, the composite core sample was introduced into the circuit. The results from the processing of the bulk drill core sample were used to establish the processing plant flow-sheet design. Graphite flake samples produced from the pilot plant was submitted to potential customers for quality evaluations and purification trials designed to generate final saleable products.

On August 21, 2013, the Company reported pilot plant test results from Lac Knife. The average total carbon (Ct*) head grade of the bulk sample was lower than the deposit average grade at 11.8% Ct in order to be able to increase the amount of mineralized material available for pilot plant testing at that time. Even with the lower head grade, the metallurgical results were excellent confirming the robustness of the concentrator flow sheet design. Refer to the August 21, 2013, news release available at www.focusgraphite.com and on www.sedar.com

Highlights:

- The average grade of the coarse size fraction (+ 80 mesh) was 98.3% total carbon* (Ct) compared with 97.4% Ct in the Phase II locked cycle tests** (LCTs**)
- The average grade of the medium size fraction, less than 80 mesh and greater than 150 mesh in size, was 98.2% Ct compared with 97.4% Ct in the Phase II LCTs
- The average grade of all size fractions greater than 200 mesh was 98.0% Ct compared with 97.2% Ct in the Phase II LCTs
- The average carbon content of the pilot plant campaign was 96.6% Ct compared to 96.4% Ct reported in the Company's July 9, 2013, press release on the final results of the Phase II LCTs. It is important to note that these results were achieved despite the fact that the less than 200 mesh fraction was not subjected to another cleaning circuit in the pilot plant run as was done in the LCTs, meaning the carbon content of the overall sample would likely have been even higher.
- These results indicate that all three concentrate size fractions may be easier and more cost effective to beneficiate into technology grade graphite due to the high grade carbon content obtained from the pilot plant testing. Higher concentrate grades translate into reduced levels of impurities that have to be removed in the thermal or hydrometallurgical purification processes.

**All carbon analyses were performed by SGS Canada Inc. ("SGS") and are reported as total carbon (Ct). The analytical methods that were used to determine the metallurgical results included total carbon analysis by Leco on the final concentrates. The lower grade tailings products were analyzed by the graphitic carbon (Cg) method to discount the organic carbon and carbonate carbon in the samples*.
*** A locked cycle test (LCT) is a repetitive batch flotation test conducted to assess flow sheet design. It is the preferred method for arriving at a metallurgical projection from laboratory testing. In a LCT the intermediate products are incorporated in the following cycles, thus simulating a continuous flotation circuit on a laboratory scale*.

The fact that the medium and large graphite flakes could be upgraded to average grades ranging between 98% Ct and 98.3% Ct by flotation only suggests that the impurities are attached to the surface of the graphite flakes. Therefore, the concentrate has the potential to be purified to levels required by battery grade graphite manufacturers. The objective of the pilot plant testing was to produce the highest quality large flake graphite concentrate.

Exploration Work

LiDAR Topographic Survey

In August 2012, the Company sponsored a remotely sensed Light Detection and Ranging (LiDAR) topographic survey of the entire Lac Knife claim block which was supplemented by optical air photography coverage. The Helicopter-supported survey was carried out by Mosaic 3D of La-Pêche, Québec. Deliverables included a high-resolution georeferenced LiDAR image; an ASCII database of XYZ elevation points; a georeferenced air photo mosaic; and a georeferenced topographic contour map in digital format. The high-resolution LiDAR survey data will be used for future detailed engineering and site infrastructure studies as well as for the planning of the access road work for the project.

2012 Infill, Deposit Margin and Exploration Drilling Programs

In September 2012, the Company completed a second round of infill, deposit margin and extensional core drilling on the Lac Knife graphite deposit. The drilling was performed by G4 Drilling of Val-d'Or, Québec under the supervision of IOS. A total of 56 PQ-sized core holes (total: 5,638 m) were drilled to collect sufficient data on graphite grades and mineral continuity to upgrade the current Inferred mineral resources in the southeastern part of the Lac Knife deposit to the Indicated category; to map the limits of the deposit; and to provide sufficient mineralized feed material for Phase II locked cycle tests (LCTs) and for the pilot plant campaign. A further 13 exploration NQ-sized core holes (total: 1,674 m) were drilled to test the extensions of the deposits to the South (12 holes) and iron formation in the northern part of the project (one hole).

Representative core samples were collected from all holes and shipped to IOS facilities for sample preparation (crushing and grinding). Prepared samples were sent to COREM in Québec City for graphitic carbon (Cg) and total sulphide analysis using LECO induction. In regard to QA/QC program, 10% of the samples were also analyzed by COREM for total, organic, inorganic and graphitic carbon as well as for total sulphides. Selected core samples were also sent to ACTLABS analytical service provider for total, organic, inorganic and graphitic carbon, total sulphides and for 35 multi-element analysis using ICP methods. IOS introduced standards, duplicates and blank samples as part of its QA/QC program. Final analytical results from the 2012 drilling campaign were received in February 2013.

On March 5, 2013, the Company released the results of the exploration drilling program for the 12 core holes (total: 1,384 m) that were drilled to test the strike-length extension of the Lac Knife graphite deposit up to 375 m to the South of the deposit's West limb. The 12 exploration holes were spread over 4 drill fences spaced 100 m apart. Hole LK-12-170 drilled 175 m south of the deposit on Line 900 S returned the best graphitic carbon (Cg) intersection:

> Hole LK-12-170: 66.8 m* grading 14.68% Cg** (from 54.9 to 121.7 m), including 8.0 m grading 21.73% Cg (from 54.9 to 62.9 m), 21.7 m grading 17.99% Cg (from 70.0 to 91.7 m) and 21.3 m grading 18.22 % Cg (from 100.4 to 121.7 m)

> **Intersections are expressed as core length because the host rocks are highly metamorphosed and locally migmatized and folded. However, the drill holes cross-cut the mineralization envelope at a high angle. The interpretation is based on historical data including Focus' drill holes.*
> ***All core sample carbon analyses were performed by COREM and delivered as graphitic carbon (Cg) results, internal analytical code LSA-M-B10, LECO high frequency combustion analytical method with an infrared measurement system.*

Significant graphite intercepts*** are still encountered up to 375 m south of the deposit as evidenced by Hole LK-12-174 drilled on Line 1100 S which intersected 20.9 m grading 19.31% Cg (from 20.0 to 40.9 m), indicating that the deposit remains open to the south. All the significant intercepts*** are summarized in table form in the Company's March 5, 2013, news release available at www.focusgraphite.com. On July 4, 2013, the Company received the final report of the exploration drilling campaign from IOS.

On April 9, 2013, the Company released the results of the infill and deposit margin drilling program for the 56 PQ-sized core holes (total: 5,638 m). Hole LK-12-128 drilled on Line 500 S targeted the western zone of the deposit and returned one of the best graphitic carbon (Cg) intersections of the program:

- Hole LK-12-128: 42.8 m* grading 20.43% Cg** (from 60.7 to 103.5 m), including 11.8 m grading 36.08% Cg (from 79.7 to 91.5 m)

Most of the drill holes intercepted significant graphite intersections*** along the strike length of West, Central and East zones of the deposit as evidenced by the following Holes:

- Hole LK-12-135: drilled on section 675 S: 60.5 m grading 17.88% Cg (from 61.0 to 121.5 m), including 13 m grading 32.33 % Cg (from 70 to 83 m) and 11.8 m grading 26.39 % Cg (from 106.7 to 118.5 m)
- Hole LK-12-147: drilled on section 375 S: 42.8 m grading 17.59% Cg (from 12.4 to 55.2 m), including 5.4 m grading 39.56 % Cg (from 15.4 to 20.8 m)

**Intersections are expressed as core length because the host rocks are highly metamorphosed and locally migmatized and folded. However, the drill holes cross-cut the mineralization envelope at a high angle. The interpretation is based on historical data including Focus' drill holes*.
***All core sample carbon analyses were performed by COREM and delivered as graphitic carbon (Cg) results, internal analytical code LSA-M-B10, LECO high frequency combustion analytical method with an infrared measurement system*.
**** Significant intercepts are defined as Cg >5% over a minimum of 6 m; maximum internal dilution of 6 m; maximum external dilution of 0 m*.

All the significant intercepts are summarized in table form in the Company's April 9, 2013, news release available at www.focusgraphite.com. On May 27, 2013, the Company received the final report of the definition drilling campaign from IOS.

On April 30, 2013, the Company received the results of an external QA/QC audit of the complete database of all three drill campaigns on the project (1989-1990, 2010-2011 and 2012). The results of the audit provided a framework for establishing the design of the 2013 infill drilling program on the Lac Knife Project.

Horizontal Loop Electromagnetic ("HLEM") Ground Geophysical Survey

From August 13th to October 4, 2012, G.L. Géoservice Inc. of Rouyn-Noranda, Québec, completed a magnetic and horizontal loop electromagnetic (HLEM) ground geophysical survey on the Lac Knife Project. The magnetic survey covered 202 line-km and the electromagnetic survey was performed over 182.2 line-km. The line spacing for both geophysical surveys was 100 m. The Company received the survey and the interpretation reports (submitted by Géophysique Camille St-Hilaire of Rouyn-Noranda) in December 2012. The geophysical anomalies identified by the surveys have been followed up during the course of the summer 2013 exploration program and exploration drilling program.

2013 Infill and Exploration Drilling Programs

Two drilling programs with one drill rig were conducted from July 6th until the closing of the exploration camp on October 25th. A total of 5,932 m distributed in 54 holes was completed by Forages M. Rouillier Inc. of Amos, Québec under the supervision of IOS Services Géoscientifiques of Chicoutimi, Québec. The drilling was uploaded to the resource model in order to update the Mineral Resource Estimate.

The first of two 2013 drilling programs at Lac Knife started on July 6 and finished on August 24 and included 1368 m of definition drilling (a total of 24 PQ-sized holes) within the deposit, 713 m of twin hole drilling (a total of 8 PQ-sized holes) as well as an extra 630 m of drilling for metallurgical testing purposes (a total of 6 PQ-sized holes) for a total of 2711 m of drilling (30 holes). The objective of the definition drilling was to upgrade the existing Indicated and Inferred Resources into the higher quality Indicated and Measured Resource estimate categories. An additional 2,208 m of exploration drilling

(a total of 16 NQ-sized holes) was also completed as part of the first drilling program to test several geophysical targets, including interpreted adjacent south-east extensions of the deposit and a high priority target located about 200 m west of the deposit.

The second 2013 drilling program, conducted exclusively for exploration, started on October 9th and was ended on October 16, 2013. It included 1013 m of exploration drilling (a total of 8 NQ-sized holes) to test some observed showings and geophysical anomalies located north of the deposit.

Representative core samples were collected from definition holes (1310 samples) and exploration holes (474 samples) and then shipped to IOS facilities for sample preparation (cutting, crushing and grinding). Prepared samples were sent to COREM in Québec City for graphitic carbon (Cg) and total sulphides analysis using LECO induction. With regards to the QA/QC program, 10% of the samples have also been analyzed by COREM for total, organic, inorganic and graphitic carbon as well as for total sulphides. Around 10% of additional selected core samples have been sent to ACTLABS to be analyzed for total, organic, inorganic and graphitic carbon, total sulphides and for a 35 multi-element analysis using the ICP method. IOS introduced approximately 20% of standards, duplicates and blank samples as part of the QA/QC program (288 samples for definition holes and 146 samples for exploration holes).

On December 4, 2013, the Company released the results of the infill drilling program. All the definition holes intercepted mineralization as expected. Hole LK-13-187 drilled on Line 500 S targeted the western zone of the south part of the deposit and returned one of the best graphitic carbon (Cg) intersections of the program:

- Hole LK-13-187: 67.8 m* grading 21.10 % Cg** (from 17.4 to 85.2 m)

All the drill holes (except LK-13-203) intercepted significant graphite intersections*** along the strike length of the deposit as evidenced by the following holes from different parts of the deposit:

- Hole LK-13-209: drilled on section 425 S in central part of the deposit: 7.2 m grading 27.03% Cg (from 21.5 to 28.7 m) and 25.3 m grading 30.94 % Cg (from 38.2 to 63.5 m)

- Hole LK-13-201: drilled on section 250 S in northern part of the deposit: 34.7 m grading 19.34% Cg (from 22.0 to 56.7 m)

* Intersections are expressed as core length because the host rocks are highly metamorphosed and locally migmatized and folded. However, the drill holes cross-cut the mineralization envelope interpreted from the historical data and Focus' drill holes at a high angle.
** All core sample carbon analyses were performed by COREM and delivered as graphitic carbon (Cg) results, internal analytical code LSA-M-B10, LECO high frequency combustion analytical method with an infrared measurement system.
*** Significant intercepts are defined as Cg >5% over a minimum of 6 m; maximum internal dilution of 6 m; maximum external dilution of 0 m.

All 36 significant intercepts and a location map of the drill holes are summarized in table form in the Company's December 4, 2013, news release available at www.focusgraphite.com. On March 12, 2014, the Company received the final report of the definition and exploration drilling campaigns from IOS Services Géoscientifiques.

2014 Infill and Exploration/Condemnation Drilling Program

A Camp construction permit was received from the Caniapiscau MRC on June 5 while the land use permit was received from the MERN on June 19. Construction of the 2014 temporary exploration camp started on June 23, 2014 and was completed on July 6 by IOS Service Géoscientifique of Chicoutimi. The drilling program with one drill rig was conducted from July 17, to October 2, 2014, and the exploration camp was closed on October 10, 2014. In addition to IOS, the Company hired two Innu workers from the Uashat mak Mani-Utenam (ITUM) First Nation community.

A total of 7,565 m of drilling (62 holes) were completed including 4,523 m of infill drilling (39 holes) in the southwest extension of the deposit with the aim to upgrade the existing 3.1 million tonnes of Inferred Resources (refer to Focus news release dated January 28, 2014) into the higher quality Indicated and Measured Resource estimate categories. Almost all the infill drill holes have intersected mineralization as expected by the resource model. An additional 3,041 m of exploration/condemnation drilling was also completed to test several geophysical targets located below or nearby the proposed mine infrastructure in the southwest extension of the deposit, west of the deposit and in the northern part of the claim block. The drilling was performed by G4 Drilling of Val-d'Or, Québec under the supervision of IOS Service Géoscientifique of Chicoutimi.

Representative core samples were collected from all holes and shipped to IOS facilities for sample preparation (cutting, crushing and grinding). Prepared samples were sent to COREM in Québec City for graphitic carbon (Cg) and total sulphides analysis using LECO induction. For the QA/QC program, 10% of the samples will also be analyzed by COREM for total, organic, inorganic and graphitic carbon as well as for total sulphides. Around 10% of additional selected core samples were also sent to ACTLABS to be analyzed for total, organic, inorganic and graphitic carbon, total sulphides and for a 35 multi-element analysis using the ICP method. IOS introduced standards, duplicates and blank samples as part of the QA/QC program. On March 27, 2017, the Company received the final report of the definition and exploration drilling campaigns from IOS Services Géoscientifiques.

On March 27, 2017, the Company received the final report of the definition and exploration drilling campaigns from IOS Services Géoscientifiques. Upon receiving, the Company filed the final reports on the 2014 drilling program with the Québec MERN for exploration assessment credit purposes

Environmental and Social Aspects of the Lac Knife Project

Environmental Baseline Studies

During the course of the summer 2012 exploration program, the Company commenced the monitoring of the natural, physical and chemical aspects of the environmental baseline studies as the initial components of an Environmental and Social Impact Assessment (ESIA) on the Lac Knife project. The ESIA is a comprehensive assessment of all potential impacts that could occur throughout the life-cycle of a proposed mining project and it recommends measures to prevent and mitigate these impacts. The start of the ESIA process reflects the Company's commitment to comply with or exceed all Federal, Provincial and municipal regulatory requirements for mine development. The contract to design, implement and manage the environmental baseline studies was awarded to Groupe Synergis Inc. ("Synergis") of Shawinigan, Québec. In addition of managing the environmental baseline studies, Groupe Synergis was in charge of the natural habitat survey, while the survey of physical and chemical aspects was conducted by Terrapex of Brossard, Québec and the social aspect study was performed by Del Degan, Massé & Associés Inc. ("DDM") of Québec-City. The data acquisition phase of the environmental baseline study was completed in winter 2014 and all the related reports were received in spring 2014.

Natural Habitat Aspect of the Environmental Baseline Studies

In September 2013, Groupe Synergis completed the Phase I collection of information over the claim block with respect to biological components (aquatic and terrestrial) of the environmental baseline studies. The different components regarding aquatic aspect include characterization of water,

sediments, fish and benthic fauna for all lakes and streams. The different components regarding the terrestrial aspects included the characterization of ecosystems, the observation of birds, mammals, amphibians and reptiles. Groupe Hémisphères delivered the final report on land vegetation on December 4, 2013.

Phase II of data collection by Synergis was completed in the fall of 2013, including the completion of an aquatic and bird inventory over the Lac Knife Project area. The data acquisition also included the complete aquatic and terrestrial environmental characterization along the current project access road. In order to determine the current noise levels that characterize the project site before its development, a field campaign was also realized in fall 2013. This fieldwork was considered necessary as no data about the noise levels were available for the project site.

In the beginning of 2014, the Company received all the reports related with the natural habitat aspects of the environmental baseline studies from Groupe Synergis of Shawinigan. The herpetofauna (amphibians and reptiles) and bird observation reports were received in February while the fish, fish habitat, bottom lake sediments and surface water quality observation and characterization report was received in May 2014. The report regarding noise level characterization was also received in January 2014.

In April 2014, a survey was performed by Golder Associates regarding the potential frequentation of the Woodland Caribous during winter and early spring, in the Lac Knife Project area. No caribou were observed, and preliminary results suggest that the site was not frequented by the caribou during winter and early spring in the recent years.

Physical and Chemical Aspects of the Environmental Baseline Studies

Fieldwork for the physical and geochemical study components of the environmental baseline study were undertaken by Terrapex during fall 2012. The physical and geochemical aspects that were examined as part of the Phase I of the study included: 1) The soil cover (humus and B-horizon) and compositional characteristics; 2) basic hydrogeological characteristics of the area targeted for the proposed open pit ; 3) a review of general climatology conditions of the area; 4) hydrology of the proposed mine infrastructure sites; 5) preliminary evaluation of acid mine drainage (AMD) and metal leaching (ML) potentials of mineralized rock (composite samples of low grade, semi-massive and massive mineralization) and host rocks and of acidic soil samples in the old surface pitting areas. With respect to acid mine drainage and metal leaching potential, a series of composite samples (about 5.0 kg each) representative of the mineralization types and waste rock close to mineralization tested at SGS laboratories in Mississauga for Lock Cycle Tests (LCTs) were prepared by IOS Service Geoscientifiques of Saguenay, Québec and sent to Terrapex in Brossard. Sub-samples were split (about 1.5 kg) and sent for complete lithogeochemical characterization and static testing (ABA = acid base accounting) at ALS Minerals. The leftover pulps and rejects were recuperated for follow-up leaching tests (3 leaching protocols: TCLP 1311, acid rain 1312 and water CTEU-9) which were performed at Exova laboratory in Pointe-Claire, Québec in January 2013, under the supervision of Terrapex.

On February 15, 2013, the Company received the final report from Terrapex on the multi-element geochemistry of humus and B horizon soil samples collected as part of the fall 2012 environmental soil survey. This report addresses two of the objectives of the analysis which are to assess the potential for graphite mineralization on other parts of the project based on soil geochemistry, and to evaluate the potential of the project to host other types of mineral deposits.

Two other reports were submitted in line with the environmental baseline studies in early 2013: 1) a report on hydrology of the Lac Knife watershed and climatology aspects dated March 25, 2013; and 2) the main report on physical and chemical aspects (Phase I) covering soil geochemistry characterization, hydrogeology and environmental characterization of mineralized zones, waste rocks and soils, dated April 25, 2013.

A winter geotechnical drilling program was undertaken by Terrapex in collaboration with IOS (in charge of field logistic) from March 18 to April 5, 2013. A total of 16 drill holes, including four observation wells for a total of 211 m, were drilled in the sector of the proposed waste rock and tailings impoundment site south of the Lac Knife deposit to evaluate the nature of the soils below the peat and the quality of the basement and in the small lake proposed to act as a polishing pond during the mine operational period. A total of 128 soil samples were collected. The final report was received on April 11, 2014.

Phase II of the Physical and Chemical Aspects of the environmental baseline studies was also awarded to Terrapex (June 13, 2013). The mandate included additional data collection for hydrology, hydrogeology, climatic conditions, groundwater quality, and evaluation of acid mine drainage and metal leaching (AMD/ML) potential for waste rocks, mineralized rocks, tailings and acidic soils. These AMD/ML tests were used to quantify the geochemical characteristics of the graphite mineralization and various types of unaltered and oxidized waste rock that was sampled close to the mineralization. The characterized tailing material was obtained from the pilot flotation plant testing that generated sample material. In September 2013, Terrapex of Brossard, Québec completed the Phase II data acquisition of the physical and chemical aspects of the environmental baseline studies consisting of: 1) additional soil sampling in 3 specific sites where acidic soil samples were identified in 2012 in the proposed open pit area; 2) water level in boreholes, groundwater quality sampling in boreholes, pumping tests, hydraulic conductivity tests and sampling of monitoring wells located around the future open pit; 3) measurement of flow at the effluent of Lac Knife and other tributaries; 4) meteorological data compilation from the Wabush and Fermont stations.

A second geotechnical drilling program was undertaken by Terrapex in collaboration with IOS (in charge of field logistics) from September 9 to September 30, 2013. The program was designed to evaluate the nature of the soils and the potential to use these as material for dam and dyke construction. Drilling was performed in two areas of potential options for the future waste rock and tailings impoundment sites and in the proposed future open pit location. A total of 32 geotechnical drill holes were completed and sampled. Five monitoring wells were installed in holes surrounding the proposed open pit location. The final report was received on April 15, 2014.

On March 4, 2014, the Company received the final report from Terrapex, of Brossard, Québec regarding hydrology, climatology, hydrogeology and the groundwater quality. A separate detailed report on the geochemical characterization and acid mine drainage and metal leaching potential (AMD/ML) of mineralized and host rocks, tailings and acidic soils was received on February 15, 2014.

From March 31 to May 2, 2014, the Company completed a combined geotechnical, environmental and exploration/condemnation winter drilling program under the supervision of IOS Services Géoscientifiques of Saguenay, Québec. The land use permit was received from Québec Government on March 19th. A drilling contract was awarded to G4 of Val-d'Or on March 24th to complete four (4) oriented drill holes for the open pit mine slope stability study, two (2) drill holes were performed for geotechnical study purposes of the proposed concentrator plant site, six (6) drill holes were completed for geotechnical/environmental study purposes related with the proposed tailings impoundment site, four (4) drill holes were performed for environmental purposes related with water and soils characterization and three (3) exploration/condemnation drill holes related with the proposed tailings impoundment site. A total of 10 piezometers have been installed in the environmental drill holes and in some of the geotechnical drill holes.

No significant mineralization was intersected in the 3 exploration holes (total of 375 m). This drilling program was conducted to complete data acquisition related to the Feasibility Study and the ongoing Environmental and Social Impact Assessment (ESIA) study.

Social Aspects

On October 12, 2012, the Company held a first meeting with senior representatives of the Takuaikan Uashat Mak Mani-Utenam Innu First Nation ("ITUM") of Uashat and Mani-Utenam, located near

Sept-Îles, Québec. The Lac Knife graphite project lies on land designated as traditional territory by ITUM. A second follow-up meeting was held in Sept-Îles on December 13, 2012, during which future communications and information dissemination protocols between the parties were established and potential business opportunities for the community in connection with the development of the Lac Knife project were discussed.

At this early stage of dialogue, the intent of the Company and of the ITUM Innu is that the social, environmental, educational and economic interests and long term development vision of the community be integrated into the planning of the Lac Knife project. Both parties desire to create a unique sustainable development partnership project at Lac Knife that will enable the mineral diversification of the region and provide lasting economic benefits to the community while supporting mutual environmental and social responsibility objectives.

In the winter of 2013, Synergis in collaboration with consulting firm Del Degan, Massé & Associés inc. ("DDM") of Québec-City commenced assisting the Company in preparing a public information base and organizing a first series of community consultation meetings on the Lac Knife project. The principal intent of the meetings was to present the project and the Company, report on the status of the environmental baseline studies and listen to communities' concerns and needs of a social, economic or environmental nature.

As part of the assessment of the social consideration of the Lac Knife project, on May 22, 2013, DDM held a meeting with the Mayor and Councillors of the city of Fermont. This is the closest community to the Lac Knife Project. During the meeting, DDM and the Company presented the scope and development timeline of the project. The presentation was well received and considered to be an excellent start to the public information and consultation process.

The project presentation illustrated the difference between Lac Knife and the most common iron ore mines in production in the area. In comparison to the last iron ore mine built at Bloom Lake in 2010 where approximately 20-25 million tonnes of Run of Mine (ROM) material are sent to the concentrator, Lac Knife will have an annual ROM of 300,000 tonnes, approximately 1% of comparable throughput at Bloom Lake. Resulting mill concentrates are also quite different, with the Bloom Lake mine scale of producing 7-8 million tonnes of concentrate, whereas Lac Knife will produce less than 50,000 tonnes annually. A diagram of the surface area of comparable footprints was used to illustrate that the Lac Knife project will probably cover 1% or less of the surface area compared to the historical and active iron ore mines in the area. In the last 5 years, the community has witnessed a significant increase in mineral development activity and related demands on the community.

A second meeting was held on May 28, 2013, with the citizens of Fermont. At this meeting, the broad elements of the project were presented and DDM and the Company answered questions from members of the community. This was the first public information and consultation meeting and the questions and comments that were raised will be integrated into the ESIA.

In September 2013, the Company completed the baseline work for the components related to the social environment. In October 2013, the Company and DDM went to Sept-Iles to meet the community and some stakeholders to present the project and continue to collect information about the project.

In the beginning of May 2014, the Company met the Mayor and the Councillors of the City of Fermont as well as the General Director of the MRC of Caniapiscau. They also held an open house meeting in Fermont. More meetings with Takuaikan Uashat Mak Mani-Utenam Innu First Nation ("ITUM") Band Council of Uashat and Mani-Utenam, the Innu community and the Association de la Protection de la Rivière Moisie were organized in Sept-Îles. The Company collected comments from stakeholders, and more meetings are planned following the publication of the feasibility study.

On June 18 and 19, 2014, the Company met the Gregoire family who is identified as the principal land user of the traditional Innu territory where the mine is planned. The Gregoire family gave information about the past and actual use of the land by the Innu. They communicated their expectations regarding employment, contracts, education and communication. More meetings are planned with the family in the coming months. A committee composed of former chiefs of ITUM was also met with on June 18 by representatives of Focus Graphite. The chiefs also gave their expectations for the development of the territory. Following these meetings, a video (French/Innu) was prepared by Focus Graphite to explain the project. This video is available on line (www.innuwebtv.com) to make sure that the Innu community has all the information related to the Lac Knife project.

During the meetings held in June 2014, the Company was informed by the stakeholders that the protection of the Rivière aux Pékans which is part of the proposed Rivière Moisie aquatic reserve located west of the claim block is of high importance. Stakeholders requested that Focus Graphite avoid, if possible, the construction of the tailings facility within the watershed of the Rivière aux Pékans, which discharges in the Moisie River 55 km downstream. Considering these requests, Focus awarded a contract to AMEC of Dorval, Québec to evaluate alternatives regarding the deposition of the tailings and the management of waste rock and water. AMEC will propose alternatives to the concept presented in the feasibility study to make sure that all the options are analyzed and that the one presenting the lowest risk for the environment, at reasonable cost will be chosen.

Pre-Development Agreement with the Uashat Mak Mani-Utenam Innu First Nation

On October 28, 2014, the Company announced the signing of a Pre-Development Agreement (PDA) with the Uashat Mak Mani-Utenam Innu ("ITUM") First Nation Band Council (refer to the October 28, 2014, news release available at www.focusgraphite.com and on www.sedar.com). The intent of ITUM-Focus agreement is to enter into a collaborative relationship in order to better understand the impacts of the project and to incorporate ITUM's concerns into the Lac Knife mine development project planning. The PDA further lays out the possibility that future negotiations could pave the way to a long-term partnership that would allow for the sustainable development of the project in the region as well as innovative opportunities in the secondary transformation market, all the while working with ITUM to address the community's social needs and supporting its long term vision and aspirations.

Environmental and Social Impact Assessment (ESIA) Study

In February 2014, the Company awarded the contract for the writing of the Environmental and Social Impact Assessment (ESIA) study report to Golder Associates' Montréal office. The scope of the project is to process all information gathered in the field over the last two years and compile the data in a comprehensive report that meets governmental regulations in order to obtain the Global Certificate of Authorisation for the Lac Knife Project from the Ministère du Développement Durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC) of Québec.

On December 1, 2014, the Company filed the Environmental and Social Impact Assessment (ESIA) study report for the Lac Knife project (refer to the December 1, 2014, news release available at www.focusgraphite.com and on www.sedar.com). Golder Associates completed the study and the report. The ESIA is the main document used to communicate and discuss details of the project to all concerned regulators and community stakeholders regarding the project's impact, risk mitigation, and potential benefits. The Lac Knife ESIA was filed with Québec's provincial authorities at the MDDELCC. This is a precursor to obtaining a mining lease for the project and is considered one of the key project milestones.

Project Regulatory Permitting

Lac Knife Project Notice (Avis de Projet)

As part of the environmental permitting process, a formal Project Notice (Avis de Projet) describing the Lac Knife mining project was prepared by Groupe Synergis (Synergis) Shawinigan, Québec, in collaboration with Terrapex and was submitted to the MDDEFP (*Ministère du Développement Durable, de l'Environnement et des Parcs*; now MDDELCC) on April 3, 2013. The Company received the environmental study guidelines for the project from the MDDEFP on April 12, 2013.

The Lac Knife Mine Project Permitting Process

In February 2014, the Company had retained the services of Golder Associates to assist the Company in obtaining the required federal, provincial and municipal permits and authorizations to develop the Lac Knife Project towards the Company's goal of full commercial production. The mine permitting process in Québec comprises various federal, provincial and municipal authorizations for mine pre-development, permitting (Mining Lease application and the "Mine Closure Plan" per the requirements of the Québec Mining Act), road construction, mine construction, ore processing, camp installation and other considerations all of which lead to a request to the Québec MDDELCC for a Global Certificate of Authorization for the project, per the requirements of the Québec Environmental Quality Act.

On April 16, 2015, the Company received the first series of questions from the MDDELCC regarding details of the Environmental and Social Impact Assessment ("ESIA") for the Lac Knife project. The process to answer the 179 questions took Focus 20 months to complete, with final answers submitted to the MDDELCC on November 30, 2016. The support documentation that accompanies the answers includes the Mine Rehabilitation and Restoration Plan for the Lac Knife mine (mine closure plan). Under the Québec Mining Act (LMQ), a company who wishes to perform prescribed mining work and obtain a Mining Lease must submit a mine closure plan for the land affected by their operations, subject to approval by the Québec Ministry of Energy and Natural Resources (MERN) (reference: LMQ Chapter M-13, Division V, Article 101). The support documentation also includes a new mine waste and mill tailings management concept for the Lac Knife project developed by Montréal-based engineering firm SNC-Lavalin in conjunction with Lamont Inc. of Québec-City. The new concept differs significantly from the tailings management facility presented reported in the ESIA report filed by Focus on SEDAR on December 1, 2014 ((refer to Focus news release dated December 1. 2014, available at www.sedar.com under Focus Graphite Inc.) Communication with the MDDELCC is ongoing as the permitting process continues towards the planned detailed engineering phase of the Lac Knife project.

Kinetic tests at SGS laboratories are ongoing and are used to measure any leachable metals from the tailings and mine waste rock. The results from these tests will help to design any water treatment required during production. Ecometrix performed a third-party review of the kinetic test results and a report was filed to complement the responses to the MDDELCC.

Updated Mineral Resource Estimate

On January 24, 2017, the Company released an update of its Mineral Resource Estimate for the Lac Knife deposit. The updated Mineral Resource Estimate is based on 231 drill holes totalling 22,505 metres of historic and recent drilling and has been prepared by AGP Mining Consultants Inc. in accordance with Canadian Securities Administrators' National Instrument 43-101 "Standards of Disclosure for Mineral Projects" (NI 43-101).

At the 3% Cg cut-off grade, Measured and Indicated Mineral Resources are now estimated at 12.1 million tonnes grading 14.64% Cg (Table 1). Additionally, there are 2.3 million tonnes of Inferred resources at 16.20 % Cg (Table 1).

Table 1. Lac Knife Mineral Resource Estimate @ 3.0 % Cg cut-off

	Tonnage (t)	Cg (%)	In Situ Graphite (t)
Measured	447,000	21.45	96,000
Indicated	11,654,000	14.38	1,675,000
Measured + Indicated	**12,101,000**	**14.64**	**1,771,000**
Inferred	2,299,000	16.20	372,000

Cautionary note:

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*
- *The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

On March 6, 2017, the Company reports an adjustment to the Measured and Indicated resources released on January 24, 2017, at its Lac Knife Flake Graphite Project. On February 5, 2017, the Company was informed by AGP Mining Consultants that a correction was applied to the classification model which affected the south portion of the resource estimate. The correction only affected the internal distribution of the Inferred and Indicated resources in the area covered by the latest infill drilling. The grade estimation was not affected by the change. Following the adjustment made by AGP Mining Consultants, using a 3.0% graphitic carbon (Cg) cut-off, the revised Measured and Indicated resources at Lac Knife now stand at 13.56 million tonnes grading 14.95% Cg (Table 2). This represents a 42% increase in Measured and Indicated resources compared to the 9.576 million tonnes grading 14.77% Cg reported in the 2014 Feasibility Study. The adjustment also translates into a 43% increase in graphite tonnes, from 1.414 million tonnes to 2.027 million tonnes (Table 2). Additionally, there are 840,000 tonnes of Inferred resources grading 13.90% Cg (Table 2).

Table 2. Revised Lac Knife Mineral Resource Estimate @ 3.0 % Cg cut-off

	Tonnage (t)	Cg (%)	Contained Graphite (t)
Measured	447,000	21.45	96,000
Indicated	13,112,000	14.73	1,931,000
Measured + Indicated	**13,560,000**	**14.95**	**2,027,000**
Inferred	840,000	13.90	117,000

Cautionary note:

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
- *There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.*
- *The rounding of tonnes as required by NI 43-101 reporting guidelines may result in apparent differences between tonnes, grade and contained graphite.*

Update for the Three Months Period Ended June 30, 2018

During the quarter ended June 30, 2018, Focus incurred exploration expenses totalling $76,286 on the Lac Knife project. The expenses incurred are mainly related to the Company's ongoing efforts to address the Québec Ministry of Sustainable Development, Environment, and Fight Against Climate Change' (MDDELCC) concerns over the Lac Knife project Environmental and Social Impact Assessment ("ESIA") and to property claim staking, maintenance and renewal.

Scoping and Market Study for Processing in Québec

In January of 2018, Focus awarded a mandate to a consortium of specialized service providers to undertake a scoping and market study for the transformation of Lac Knife mine graphite concentrate into value-added products in Québec. The Québec Mining Act (chapter M-13.1) was amended in December 2013 to include new conditions for the granting and the renewal of mining leases. One of the new conditions stipulates that a scoping and market study for processing mineral substances mined in Québec is required for all projects for which a mining lease must be obtained or renewed.

On March 26, 2018, the Company awarded a mandate to Met-Chem of Montréal, a division of DRA Americas Inc, to prepare the scoping and market study in collaboration with the other specialized service providers. Delivery of the scoping and market study is expected by September 30, 2018.

**** Cautionary notes related to the industrial transformation plant project:*** *Feasibility studies on any value-added industrial projects are not the same as feasibility studies for mineral projects as defined under NI 43-101 and CIM Definition Standards for Mineral Resources and Mineral Reserves. Although Focus continues to work towards its objective of developing value-added products using graphite concentrates to be produced at the Lac Knife project or obtained from other graphite concentrate producers, the Corporation reiterates its primary objective of advancing the Lac Knife mineral project towards production of large, medium and fine flake graphite concentrate as demonstrated in the Lac Knife Feasibility Study dated August 8, 2014 (a copy of which is available on SEDAR at www.sedar.com). The feasibility of a transformation plant for value-added products remains to be demonstrated and could be determined to be uneconomical and therefore not feasible for the Corporation. It is therefore possible that Focus never move forward with such transformation plant despite its corporate objective to do so. Readers are therefore cautioned against undue reliance on this corporate objective given its uncertainty at the present time. Focus intends to bring the Lac Knife deposit into production despite any potential negative decision on the fabrication of value-added products.*

Environmental and Social Impact Assessment (ESIA)

On March 8, 2017, Focus received the second series of questions from the MDDELCC regarding the Environmental and Social Impact Assessment ("ESIA") for the Lac Knife project, and the Company's answers to the first series of questions, including the addendums. Focus met with MDDELCC officials on April 18, 2017, to review the scope of Series II questions and to try to agree to a going-forward strategy to address the MDDELCC's main concerns over the ESIA.

On September 28, 2017, Focus awarded a mandate to IOS Services Géoscientifiques Inc. (IOS) of Saguenay, Québec to conduct an independent review of the Lac Knife project ESIA and of the ongoing environmental review process by the MDDELCC, including assessing the scope of the second series of MDDELCC questions on the ESIA. A technical working committee comprised of Focus, IOS, Services Géoscientifiques Labtem Inc. (Labtem), and Table Jamésienne de Concertation Minière (TJCM) representatives was set up in November to oversee the environmental review process, to plan the work needed to answer the second series of MDDELCC questions and to identify and award contracts to specialized external service providers. IOS completed its independent review of the ESIA and of Series II MDDELCC questions in February 2018 and submitted its findings and recommendations to the Company on March 9, 2018, together with an itemized action plan as well as a budget sorted by priorities in terms of costs, deadlines and specialized external resources needed to perform various ESIA-related investigations.

On March 31, 2018, IOS estimated having prepared or received responses to 24% of Series II MDDELCC questions on the Lac Knife project ESIA. The remaining questions will require either laboratory test work, numerical modelling or field investigations to be performed during the summer 2018 field season.

On April 4, 2018, Focus met with MDDELCC officials in Québec City to introduce the ESIA technical committee comprised of Focus, IOS, TJCM and Services Géoscientifiques Labtem representatives, present the Company's strategy, budget and timeline to answer the second series of questions and sub-questions on the ESIA, to review the environmental discharge objectives (OER) set by the government for the project and to enquire about new requirements, legislation and environmental testing rules pertaining to the newly modified *Loi sur la Qualité de l'Environnement* (LQE).

Subsequent to the reporting period, in July 2018, the Lac Knife ESIA technical committee approved the award of the following mandates to specialized Québec-based service providers:

- Wood – Solutions en Environnement & Infrastructure of Montréal, a division of Wood Canada Ltd: Trade-off study on mill tailings and waste rock management concepts for the Lac Knife project
- BBA of Montréal (in conjunction with McGill University): Self-heating tests on pyrrhotite-rich drill core ore pulp composites and pilot plant tailings (oxidized and fresh)
- Groupe Hémispheres of Québec-City: Inventory of special-status and invasive alien plant species and of Chiroptera fauna
- Services Géoscientifiques Labtem of Notre-Dame-de-l'Île-Perrot, Québec: Environmental geochemistry and static and kinetic tests (humidity cells) to evaluate the performance of alkaline material for passive treatment of acid mine drainage; and soil survey design & interpretation (in conjunction with IOS Services Géoscientifiques)
- Richelieu Hydrogéologie of Richelieu in conjunction with Wood – Solutions en environnement & infrastructure of Montréal: Revised hydrogeological model for the Lac Knife mine and positioning of new hydrological testing wells
- Forages Rouillier of Amos: Deep resource drilling ang geotechnical drilling
- IOS Services Géoscientifiques of Saguenay: Deep resource drilling and geotechnical drilling program management; target-specific exploration work; underground and surface water sampling; and soil survey design and implementation following the latest MDDELCC guidelines on the physicochemical characterization of initial soil state prior to the establishment of an industrial project

Fieldwork commenced at Lac Knife on July 3, 2018, under the leadership of IOS

Update for the Three Months Period Ended September 30, 2018

During the quarter ended June 30, 2018, Focus completed the following exploration or ESIA-related investigations, surveys and activities at the Lac Knife project:

- Mechanical stripping, channel sampling, mapping and Phase 1 core drilling of the Montagne-aux-Bouleaux dolomitic marble occurrence by IOS. Six (6) holes were drilled, totalling 951 m of core with 841 m earmarked for detailed logging and splitting at IOS laboratory facilities in Saguenay, Québec (296 samples) and subsequent major and trace element analysis at a certified analytical services facility. The Montagne-aux-Bouleaux dolomite occurrence is being investigated by Focus as a potential local source of alkaline material for passive treatment of acid mine drainage;
- Deep core drilling of the lac Knife graphite deposit to test the extension of the mineralization below the conceptual pit floor established in the 2014 Lac Knife project feasibility study. Ten (10) holes were drilled totalling 3,126 m of core with 499 m earmarked for detailed logging and splitting at IOS laboratory facilities in Saguenay, Québec (360 samples) and subsequent graphitic carbon and total sulfur analysis at COREM, in Québec-City;

- Self-heating tests on pyrrhotite-rich drill core composite samples and pilot plant tailings material (oxidized and fresh) by BBA of Montréal (in conjunction with McGill University). The preliminary findings from the investigation were reported to Focus on October 4. The final technical report by BBA is pending.
- .
- Start of kinetic (humidity cell) tests on Lac Knife pilot plant residue treated with dolomitic marble from the Montagne-aux-Bouleaux occurrence by Services Géoscientifiques Labtem. As the reporting date, the kinetic tests at reached the 12-week mark.
- Phase 1 soil sampling (manual pitting) by IOS within the perimeter covering mine and mill complex and the tailings management system. A total of 72 sites were sampled with 350 soils samples collected in preparation for environmental testing (multi-element, organic carbon, NO_2-NO_3, and hydrocarbon analyses).

<u>Update for the Three Months Period Ended December 31, 2018</u>

During the quarter ended December 31, 2018, Focus completed the following exploration or ESIA-related investigations, surveys and activities at the Lac Knife project:

- Splitting and sampling by IOS of 338 core samples from the Phase 1 drilling program which targeted the Montagne-aux-Bouleaux dolomitic marble occurrence (6 holes for a total of 951 m drilled) and expediting of the split core samples to selected certified laboratory facilities for major and trace element analysis, As of the reporting date all assay results have been received and are being compiled and analyzed by IOS. IOS' technical report on the summer 2018 Montagne-aux-Bouleaux claim block exploration program is expected during the next reporting period;
- Splitting and sampling by IOS of 360 core samples from the fall 2018 deep exploration drilling program targeting the Lac Knife graphite deposit (10 holes for a total of 3,126 m drilled) and expediting of the split core samples to selected certified laboratory facilities for major and trace element analysis, As of the reporting date all assay results have been received and are being compiled and analyzed by IOS. IOS' technical report on the fall 2018 Lac Knife graphite deposit deep exploration drilling program is expected during the next reporting period;
- Completion by IOS in October 2018, of Phase 2 soil sampling (mechanical trenching and shallow overburden drilling) within the perimeter covering mine and mill complex and the tailings management system. A total of). A total of 88 sites were sampled during Phases 1 and 2 of the soil sampling programs with 513 soils samples collected in preparation for environmental testing (multi-element, organic carbon, NO_2-NO_3, and hydrocarbon analyses). As of the reporting date, IOS had received 1,001 soil assay results from Eurofins Environmental Testing Canada Inc. and was compiling and analyzing the data;
- Completion, under the supervision of IOS, of 15 shallow bore holes for geotechnical and hydrogeological characterization work, of which six were twinned, for a total of 21 holes;
- Completion by IOS in October 2018 of a targeted surface water, groundwater and lake bottom sediment survey of the Lac Knife property. A total of 20 surface water samples, 205 lake bottom sediment samples and 64 ground water samples were collected in preparation for environmental testing. Asof the reporting date, IOS had received all ground water geochemistry results from Maxxam Analytique of Ville Saint-Laurent, Québec. IOS will be processing the lake bottom sediment geochemical analysis results as they come in over the next reporting period, while Richelieu Hydrogéologie will be processing and interpreting the water quality data;Continuation of kinetic (humidity cell) tests on Lac Knife pilot plant residue treated with dolomitic marble from the Montagne-aux-Bouleaux occurrence by Services Géoscientifiques Labtem.
- Completiom of the trade-off study on mill tailings and waste rock management concepts for the Lac Knife project by Wood – Solutions en Environnement & Infrastructure of Montréal, Québec. Focus received the final technical report by Wood on November 6, 2018;
- Inventory of special-status and invasive alien plant species and of Chiroptera fauna by Groupe Hémispheres of Québec-City. Focus received the first of a series of technical reports

Groupe Hémispheres on November 20, 2018. The remaining technical reports have been received.

- Filing with the *Ministère de l'Environnement et de la Lutte contre les Changements Climatiques* (MELCC; formerly MDDELCC) in Québec-City on December 19, 2018 of a first block of answers to MELCC Series II questions on the 2014 Lac Knife ESIA study report. Focus submitted answers to 70% of the MELCC's questions.

Total capitalized exploration expenditures incurred on the project to date (net of tax credits and mining duties) are $19,056,028.

IOS is currently compiling and processing the massive amount of data resulting from the summer-fall 2018 exploration program and ESIA-related surveys and investigations at the Lac Knife property.

Lac Knife Property Claims Status

All 57 Lac Knife property claims are in good standing until mid to late 2019.

Exploration and Development Outlook

Focus continues with its efforts to complete the technical studies and investigations required to answer the remaining Series II questions by the MELCC on the Lac Knife ESIA, a critical component of the Québec government environmental review process. The Company plans to submit the final set of responses to series II questions to the MELCC during the course of the next two reporting periods.

Focus continues to communicate, meet, and listen to local communities and will be increasing these efforts as part of the ongoing ESIA review. Once the environmental review process is completed successfully, the next phase of the Lac Knife project will be detailed engineering and preparations for engineering, procurement and construction management (EPCM).

Labrador Trough Polymetallic (Cu-Ni-PGE) Projects, Labrador Trough Region of Québec

The Labrador Trough projects, located in Nunavik, Québec, consist of four claim blocks: Minowean (14 claims), Otelnuk (12 claims), Lemming (26 claims) and Diana (17 claims), totalling 69 claims covering a surface area of 3,046.54 ha.

Previous exploration work was conducted by Focus on these projects and was limited to a geological reconnaissance program conducted in 2009 which confirmed base and precious metal showings from historical reports but did not unearth any new significant mineralization occurrences.

In the 2012 fiscal year, the Company implemented the first phase of a new program designed to re-assess the base and precious metal potential of the Labrador Trough projects and to identify new targets for ground follow-up. Geotech Ltd. of Aurora, Ontario, was awarded the contract to conduct a high definition airborne TDEM and magnetic survey over all five projects. The 1,414.3 line-km airborne geophysical survey was completed in June 2012, the logistical report was submitted in July 2012, and the interpretation report was delivered in December 2012.

On September 27, 2013, the Company announced that it has entered into a letter agreement with Mincom Capital Inc. ("Mincom"), pursuant to which Focus will sell to Mincom all of its rights, titles and interest in its Romer project. On May 8, 2014, the Company announced the closing of its sale of the Romer project.

Update for the Three Months Period Ended September 30, 2018

On June 26, 2018, IOS Services Géoscientifiques (IOS), of Saguenay, Québec, applied to the Québec MERN to renew all four Labrador Trough properties, on behalf of Focus.

Subsequent to the quarter ended June 30, 2018, on July 11 to 20, 2018, IOS conducted a small reconnaissance geological mapping and ground prospecting program at the Lemming property

targeting claims which required assessment work credits. Focus received IOS' technical report for the Lemming property on September 12, 2018.

On July 12, 2018, the Company received confirmation from the MERN that all 17 Diana property claims, all 14 Minowean property claims and all 12 Otelnuk property claims have been successfully renewed for another 2 years (new claims expiry date: September 21, 2020). As of the reporting date, confirmation by the MERN of renewal for the 26 Lemming property claims is pending;

Other than minor ground reconnaissance work conducted by IOS at the Lemming property in July, no significant exploration work was conducted on the Labrador Trough project since 2013. To date, the Company has incurred exploration expenditures (net of tax credits and mining duties) totalling $243,274. In the year ended September 30, 2016, the Company wrote down the cost of the Labrador Trough properties to $Nil ($6,991 in acquisition costs and $243,274 in exploration and evaluation assets), as there has been limited exploration activity on these properties in recent years.

Update for the Three Months Period Ended December 31, 2018

No work other than minor claim maintenance was performed on the four Labrador Trough properties during the quarter ended December 31, 2018.The Company is currently seeking a partner or buyer for the four Labrador Trough properties.

Manicouagan Reservoir Area Graphite Projects, Côte-Nord Administrative District of Québec

The Manicouagan Reservoir area graphite projects are comprised of 3 claim blocks. Two of these 3 claim blocks were acquired in August 2011 (Lac Tétépisca and Lac Guinécourt), while the third claim block (Lac Tétépisca Nord) was staked in fiscal year 2012.

The projects are located in the north-eastern part of the Grenville geological province of Québec, in the Gagnon Group which is characterized by various gneiss and meta-sediments that were metamorphosed to the upper amphibolite and granulite facies. The graphite and iron-rich meta-sedimentary formations of the Gagnon Group were derived from the Paleoproterozoic Labrador Trough sedimentary basin. These projects are located within 10 to 20 km from the Lac Guéret graphite deposit.

During the quarter ended June 30, 2018, the Company incurred exploration expenditures totalling $200,778 on the Manicouagan Reservoir area projects. Exploration expenditures relate to the exploration drilling program completed at the Lac Tétépisca Nord project in 2016, to exploration drilling programs completed at the adjacent Lac Tétépisca project in 2016 and during the fall of 2017 and to property claim maintenance and renewal. To date, exploration expenditures (net of tax credits and mining duties) total $4,158,670.

Lac Tétépisca Project

The Lac Tétépisca claim block consists of 87 contiguous map-designated claims covering 4,692.82 ha. The project is located in the southwest Manicouagan reservoir area, 234 km north-northwest of the city of Baie-Comeau. The area is accessible year-round by logging roads which starts from Route 389 and is part of SOQUEM Inc. and Quinto Technology Inc.'s former Lac Guéret-Nord project. Focus purchased 100% of the mineral rights in the Lac Tétépisca project in August 2011 (67 claims). In August to November 2013, Focus added 29 contiguous map-designated claims to the claim block. During the year ended September 30, 2014, 6 claims were transferred from the Lac Tétépisca Nord project to the Lac Tétépisca project, increasing the number of claims to 102.

During the year ended September 30, 2015, the Company wrote down the cost of the Lac Tétépisca by $173,414 subsequent to it allowing its interest in 15 claims to lapse as the results of the exploration work completed to date on the claims in question were not encouraging and did not support further exploration. This reduced the number of mineral claims that make up the Lac Tétépisca Project from 102 to 87 at September 30, 2015.

Exploration Work

2012 Prospecting Program

On November 15, 2012, the Company announced the discovery of a new graphite bearing corridor. Reconnaissance bedrock sampling carried out during the summer of 2012 identified a 900 m long and 100 m wide graphite bearing corridor on the claim block. A total of 25 mineralized grab samples were collected from the new "Manicouagan-Ouest" graphitic corridor, 17 of which host graphitic carbon (Cg) grades in excess of 5.59% Cg (range: 5.59% to 45.80% Cg). The remaining eight grab samples which delineate the graphitic trend show Cg grades below 5.00%.

The Manicouagan-Ouest graphitic corridor is hosted in meta-sedimentary rocks of the Nault Formation, which is part of the Gagnon Group. The graphite-bearing outcrops within the corridor are composed of fine to medium grained quartz-feldspar-biotite schists with local occurrences of garnet and kyanite. Fine to coarse graphite flakes and associated sulphides compose 10% to 20% of the rocks, and up to 50% in strongly mineralized zones.

2013 Airborne Geophysical Survey

In March 2013, the Company awarded a contract to Novatem Inc. of Mont Saint-Hilaire, Québec to perform an airborne Mag-TDEM geophysical survey to cover the claim block. A total of 476 line-km were surveyed with 100 to 200 m flight line spacing. The survey started on April 24, 2013, and was completed on May 2, 2013. The final report was received in May 2013 and the survey identified two important electromagnetic conductors, one over the area of the Manicouagan-Ouest corridor and another anomaly in the southern part of the claim block.

2013 Trenching and Prospecting Programs

From July 1 to July 21, 2013, and from August 6 to August 15, 2013, the Company conducted a comprehensive follow-up exploration program over the best EM anomalies delineated from the MAG-EM survey. Fieldwork consisted of prospecting using portable electromagnetic survey equipment (Beep-Mat™ and VLF) and grab sampling over of the Manicouagan graphitic corridor as well as follow-up prospecting in other areas of the claim block. Thirty-three (33) grab samples were collected from outcrops, sub crops and boulders. They were sent to ALS Minerals in Val d'Or for preparation and then to ALS in Vancouver for graphitic carbon (Cg) and total sulphides analysis using LECO induction and for 48 multi-element analysis using ICP methods. Twelve (12) of which host grades in excess of 5.00% Cg (range: 6.33% to 56.10% Cg). The remaining 21 grab samples show Cg grades below 5.00%. With respect to the QA/QC program, 10% of blanks and standards were introduced. This work helped to more accurately delineate the Manicouagan Ouest graphitic corridor and help to design a trenching and channel sampling program.

From September 17 to October 5, 2013, the Company completed a trenching program on the Manicouagan-Ouest showing to confirm thickness and grade of the mineralized zone. Two trenches were dug on previously delineated targets and named MO-TR-01 and MO-TR-02. The contract was awarded to IOS Services Géoscientifiques Inc. of Chicoutimi, Québec and supervised on site by the Company.

The trenches, MO-TR-01 and MO-TR-02, measured 175 m and 167 m, respectively. The trenches are perpendicular to the graphitic corridor and are spaced at 225 m. A total of 104 representative 1.5 m long channel samples from the trench MO-TR-01 and 98 samples from the trench MO-TR-02 were collected and shipped to IOS facilities for sample preparation (crushing, grinding and sub-sampling). Prepared samples were sent to ALS Minerals in Vancouver for graphitic carbon (Cg) and total sulphide analysis using LECO induction. One for every three samples was also sent to ALS for a 48 multi-element analysis using ICP methods. With respect to the QA/QC program, blanks, standards and duplicates were introduced, representing roughly 15% of the analyses.

A disseminated to semi-massive graphitic mineralization was observed in both trenches over significant widths** of 84 and 88.5 metres. Subsequent to the reporting period, on October 20, 2014, the Company announced the assay results for the two trenches (refer to the October 20, 2014, news release available at www.focusgraphite.com and on www.sedar.com).

TABLE 1: 2013 TRENCHING PROGRAM RESULTS

Trench	Azimuth	Total Length (m)	Intercepts	From (m)	To (m)	Intersection Length (m)**	Cg (%)
MO-TR-01	N 128	175	**Intersection**	**78.0**	**162.0**	**84.0**	**11.01**
			Including	*78.0*	*127.5*	*49.5*	*15.03*
			Intersection	**39.0**	**45.0**	**6.0**	**6.49**
MO-TR-02	N 128	167	**Intersection**	**45.0**	**133.50**	**88.5**	**12.82**
			Including	*69.0*	*78.00*	*9.0*	*16.51*
			Including	*94.5*	*133.50*	*39.0*	*18.04*

***Intersections are not true thicknesses but expressed as channel sample lengths. However, the trenches crosscut the strike of the mineralized zone envelope at a high angle. Mineralized Intersections are calculated with Cg > 5% over a minimum of 6 m; maximum internal dilution was 3 m; there is no external dilution considered.*

2014 Ground Geophysical Survey

On May 15, 2014, the Company awarded a contract to Abitibi Géophysique of Val-d'Or, Québec to conduct a ground combined magnetic-time domain electromagnetic geophysical survey (MAG-TDEM) with 100 m line spacing over the "Manicouagan-Ouest" graphitic corridor area with the IMAGEM system.

On September 6, 2014, Abitibi Geophysics, completed the survey that covered 47 km of grid-lines over the "Manicouagan-Ouest graphitic corridor" and over its southwestern extension. This time domain IMAGEM geophysical system has a high spatial resolution to allow for a more detailed analysis of the EM conductors within the anomalous zone. The final report was received on October 8, 2014. A total of 452 EM anomalies were identified and interpreted as well as several magnetic zones mostly associated with the Manicouagan-Ouest graphitic corridor.

2014 Prospecting Programs

From July 23, 2014, to July 31, 2014, a total of five days of fieldwork consisting of prospecting using portable electromagnetic survey equipment (Beep-Mat™) and grab sampling over 4 different areas in the northern part of the claim block was completed. A conductor has been followed over 1.8 km of strike length on the opposite limb of the regional fold that contains the Manicouagan-Ouest graphitic corridor.

In February 2015, the Company received the results from assays and lithogeochemical sampling. A total of 22 samples were collected from outcrops and sub crops within the principal horizon of paragneiss (from a total of 24 outcrops and sub crops of observed paragneiss). The samples were sent to ALS Minerals in Val d'Or for preparation and then to ALS in Vancouver for graphitic carbon analysis using LECO induction (Cg; ALS internal code: C-IR18) and 48 multi-element analysis using combined ICP-AES and ICP-MS methods (ALS internal code: ME-MS61). With respect to the QA/QC program, 10% of blanks and standards were introduced.

The graphitic carbon (Cg) content of the eleven (11) outcrops and sub crops grab samples* located in the western limb of the regional fold varies from 3.86% to 54.20% with 7 of them containing over 16% Cg. These geological mapping and prospecting work enabled the recognition of the same stratigraphic units as for the Manicouagan Ouest graphitic corridor area. With the grab samples covering about 900 m in strike length within the paragneiss horizon, the western limb area of the

fold appears to have potential to host significant graphitic mineralization. Moreover, the grab samples are also associated with a conductive electromagnetic zone of 20 to 120 m of thickness that has been defined using a portable electromagnetic device (Beep Mat™).

> **Grab samples are selected samples collected to determine the presence or absence of mineralization and are not intended to be representative of the material sampled. Channel sampling or drilling is required to determine representative grades.*

2014 Exploration Drilling Program

The exploration drilling contract was awarded to Forage Rouillier of Amos, Québec, on May 22, 2014. On July 2, 2014, the Company received a land use permit from the MERN, the industrial lease from the MERN was granted on July 7, 2014, and the certificate for camp construction from the Manicouagan MRC was issued on July 8, 2014. The temporary camp construction under the supervision of IOS Services Géoscientifiques commenced on July 14, 2014 and was completed on July 24, 2014.

From August 18 to September 11, 2014, the Company completed an exploration drilling program with one drill rig. Exploration drilling included 1875 m of drilling in 16 drill holes oriented perpendicular to the strike of the km-long EM conductor defined by a combined MAG-EM airborne geophysical survey conducted in the spring of 2013. The periphery of the zone was more accurately outlined by ground geophysics using a portable Beep Mat™ instrument in the summer of 2013 and by the MAG-IMAGEM ground survey completed the following summer in 2014. Based on these geophysical survey results, 4 fences of drill holes spaced 200 m apart were positioned, covering a 600-m strike length of this new zone. The drill program was designed to test surface mineralization found in trenches down to a vertical depth of approximately 100 m. The Company supervised the drilling campaign that was performed by Forage Rouillier of Amos, Québec with the logistical support of IOS Services Géoscientifiques of Chicoutimi.

Representative core samples were selected from all holes and shipped to IOS facilities for sample preparation (cutting, crushing and grinding). Prepared samples were sent to COREM in Québec City for graphitic carbon (Cg) and total sulphide analysis using LECO induction. For the QA/QC program, 10% of the samples will also be analyzed by COREM for total, organic, inorganic and graphitic carbon as well as for total sulphides. Around 10% of additional selected core samples were also sent to ACTLABS to be analyzed for total, organic, inorganic and graphitic carbon, total sulphides and for a 35 multi-element analysis using the ICP method. IOS introduced standards, duplicates and blank samples as part of the QA/QC program.

On October 20, 2014, the Company announced that significant widths of disseminated to semi-massive graphitic mineralization ranging from 95 to 110 m in thickness* were intersected in each of the 4 fences of holes. The drill intercepts correlate very well with the EM anomalies and the mineralization previously observed in trenches. The discovery zone that was drilled has a geophysical signature that extends for more than 200 m to the northeast and over 700 m to the southwest for a total strike length of 1500 m. The mineralization is open at depth. Drilling results confirm the significant widths of mineralization observed in trenches and the potential that this new discovery may hold.

> **Intersections of graphitic mineralization are expressed as core length; however, the drill holes always crosscut the envelope of the mineralized zone strike and dip at a high angle.*

On August 17, 2016, the Company announced the results obtained from the 2014 drilling program (refer to the August 17, 2016, news release available at www.focusgraphite.com and on www.sedar.com). The 2014 drilling identified a significant graphitic zone 60 to 100 m wide that extends down to these intersections at depth and within the main kilometric geophysical MAG-EM anomaly known as the “Manicouagan-Ouest Graphitic Corridor”. A secondary graphitic zone is located 10 m to the northwest of the main zone and is 6-12 m wide. The encouraging initial drilling results at Lac Tétépisca further indicate that there is potential for a new large volume-high grade graphite deposit in the South Manicouagan reservoir area. In particular, interest for this type of deposit could come from the future graphite-based plastic polymer industry.

TABLE 1: 2014 DRILLING PROGRAM RESULTS								
Drillhole	**Section**	**Azimuth**	**Total Length (m)**	**Intercepts**	**From (m)**	**To (m)**	**Intersection length (m)***	**Cg (%)**
LT-14-01	0+00	302	126	**Intersection**	**25.5**	**88.8**	**63.3**	**11.25**
				Including	*65.65*	*85.2*	*19.55*	*17.67*
				Intersection	**100.45**	**108.0**	**7.55**	**7.76**
LT-14-02	0+00	302	126	**Intersection**	**7.0**	**41.6**	**34.6**	**13.71**
				Including	*18.0*	*37.1*	*19.1*	*17.21*
				Intersection	**58.1**	**64.5**	**6.4**	**6.96**
LT-14-04	2+00 S	302	144	**Intersection**	**32.3**	**137.2**	**104.9**	**10.25**
				Including	*36.8*	*59.15*	*22.35*	*17.34*
				Including	*89.5*	*109.5*	*20.0*	*13.93*
LT-14-05	2+00 S	302	126	**Intersection**	**6.25**	**67.5**	**61.25**	**8.69**
				Intersection	**77.55**	**85.0**	**7.45**	**7.19**
LT-14-07	2+00 S	302	126	**Intersection**	**21.25**	**33.0**	**11.75**	**5.78**
				Intersection	**40.45**	**46.75**	**6.3**	**5.92**
				Intersection	**96.2**	**102.9**	**6.7**	**22.55**
LT-14-08	4+00 S	302	153	**Intersection**	**43.5**	**144.45**	**100.95**	**10.19**
				Including	*49.1*	*77.9*	*28.8*	*17.80*
LT-14-11	4+00 S	302	119	**Intersection**	**3.2**	**43.0**	**39.8**	**9.52**
				Including	*13.3*	*23.5*	*10.2*	*12.93*
				Intersection	**55.0**	**67.0**	**12.0**	**7.28**
LT-14-12	6+00 S	302	143	**Intersection**	**44.5**	**117.4**	**72.9**	**13.81**
				Including	*46.9*	*83.9*	*37.0*	*17.27*
				Including	*89.05*	*100.9*	*11.85*	*17.53*
				Intersection	**130.9**	**140.8**	**9.9**	**7.22**
LT-14-13	6+00 S	302	114	**Intersection**	**2.0**	**61.4**	**59.4**	**10.39**
				Including	*12.0*	*24.0*	*12.0*	*17.51*
				Intersection	**71.9**	**78.6**	**6.7**	**8.23**
LT-14-14	6+00 S	302	114	**Intersection**	**2.1**	**13.5**	**11.45**	**5.46**
				Intersection	**23.6**	**33.7**	**10.1**	**11.12**
LT-14-16	5+50 S	302	150	**Intersection**	**40.95**	**119.5**	**78.55**	**13.28**
				Including	*40.95*	*73.5*	*32.55*	*16.79*
				Including	*89.4*	*98.1*	*8.7*	*17.59*
				Including	*100.9*	*109.1*	*8.2*	*16.67*
				Intersection	**128.1**	**137.0**	**8.9**	**6.88**

**Intersections reported in Table 1 are not true thicknesses but are expressed as core lengths. However the HQ drill holes crosscut the envelope of the mineralized zone's strike and dip at a high angle. Mineralized intersections are calculated with Cg > 5% over a minimum of 6 m.*

2016 Infill and Extension Drilling Program

During the fiscal year ended September 30, 2016, the Company completed a second phase of drilling mainly designed to test the strike-length extensions of the known graphitic mineralization within the limits of the main EM anomaly. The exploration-drilling contract was awarded to Forage Chibougamau of Chibougamau, Québec, on July 8, 2016. The temporary camp construction under the supervision of IOS Services Géoscientifiques commenced on July 8, 2016 and was completed on July 13, 2016.

From July 23 to August 23, 2016, the Company completed an exploration-drilling program with one drill rig. Drilling included 2,424 m in 18 drill holes oriented perpendicular to the strike of the kilometric EM conductor anomaly. The 2016 drilling program consisted of three fences of holes, along sections spaced 200 m apart and designed to test 600 m of strike length along the southwest extension of the anomalous graphitic corridor, and another fence of holes was spaced 200 m further towards the northeast extension.

Five holes were drilled between the sections described above, were designed to drill the wider geophysical response that represents the more semi-massive portion of mineralization. The Company supervised the drilling campaign with logistical support from IOS Services Géoscientifiques.

Drill core samples were selected from all holes and shipped to IOS facilities for sample preparation (cutting, crushing and grinding). The prepared samples were sent to COREM in Québec City for graphitic carbon (Cg) and total sulphide analysis using LECO induction. For the QA/QC program, COREM will also analyze 10% of the samples for total, organic, inorganic and graphitic carbon as well as for total sulphides. Around 10% of additional selected core samples were also sent to ACTLABS to be analyzed for total, organic, inorganic and graphitic carbon, total sulphides and for a 35 multi-element analysis using the ICP method. IOS introduced standards, duplicates and blank samples as part of the QA/QC program.

In December 2016, the Company received preliminary assay results for the 2016 exploration-drilling program. The final assay results were released on January 20, 2017. Fifteen (15) holes intersected significant graphitic mineralization with grades ranging from 5.6% Graphitic Carbon (Cg[(1)]) to 19.35% Cg over a minimum true thickness[(2)] of 6.2 m (Table 1). The best intersection[(2)] is (Hole LT-16-32, drilled at -45 degrees to a depth of 159 m) 102.1 m grading 10.7% Cg (from 42.0 m to 145.15 m (core length: 103.15 m)), including 30.2 m grading 16.7% Cg (from 45.75 m to 76.25 m (core length: 30.5 m)) and 13.0 m grading 14.4% Cg (from 100.4 m to 113.5 m (core length: 13.1 m)).

TABLE 1: 2016 DRILLING PROGRAM RESULTS

Drillhole	Section	Azimuth	Total Length (m)	Intercepts	From (m)	To (m)	Core Intersection Length (m)	True Thickness (m)[1]	Cg (%)
LT-16-17	2+00 N	302	135	**Intersection**	**10.4**	**34.55**	**24.15**	**23.9**	**6.81**
				Intersection	**81.35**	**111.0**	**29.65**	**29.4**	**7.24**
				Including	*92.0*	*101.2*	*9.2*	*9.1*	*10.14*
LT-16-18	2+00 N	302	129	**Intersection**	**16.55**	**52.1**	**35.55**	**35.2**	**11.21**
				Including	*18.7*	*42.2*	*23.5*	*23.3*	*14.13*
LT-16-19	2+00 N	302	126	**Intersection**	**63.25**	**69.55**	**6.3**	**6.2**	**8.34**
LT-16-34	1+00 S	302	150	**Intersection**	**25.0**	**55.1**	**30.1**	**29.8**	**9.09**
				Including	*44.0*	*53.0*	*9.0*	*8.9*	*16.50*
				Intersection	**64.25**	**115.05**	**50.8**	**50.3**	**13.13**
				Including	*84.1*	*111.7*	*27.6*	*27.3*	*16.06*
LT-16-33	3+00 S	302	156	**Intersection**	**31.3**	**133.0**	**101.7**	**100.7**	**10.15**
				Including	*31.3*	*55.85*	*24.55*	*24.3*	*17.07*
				Including	*100.3*	*110.4*	*10.1*	*10.0*	*14.52*
LT-16-32	5+00 S	302	159	**Intersection**	**42.0**	**145.15**	**103.15**	**102.1**	**10.70**
				Including	*45.75*	*76.25*	*30.5*	*30.2*	*16.69*
				Including	*100.4*	*113.5*	*13.1*	*13.0*	*14.42*
LT-16-31	7+00 S	302	147	**Intersection**	**25.55**	**124.6**	**99.05**	**98.1**	**12.37**
				Including	*38.0*	*79.7*	*41.7*	*41.3*	*16.64*
				Including	*107.4*	*122.6*	*15.2*	*15.0*	*14.56*
LT-16-20	8+00 S	302	150	**Intersection**	**46.4**	**130.45**	**84.05**	**83.2**	**11.62**
				Including	*58.35*	*104.05*	*45.7*	*45.2*	*15.62*
LT-16-21	8+00 S	302	126	**Intersection**	**3.0**	**70.5**	**67.5**	**66.8**	**12.42**
				Including	*3.0*	*31.3*	*28.3*	*28.0*	*19.36*
LT-16-30	9+00 S	302	147	**Intersection**	**22.5**	**110.5**	**88.0**	**87.1**	**11.3**
				Including	*39.0*	*85.5*	*46.5*	*46.0*	*15.06*
LT-16-23	10+00 S	302	144	**Intersection**	**60.0**	**72.27**	**12.27**	**12.1**	**7.74**
				Intersection	**81.0**	**111.5**	**30.5**	**30.2**	**9.71**
				Including	*82.9*	*104.5*	*21.6*	*21.4*	*11.28*
				Intersection	**126.5**	**132.95**	**6.45**	**6.4**	**7.95**
LT-16-24	10+00 S	302	123	**Intersection**	**18.55**	**73.55**	**55.0**	**54.5**	**9.60**
				Including	*37.0*	*57.55*	*20.55*	*20.3*	*11.79*
LT-16-27	12+00 S	302	156	**Intersection**	**79.2**	**117.3**	**38.1**	**37.7**	**6.41**
LT-16-28	12+00 S	302	126	**Intersection**	**6.5**	**20.0**	**13.5**	**13.4**	**6.84**
				Intersection	**28.75**	**43.55**	**14.8**	**14.7**	**6.64**
LT-16-29	12+00 S	302	114	**Intersection**	**6.5**	**16.8**	**10.3**	**10.2**	**5.6**

Mineralized intersections are calculated with Cg > 5% over a minimum of 6 m, the maximum internal dilution is 6 m and no external dilution is considered.

(1) Carbon analyses were performed by the Consortium de Recherche Appliquée en Traitement et Transformation des Substances Minérales ("COREM") of Québec-City, an ISO/IEC 17025:2005

certified facility using LECO high frequency combustion method with infrared measurement (code LSA-M-B10) and are reported as graphitic carbon (Cg).

(2) True thicknesses are listed in this table. The drill holes have been loaded into Gemcom and the three-dimensional deposit envelope has an azimuth of 210 degrees and dips at -40 degrees. HQ drill holes crosscut the envelope of the mineralized zone's strike and dip at a high angle. The conversion factor for true thickness is 0.99 of the core intersection length.

This second phase of core drilling targeting the Manicouagan-Ouest Graphitic Corridor further indicates the potential for the Lac Tétépisca project (and the Southwest Manicouagan reservoir area) to host a new large volume - high grade natural graphite deposit. Drill intercepts reveal that the highest-grade section of the Manicouagan-Ouest Graphitic Corridor is continuous over a strike length of 1 km and down to approximately 100 m depth. Graphitic grades within this section range from 10 to 13% Cg. The average thickness of the main graphitic horizon is 85 m with a higher-grade zone lying along the eastern edge, stratigraphically above a lower grade zone.

Metallurgical and Mineralogical Studies

With the aim to get a more complete picture of the mineralization, the Company awarded a contract to SGS Canada of Lakefield, Ontario in November 2013 to conduct a scoping level evaluation of one 10 kg composite graphite sample. Work included batch cleaner test and flake size fraction analysis. The final report was received on March 29, 2014. The results show a high head grade of 20.5% total carbon (Ct), a good carbon recovery of 94.2% and a very good response to concentration yielding a very good purity of 91.3% Ct for all fractions including 97.7% Ct for +80 mesh flake, a quality that is critical to the lithium ion battery market.

Notably, the combined carbon recovery into the flash and rougher concentrates was 98.1% total carbon suggesting that only a coarse primary grind is required to release the flakes. While the sample did not contain a substantial amount of large and medium flakes, the very high grades achieved in a preliminary cleaner flotation test suggests that impurities are only attached loosely at surface of the flakes and that a secondary polishing and cleaning could improve the concentrate grade. Further tests are warranted, as this gives Focus a second option to enhance the Company's mid-term growth profile and show potential for a larger quantity of spherical graphite.

The company also granted IOS Services Géoscientifiques Inc. of Chicoutimi, Québec a mandate to conduct a petrographic study of two samples from the Lac Tétépisca trenches in the aim to characterize the in-situ content of big graphite flakes in the mineralized rocks. The final report was received on April 4, 2014. Visual observation under the microscope shows that both samples contain approximately 25% of graphite with a high proportion of large and very large flakes (> 200 microns or > 48 mesh). The important number of large flakes observed in the rocks (80% and 74% respectively) contrasts the low content of large flakes observed in the concentrate suggest again that only a coarse primary grind is likely required to release and separate the large flakes from their mineralized rocks.

In December 2016, the Company engaged SGS Metallurgical Services of Lakefield, Ontario to conduct metallurgical testing (flow sheet development and bench-scale variability). The conceptual flow sheet was developed using results from a series of 14 flotation tests and the closed-circuit performance was evaluated in a Locked Cycle flotation Test[1] (LCT). The flotation test program was completed on a 155 kg Master composite and six variability samples (total: 108 kg) originating from representative Lac Tétépisca graphite mineralization.

The Company reported initial LCT results on February 1, 2017. The LCT produced an overall graphite recovery of 92.7% at a combined concentrate grade of 96.2% Ct[2]. The flake size distribution in the concentrate that was generated in the LCT using the 2016 Master composite is presented in Table 1. A total of 17.2% of the concentrate mass reported to the "jumbo" flake category (+48 mesh). The "large" flake category (-48/+80 mesh) contained 20.5% of the concentrate mass. Another 7.9% of the mass reported to the "medium" flake size fraction (-80/+100 mesh) (Table 1). Interestingly, the finer flake size distribution classes (+400/-100 mesh) also reported carbon grades above 95% Ct.

Table 1: Lac Tétépisca concentrate flake size distribution and total carbon (Ct) grades.

Category	Size Fraction Mesh	Size Fraction Microns	Weight %	Assays % Ct	Distribution % Ct
Jumbo	+32 mesh	+500	4.2	95.8	4.1
	+48 mesh	+300	13.0	95.6	12.9
Large	+65 mesh	+212	13.5	95.0	13.4
	+80 mesh	+180	7.0	95.0	6.9
Medium	+100 mesh	+150	7.9	96.3	7.9
Fine	+150 mesh	+106	13.0	97.8	13.2
	+200 mesh	+75	15.4	97.7	15.7
Very Fine	+325 mesh	+45	15.8	96.7	15.9
	+400 mesh	+38	3.6	95.2	3.6
	-400 mesh	-38	6.6	92.9	6.4
		Total:	**100.0**		**100.0**

A total of six variability composites ranging from low-grade disseminated material grading 3.81% graphitic carbon (Cg) to high-grade massive mineralization grading 22.3% Cg produced consistent metallurgical results when subjected to the developed flow sheet conditions. The combined concentrate grades for the six variability samples ranged from 95.4% Ct to 97.8% Ct with open circuit graphite recoveries of 84.9% to 91.6%. The mass recovery into the “large” and “jumbo” flake categories for the six variability composites ranged between 31.8% for the massive mineralization composite, to 62.0% for the low-grade disseminated composite.

[1] A Locked Cycle Test (LCT) is a repetitive batch flotation test conducted to assess flow sheet design. It is the preferred method for arriving at a metallurgical projection from laboratory testing. In a LCT the intermediate products are incorporated in the following cycles, thus simulating a continuous flotation circuit on a laboratory scale.

[2] All carbon analyses were performed by SGS Canada Inc. (“SGS”) and are reported as total carbon (“Ct”). The analytical methods that were used to determine the metallurgical results included total carbon analysis by Leco on the final concentrates. Total carbon assays are for the higher graphite concentrate grades, whereas graphitic carbon (“Cg”) assays are for drill core and it is a more accurate method when graphitic carbon content is lower than approximately 50% Cg.

Social Aspect

On June 3, 2014, the Company had an initial meeting with the band council of the Pessamit Innu First Nation located near Baie-Comeau, Québec. The Manicougan graphite projects of Focus lie on land designated as traditional harvesting territory. During the meeting, the representatives of Focus presented the Company and the Lac Tétépisca project and established a base for further communication. Future communication and information dissemination protocols between the parties were also established and potential business opportunities for the community in connection with the development of the Lac Tétépisca project were discussed. In line with the business opportunities for the community, the Company hired workers from the Pessamit community on July 28, 2014, and July 21, 2016, for woodcutting, access trails clearing and drill rig pad preparation.

2014 Exploration Drilling Program

On May 2, 2017, the Company received the final report of the 2014 exploration drilling campaign from IOS Services Géoscientifiques. The Company filled final report with the Québec MERN for exploration assessment credit purposes.

2016 Infill and Extension Drilling Program

As disclosed above, in December 2016, the Company received preliminary assay results for the 2016 exploration-drilling program at the Lac Tétépisca project. The final assay results were released on January 20, 2017. Fifteen (15) holes intersected significant graphitic mineralization with grades ranging from 5.6% Graphitic Carbon (Cg[(1)]) to 19.35% Cg over a minimum true thickness[(2)] of 6.2 m (Table 1). The best intersection[(2)] is Hole LT-16-32, drilled at -45 degrees to a depth of 159 m, with returned 102.1 m grading 10.7% Cg (from 42.0 m to 145.15 m (core length: 103.15 m)), including 30.2 m grading 16.7% Cg (from 45.75 m to 76.25 m (core length: 30.5 m)) and 13.0 m grading 14.4% Cg (from 100.4 m to 113.5 m (core length: 13.1 m)).

On August 11, 2017, the Company received the final report of the 2016 exploration drilling campaign at Lac Tétépisca from IOS Services Géoscientifiques.

2017 Infill and Extension Drilling Program

During the quarter ended December 31, 2017, the Company completed a third phase of infill and extension drilling targeting the Manicouagan-Ouest Graphitic Corridor (MOGC) at the Lac Tétépisca project. The fall 2017 exploration at Lac Tétépisca was designed and operated by IOS Services Géoscientifiques of Chicoutimi, Québec, under the supervision of the Table Jamésienne de Concertation Minière (TJCM) of Chibougamau, Québec. The drilling contract was awarded to Forages Chibougamau Ltd of Chibougamau, Québec. The budget for the fall exploration program was set at $1.35 million.

Drilling commenced at Lac Tétépisca on November 17, 2017, using two drills rigs and ended on December 16. In all, forty-two (42) HQ-diameter holes were drilled for a total of 6,725 m. Phase III drilling was designed to further test the continuity, thickness and grade of the main graphitic mineralization within the MOGC at a 50-m hole spacing over a segment of 0.9 km and down to a vertical depth of 150 m. The large diameter drilling was also designed to provide additional graphite mineralization material to continue with pilot plant metallurgical testwork.

All core holes were shipped from the field to IOS's laboratory facilities in Chicoutimi in December in preparation for logging and sampling; for core sample preparation (crushing and grinding) and for shipping to certified external analytical services providers for assaying. As of the reporting date, 4,366 m of core have been targeted by IOS for assaying for a total of 3,332 samples. Graphitic carbon assaying will be provided by the Consortium de Recherche en Traitement de Minerais (COREM) of Québec City. All core samples will be assayed for graphitic carbon and total sulfur, with an additional 10% of all samples to be assayed for total carbon, inorganic carbon, organic carbon and metallic trace elements. Quality control, monitored by an IOS chemist, will consist of 15% reference materials, including blank samples, certified and internal reference material, as well as 10% duplicates to be assayed by Activation Laboratories of Ancaster, Ontario.

Update for the Three Months Period Ended September 30, 2018

Throughout the reporting period, the company continued to receive drill core assay results from the fall 2017 infill and extension drilling program at Lac Tétépisca from COREM.

Update for the Three Months Period Ended December 31, 2018

On May 18, 2018, the Company commissioned IOS Services Géoscientifiques (IOS) to design and implement, under the supervision of the Table Jamésienne de Concertation Minière (TJCM), a fourth round of infill and extension drilling targeting the Manicouagan-Ouest Graphitic Corridor (MOGC) at the Lac Tétépisca project. Between 10 and 15 drill holes were planned for a total of 2,000 m. In late November 2018, Focus elected to postpone the fourth round of infill and extension drilling at Lac Tétépisca to 2019

On November 1, 2018, Focus received the final drill core analytical dataset from IOS for the fall 2017 infill and extension drilling program (total: 42 drill holes)All 42 drill holes returned significant graphitic carbon intercepts and sub-intercepts grading a minimum of 6.1% Cg over a minimum true thickness of 5.12 m. Furthermore, eight of 42 holes drilled intersected graphitic carbon grades of between 10.05% Cg to 13.27% Cg over a minimum true thickness of 100 m (Table 1).

Table 1. Summary of the most significant graphitic carbon intercepts (minimum 100 m true thickess) from the fall 2017 infill and extension drilling at the Lac Tétépisca property's Manicouagan-Ouest Graphitic Corridor[1,2].

Drill hole ID	Grid Line/Station	Azimuth (DGPS) (degrees)	Hole length (m)	Significant Intercepts	From (m)	To (m)	Core Intersection length (m)	True Thickness (m)	Cg (%)
LT-17-37	L04+60S	299	204	**Intersection**	**94,10**	**197,10**	**103,00**	**101,97**	**10,96**
				Including	101,80	125,80	24,00	23,76	18,08
LT-17-39	L04+20S	301	207	**Intersection**	**100,80**	**202,45**	**101,65**	**100,63**	**10,27**
				Including	104,40	127,80	23,40	23,17	19,28
LT-17-40	L04+60S	298	150	**Intersection**	**32,05**	**139,30**	**107,25**	**106,18**	**11,61**
				Including	37,40	64,55	27,15	26,88	20,00
LT-17-41	L03+55S	301	207	**Intersection**	**92,60**	**195,25**	**102,65**	**101,62**	**10,27**
				Including	92,60	117,65	25,05	24,80	18,38
LT-17-44	L03+50S	300	156	**Intersection**	**36,00**	**149,30**	**113,30**	**112,17**	**10,05**
				Including	38,10	48,05	9,95	9,85	18,38
				Including	52,30	71,55	19,25	19,06	18,49
LT-17-49	L06+50S	305	204	**Intersection**	**78,70**	**181,35**	**102,65**	**101,62**	**12,46**
				Including	92,90	126,80	33,90	33,56	19,73
				Including	132,70	143,20	10,50	10,40	19,74
LT-17-51	L02+50S	308	153	**Intersection**	**31,95**	**140,10**	**108,15**	**107,07**	**10,31**
				Including	49,20	60,20	11,00	10,89	19,51
LT-17-60	L07+50S	301	150	**Intersection**	**24,00**	**130,90**	**106,90**	**105,83**	**13,27**
				Including	53,00	68,50	15,50	15,35	17,87
				Including	72,00	83,00	11,00	10,89	18,75
				Including	100,40	120,00	19,60	19,40	18,88

(1) Carbon analyses were performed by the Consortium de Recherche Appliquée en Traitement et Transformation des Substances Minérales ("COREM") of Québec-City, an ISO/IEC 17025:2005 certified facility using LECO high frequency combustion method with infrared measurement (code LSA-M-B10) and are reported as graphitic carbon (Cg).

(2) True thicknesses are listed in this table. The drill holes have been loaded into Gemcom and the three-dimensional deposit envelope has an azimuth of 210 degrees and dips at -40 degrees. HQ drill holes crosscut the envelope of the mineralized zone's strike and dip at a high angle. The conversion factor for true thickness is 0.99 of the core intersection length.

On November 19, 2018, Focus received IOS' technical report for the fall 2017 infill and extension drilling program at Lac Tétépisca.

All 69 claims forming the Lac Tétépisca property are in good standing until June 2019.

Exploration and Development Outlook

The company has temporarily postponed its plans to conduct further infill and extension drilling and prepare an initial Mineral Resource Estimate on the highest-grade section of the Manicouagan-Ouest Graphitic Corridor MOCG, pending the availability of new financing.

Lac Guinécourt Project

The Lac Guinécourt graphite claim block originally comprised of 42 map-designated claims covering 2,277.37 ha located 20 km southwest of Manicouagan Reservoir and about 210 km to the North of the city of Baie-Comeau. Focus purchased 100% of the mineral rights in the Lac Guinécourt project in August 2011 (74 claims). In 2013, a total of 14 claims with no potential for an economic discovery were allowed to lapse reducing the number of claims to 60. From August to October 2015 additional 15 claims with no potential have been allowed to lapse reducing the number of mineral claims to 42. During the year ended September 30, 2015, the Company wrote down the cost of the Lac Guinécourt by $101,837 subsequent to it allowing its interest in 18 claims to lapse as the results of the exploration work completed to date on the claims in question were not encouraging and did not support further exploration.

A geological reconnaissance program was executed on the Lac Guinécourt project and was completed in July 2012 that included the surveying and sampling of a series of historical and new graphite occurrences. Assay results show that from the 50 grab samples, 24 of them contain over 5% graphitic carbon (from 6.12% to 46.90% Cg). The historical Graphi-Centre showing is particularly interesting with 22 of the 32 chosen samples containing 3.10% to 45.90 % Cg.

Following the initial reconnaissance program, G.L. Géoservice Inc. of Rouyn-Noranda, Québec, was awarded a contract to lay out a ground geophysical survey grid (totalling 41 line-km) and conduct a horizontal loop electromagnetic (HLEM) ground geophysical survey over the central part of the Lac Guinécourt project (the Graphi-Centre showing area). The survey was completed on November 5, 2012, and the Company received the survey report on December 17, 2012. The survey outlined the presence of 9 electromagnetic conductors.

From July 1 to July 21, 2013, and from August 6 to August 15, 2013, the Company conducted a comprehensive follow-up exploration program over the best HLEM anomalies delineated from the ground survey. The fieldwork was comprised of prospecting using portable electromagnetic equipment (Beep-Mat™) and grab sampling of priority HLEM geophysical anomalies. The principal objective was to delineate the thickness of the 2 km long conductor associated with the historical Graphi-Centre showing. Fieldwork also included geological reconnaissance on the western part of the Lac Guinécourt project. A total of 24 samples were collected from outcrops, sub crops and boulders. They were sent to ALS Minerals in Val-d'Or for preparation and then to ALS in Vancouver for graphitic carbon (Cg) and total sulphides analysis using LECO induction and a 48 multi-element analysis using ICP methods. Twelve (12) of which host graphitic carbon (Cg) grades in excess of 5.00% (range: 5.60% to 59.60% Cg). The remaining 12 grab samples show Cg grades below 5.00%. With respect to the QA/QC program, 10% of blanks and standards were introduced. The results of the ground geophysical work, prospecting, and sampling outlined the presence of several relatively thin horizons approximately up to a few metres-thick that host high grade graphitic horizons in the area of Graphi-Centre showing.

No work was conducted on the property during the quarter ended December 31, 2018. Focus is currently re-evaluating its exploration strategy for the Lac Guinécourt project.

The Lac Guinécourt property currently comprises 9 contiguous map-designated claims. All 9 claims are on good standing until August 2019.

Lac Tétépisca Nord Project

The Lac Tétépisca Nord graphite claim block consists of 51 contiguous map-designated claims covering 2,747 ha located 5 km to the north of the Company's Lac Tétépisca project. The claim block (57 claims) was map-staked during the fall of 2012 following the publication of a new government airborne geophysical survey data, which identified graphite, and iron-rich meta-sedimentary formations similar to those encountered at Lac Tétépisca and Lac Guinécourt. During the year ended September 30, 2014, six claims were transferred from Lac Tétépisca project to the Lac Tétépisca Nord project, decreasing the number of the claims to 51.

2013 Prospecting Program

From July 1 to July 21, 2013, and from August 6 to August 15, 2013, the Company conducted an initial geological reconnaissance field program on the Lac Tétépisca-Nord project. Fieldwork comprised ground geophysical prospecting using portable electromagnetic equipment (Beep-Mat™ and VLF) and grab sampling. A total of 25 grab samples were collected from outcrops, subcrops and boulders. They were sent to ALS Minerals in Val d'Or for preparation and then to ALS in Vancouver for graphitic carbon (Cg) and total sulphide analysis using LECO induction and a 48 multi-element analysis using ICP methods. Fourteen (14) of which host graphitic carbon (Cg) grades in excess of 5.00% (range: 5.09% to 29.20% Cg). The remaining 11 grab samples show Cg grades below 5.00%. In regard to QA/QC program, 10% of blanks and standard were introduced.

2014 Ground Geophysical Survey

On May 15, 2014, the Company awarded a contract to Abitibi Géophysique of Val-d'Or, Québec to conduct a ground combined magnetic-time domain electromagnetic geophysical survey (MAG-TDEM) with 100 m line spacing over the previously defined graphitic horizon with the IMAGEM system. The survey was completed on August 24, 2014, and the final report was received on September 19, 2014. A total of 288 EM anomalies and several magnetic zones are interpreted. The EM survey results were used to design a trenching and channel sampling program to test the lateral continuity, the thickness and the grade of the graphitic mineralization outlined by the previous 2013 ground prospecting program.

2014 Trenching Program

On July 11, 2014, the Company received the land use permit for trenching from the MERN. The same temporary camp under the supervision of IOS Services Géoscientifiques as for the Lac Tétépisca project was used for the Lac Tétépisca Nord Project 2014 field work. The trenching program was under the supervision of the Company with the logistic support of IOS Services Géoscientifiques of Chicoutimi. One trench was dug over a length of 84 m from September 24 to September 27, 2014. Channel sampling and geological mapping were completed on September 30, 2014. Disseminated to semi-massive large to fine graphite flakes were observed. A total of 49 channel samples that vary in length from 0.5 to 1.5 m for a total of 53 samples were taken for assaying. Representatives samples were taken with a rock saw and put in a bag with identification tag and shipped to IOS' facilities in Chicoutimi for sample preparation (cutting, crushing and grinding). Prepared samples were then sent to ALS Minerals in Val d'Or and Vancouver for graphitic carbon (Cg) and total sulphide analysis using LECO induction, and for 48 multi-element analyses using combined ICP-AES and ICP MS methods. IOS introduced standards, duplicates and blank samples as part of the QA/QC program. Two rock saw duplicates were also sampled in the trench for the QA/QC program.

On August 24, 2016, the Company announced the results of a trenching program conducted in 2014.

The highlights are:

- A single 86.8 m long trench was excavated at the Project in September 2014. Trench No. TN-TR-01 was positioned perpendicular to the trend of a 2.4 km long by 80 m wide magnetic (MAG) - electromagnetic (EM) anomaly identified by ground geophysical surveys conducted in August 2014;

- Best channel section: Trench No. TN-TR-01 intersected 67.2 m[1] grading 6.75% graphitic carbon (Cg[2]) (from 19.6 to 86.8 m), including: 24.5 m grading 11.72% Cg (from 19.6 to 44.1 m)

- The initial channel sampling results indicate the potential for a second new significant graphitic corridor in the southwest Manicouagan reservoir area, in addition to the Company's "Manicouagan-Ouest Graphitic Corridor" at its nearby Lac Tétépisca project (refer to Focus news release dated August 17, 2016, available at www.focusgraphite.com and at www.sedar.com).

[1] Reported channel sample sections are not true thickness but expressed as channel sample lengths. However, the trench crosscut the mineralized zone strike at a high angle.

[2] All carbon analyses were performed by ALS Minerals ("ALS") in North Vancouver, an ISO/IEC 17025:2005 certified facility, using LECO high frequency combustion method with infrared measurement (code C-IR18) and are reported as graphitic carbon (Cg).

2016 Exploration Drilling Program

During the fiscal year ended September 30, 2016, the Company completed a maiden core drilling campaign designed to test the subsurface graphite mineralization in areas with the strongest MAG-EM response down to a vertical depth of approximately 100 m. This drilling program was completed during the drilling campaign at its Lac Tétépisca project.

From August 8 to August 15, 2016, the Company completed an exploration drilling program with one drill rig. Exploration drilling included 786 m of drilling in 6 drill holes oriented perpendicular to the strike of the km-long EM conductor. This drilling will also provide mineralized samples for initial metallurgical testing. The Company supervised the drilling campaign with the logistical support of IOS Services Géoscientifiques of Saguenay. Core was shipped to IOS facilities for logging, sample preparation (cutting, crushing and grinding) and storage.

During the three months period ended December 31, 2016, logging and sample preparation were completed. All prepared samples were sent to COREM in Québec City for graphitic carbon (Cg) and total sulphide analysis using LECO induction. For the QA/QC program, 10% of the samples will also be analyzed by COREM for total, organic, inorganic and graphitic carbon as well as for total sulphides. Around 10% of additional selected core samples were also sent to ACTLABS to be analyzed for total, organic, inorganic and graphitic carbon, total sulphides and for a 35 multi-element analysis using the ICP method. IOS introduced standards, duplicates and blank samples as part of the QA/QC program.

On August 11, 2017, the Company received the final report of the 2016 exploration drilling campaign at Lac Tétépisca Nord from IOS Services Géoscientifiques.

No work was conducted on the property during the quarter ended December 31, 2018. Focus is currently re-evaluating its exploration strategy for the Lac Tétépisca Nord project.

All 51 claims forming the Lac Tétépisca Nord property are in good standing until December 2, 2020.

Eastmain-Léran/Alta Option and Eastmain-Léran/Staked Polymetallic (Cu-Au-Zn) Projects, Eeyou Istchee James Bay Territory, Québec

On October 12, 2012, the Company secured the exclusive rights to exercise a purchase option to acquire a 100% interest in the Eastmain-Léran project from Ressources Minières Alta Inc. ("Alta"). On October 16, 2013, the Company entered into a claims title acquisition agreement with Alta to purchase 100% interest of the Eastmain-Léran/Alta Option project. In consideration for the purchase of the 100% interest in the project, the Company paid the Vendor a total of $50,000 in cash and issued 689,655 common shares. The Company granted a 2% net smelter return (NSR) royalty that can be purchased at any time by paying $500,000 to the vendor.

The Eastmain-Léran/Alta Option property consists of 32 mineral claims covering an area of 1,678.81 ha. The copper-gold project is located 25 km north-east of the Otish Mountains, directly north of the Eastmain River in James Bay Territory, northern Quebec. The project is 10 km east of the new Otish Mountains access road (HWY 167 extension), which link Chibougamau and Mistissini to Stornoway's Renard diamond project.

In October 2012, following the signing of the letter agreement with Alta, the Company staked an additional 241 contiguous CDC claims covering 12,625.49 ha along the northeast extension of the Eastmain-Léran/Alta Option claims. This new claim block constitutes the Eastmain-Léran/Staked property. In March 2017, the Company designated and acquired interest in six CDC claims, covering 314.58 ha, within the actual perimeter of the Eastmain-Léran\Staked property. The property grew in size to s 247 claims covering an area of 12,940.07 ha.

In February 2018, the Company designated and acquired interest in an additional block of 245 CDC claims covering an area of 12,816 ha starting from the East boundary of the Eastmain-Léran property. Referred to as the Eastmain-Léran East Extension (ELEE) claims block, the ELEE block covers the easternmost segment of the Wahemen volcano-sedimentary greenstone belt which traverses NTS sheet 23D-12 onto sheet 23D-11.

In June 2018, the Company secured two CDC claims located within the perimeter of the Eastmain-Léran\Staked property that had recently expired. The MERN awarded the two claims to Focus on July 4, 2018. As of December 31, 2018, the Eastmain-Laran/Staked property comprised of 493 contiguous CDC claims covering an area of 25,811 ha.

Both the Eastmain-Léran/Alta Option property t and the Eastmain-Léran\Staked property have the potential to host volcanogenic polymetallic targets and precious metal mineralization as well as the potential to host kimberlite pipes that host diamond mineralization. The claim blocks host several copper-gold occurrences in quartz veins (ie. Norducan showing: 6.8 g/t Au and 2% Cu; Freewest and Fancamp Resources, 1993, GM 52249) or are associated to sulphide-rich horizons such as the main Alta Eastmain copper showing (1.72% Cu/7.62 m; Nethery, W.A., 1959, GM 09871-A). The Eastmain-Léran/Alta Option and Eastmain-Léran\Staked properties are part of the Wahemen volcano-sedimentary greenstone belt traceable over a distance of 60 km and having a width of about 6 to 10 km. The mafic, ultramafic and felsic volcanic rocks are intercalated with arkose, greywacke and quartzite. The former Eastmain Gold mine, currently owned by Eastmain Resources Inc., is located about 30 km south of the two projects and Stornoway's Renard diamond mine is located about 38 km north towards the North.

On November 7, 2013, the Company awarded a contract to Geotech of Toronto to perform an airborne Mag-VTEM-PLus™ geophysical survey over the Eastmain-Léran/Alta Option and Eastmain-Léran\Staked properties. The survey was designed using 50-m line spacing. A total of 3,361 line-kms covering both projects were surveyed from November 10 to December 7, 2013. The final report was received in February 2014. Based on the geophysical results obtained, several anomalous electromagnetic (EM) zones typical of polymetallic massive sulphides as well as structural NE-SW conductors have been identified on both projects.

Update for the Quarter Ended March 31, 2018

Following strong indications during the first half of 2017 of a resurgence in industry and investor interest for underexplored greenstone belts across Québec and for emerging polymetallic projects, on September 15, 2017, the Company awarded a mandate to IOS Services Géoscientifiques Inc. of Saguenay , Québec, to undertake the Company's first field exploration program targeting the Eastmain-Léran\Alta Option and Eastmain-Léran\Staked Polymetallic propertiess (together referred to as the "Eastmain-Léran project"). The principal objectives of the fall 2017 field exploration program were to re-sample known historical polymetallic showings, to investigate priority Mag-EM targets and to survey the overall precious and base metal potential of the project through property-scale till sampling and till sample multi-element analysis. The budget for the field exploration program was set at $750,000. The Eastmain-Léran exploration program was designed by IOS under the supervision of the Table Jamésienne de Concertation Minière, of Chibougamau, Québec.

The helicopter-supported exploration program at Eastmain- Léran commenced on September 18, 2017, subsequent to the fiscal year ended September 30, 2017, and was completed on October 18 using an IOS field crew of 12-14 people. Fieldwork started from the southeast project border and moved progressively across the property in a northeasterly direction. By the demobilization date, the majority of priority Mag-EM targets located in the southwest half of the Project had been surveyed through systematic prospecting and outcrop sampling while only a select group of priority Mag-EM targets from the northeast half were surveyed. In all, 296 rock samples, 290 till samples, 9 esker samples and 334 soil samples were collected; and one priority target (the historical Alta-Eastmain showing) was stripped using a mini-excavator and then channel sampled (total: 32 samples). All rock, soil and till samples were transported from the field to IOS' laboratory facilities in Chicoutimi, Québec, for sample processing in preparation for external assaying or for in-house mineralogical analysis using proprietary IOS ARTGold™ SEM-based technology. As of March 31, 2018, the Company had received final multielement analytical results for rock samples but only partial geochemical and mineralogical analysis results from the till and soil surveys. The findings from the fall 2017 prospecting, trenching and outcrop sampling program are summarized in IOS' technical report submitted to Focus on April 4, 2018.

Update for the Quarter Ended June 30, 2018

Mineralogical determinations for gold, platinum group metals (PGM) and other heavy mineral indicators of precious and base metal mineralization in till samples collected at the Eastmain-Léran project in 2017 continued throughout the reporting period at IOS Services Géoscientifiques' Laboratory facilities located in Saguenay, Québec.

Subsequent to the quarter ended June 30, 2018, on August 10, 2018, the Company received final results for gold and PGM particle determinations. Focus is currently reviewing the raw data. IOS' technical report for the 2017 project scale till survey is expected to be completed by September 30, 2018. Update for the Quarter Ended September 30, 2018

On May 18, 2018, the Company commissioned IOS Services Géoscientifiques (IOS) to design and implement, under the supervision of the Table Jamésienne de Concertation Minière (TJCM), a new exploration program focusing primarily on the recently staked East Extension block of the Eastmain-Léran property.

On September 4, 2018, Focus received the final mineralogical dataset from IOS for the fall 2017 till sampling program (total: 304 samples) on the Eastmain-Léran project (particulate gold and platinum-group metal chemical compositions obtained from IOS's proprietary RTMin™ automated SEM-EDS-SDD analysis technology). The final technical report by IOS on the fall 2017 till sampling program is pending.

The fall 2018 helicopter-supported exploration program, commenced on the Eastmain-Léran project on September 3, 2018 and ended the last week of October, subsequent to the quarter ended Sept. 30, 2018. The exploration program comprised airborne geophysical surveying (Mag-EM), ground

geological mapping and prospecting along with systematic soil and till sampling (maximum: 200 samples. Select high-priority targets identified at the Eastmain-Léran\Alta Option property and within the "central block" of the Eastmain-Léran property as a result of exploration work carried out in 2017 were also be investigated. A small excavator was airlifted to the project on September 14, 2018 for this purpose.

IOS expects analytical results from the fall 2018 prospecting and till sampling programs to come in starting mid to late December 2018.

Update for the Quarter Ended December 31, 2018

IOS completed the fall 2018 helicopter-supported reconnaissance exploration program at the Eastmain-Léran\Staked property's East Extension claims block on October 25, 2018. A total of 318 rock samples were collected and sent to a certified laboratory facility for precious metal, base metal and trace element analysis while 161 till samples were collected and then sent to IOS' laboratory facilities in Saguenay, Québec for particulate gold abundance determinations using their proprietary ARTGold™ process and for heavy mineral fraction mineralogical studies including ARTMin™ automated quantitative SEM-EDS analyses.

As of the reporting date, IOS has received the results from the fall 2018 airborne geophysical (Mag-EM) survey of the Eastmain-Léran\Staked property's East Extension claims block by GDS Data Solutions Inc. of Laval, Québec along with the assay results for all 318 rock samples and it has competed the processing of all 161 till samples for particulate gold abundance determinations. As of the reporting date, IOS was writing its technical report on the fall 2018 reconnaissance exploration program at the Eastmain-Léran\Staked property. All 249 claims forming the Eastmain-Léran\Staked properties Central claims block are in good standing until October 2020 while all 244 claims forming the Eastmain-Léran\Staked East Extension claims block are in good standing until December 27, 2019. In total, the Eastmain-Léran\Staked property currently comprises 493 claims.

Subsequent to the quarter's end, on January 14, 2019, Focus designated and acquired interest in 11 CDC claims that recently became open for staking within the perimeter of the Eastmain-Léran\Staked property's Central claims block. As of the reporting date, confirmation of successful claims designation by the MERN was pending

All 32 CDC claims forming the Eastmain-Léran\Alta Option property are in good standing until May 13, 2020.

Exploration and Development Outlook

During the next reporting period, Focus will be reviewing the cumulative results of the 2017 and 2018 reconnaissance exploration programs and of the two airborne geophysical (Mag-EM) surveys with a view of identifying priority gold and base targets for detailed follow-up field investigations including detailed till sampling, ground geophysics and core drilling.

Qualified Person

The above scientific and technical information regarding exploration activities as defined in National Instrument (NI) 43-101 s. 1.1, was either prepared or reviewed and was approved by Marc-André Bernier, M.Sc., géo. (Québec), P.Geo. (Ontario), Senior Geoscientist for the Table Jamésienne de Concertation Minière of Chibougamau, Québec, a consultant to the Company, and a Qualified Person under NI 43-101 guidelines.

Financial Information

The following selected financial data is derived from the audited financial statements of the Company, which were prepared in accordance with IFRS.

Selected Financial Information

	Three months ended December 31, 2018	Three months ended December 31, 2017	Three months ended December 31, 2016
Statements of Comprehensive Income			
Loss from Operations	**(1,093,751)**	**(1,185,188)**	**(602,436)**
Interest Income	**2,186**	**-**	**4,619**
Net Loss	**(1,075,940)**	**(989,938)**	**(783,309)**
Basic and Diluted Net Loss per Common Share	**(0.003)**	**(0.003)**	**(0.005)**
Basic and Diluted Weighted-Average Number of Common Shares Outstanding	**352,083,079**	**310,927,679**	**169,749,010**
Statements of Cash Flows			
Net Cash Used in Operating Activities	**(533,147)**	**(1,890,613)**	**(499,561)**
Net Cash Used In Investing Activities	**(612,126)**	**(1,852,544)**	**(708,612)**
Net Cash Provided by Financing Activities	**1,241,157**	**5,629,409**	**810,473**
Increase (Decrease) in Cash	**95,884**	**1,886,252**	**(397,700)**
As at	**December 31, 2018**	**December 31, 2017**	**September 30, 2018**
	$	$	$
Statements of Financial Position			
Cash	206,719	2,208,917	**110,835**
Mineral Exploration Properties	1,363,977	1,327,599	**1,363,977**
Exploration and Evaluation Assets	32,284,232	27,275,711	**29,825,309**
Total Liabilities	4,500,905	1,754,172	**2,055,602**
Shareholders' Equity	31,153,088	31,554,090	**31,045,978**
Total Assets	35,712,101	33,308,262	**33,101,580**

Dividend Payment

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company`s financial needs to fund its exploration and development programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Operating Expenses

During the three month period ended December 31, 2018, the Company realized losses from operations of $1,093,751 compared to $1,185,188 for three month period ended December 31, 2017. This decrease in the operating expenses was mostly attributed to the following:

- Management and consulting services fees were $822,248 for the three month period ended December 31, 2018, compared to $840,000 for 2017. This was attributed to Grafoid charging the Company $600,000 for marketing product development and auxiliary services provided to promote the Company's Lac Knife graphite

- Travel and promotion expense was $51,269 for the three month period ended December 31, 2018, compared to $76,468 incurred in 2017. The decrease is attributed to the Company attending fewer conferences to promote its Lac Knife project.

- Salaries and benefits expense was $38,500 for the three month period ended December 31, 2018, compared to $74,402 incurred in 2017. This is attributed to the

Company decreasing the number of employees and engaging more contractors to manage operating costs.

Net Losses for the Three Month Period Ended December 31, 2018

During the three month period ended December 31, 2018, the Company realized a net loss of $1,075,940 ($0.003 per share) compared to $989,938 ($0.003 per share) for 2017. The net loss was comprised of Company recognizing other income of $Nil for the three month ended December 31, 2018, compared to $195,250 in 2017, as a result of the following;

On June 20, 2017, the Company closed a flow-through private placement for gross proceeds of $1,050,000. The proceeds from the financing were allocated between share capital ($991,667) and a deferred liability ($58,333) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2018, effective December 31, 2017, the Company has proportionately reduced the initial liability by the percentage of the required exploration expenditures which have been incurred. As at September 30, 2018, the remaining liability is $Nil (2017- $58,333).

On December 22, 2017, the Company closed a flow-through private placement for gross proceeds of $250,000. The proceeds from the financing were allocated between share capital ($234,375) and a deferred liability ($15,625) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2018, effective December 31, 2017, the Company has proportionately reduced the initial liability by the percentage of the required exploration expenditures which have been incurred. As at September 30, 2018, the remaining liability is $15,625.

In December 2018, the Company completed flow-through private placements for gross proceeds of $1,275,000. The company has until December 31, 2019 to meet the required flow-through requirements. The related tax deductions were renounced to investors with an effective date of December 31, 2018.

Quarterly Information

The following summarized financial data has been prepared in accordance with IFRS.

Quarter Ended	Other Income (Loss)	Net Earnings (Loss)	Earnings (Loss) per Share
31/12/18	17,625	(1,075,940)	(0.003)
30/09/18	(149,514)	1,945,957	(0.01)
30/06/18	3,110,401	1,933,031	(0.006)
31/03/18	23,551	(1,149,454)	(0.003)
31/12/17	195,250	(989,938)	(0.003)
30/09/17	(3,654,672)	(4,264,016)	(0.017)
30/06/17	(144,635)	(680,649)	(0.003)
31/03/17	(190,537)	(800,057)	(0.004)
30/12/16	(180,873)	(783,309)	(0.005)

31/12/17 195,250 (989,938) (0.003) (4,264,016) (0.017)

During the year ended September 30, 2017, loan advances were made to Grafoid in the amount of $3,092,739 that, in substance, form part of the Company's net investment in Grafoid. At year-end, management determined that there was objective evidence of an impairment of its equity interest in Grafoid taking into consideration factors including Grafoid's financial position and results from operations. As a result, management estimated the recoverable amount of the Company's investment in Grafoid to be $nil and recognized an impairment of the carrying amount of the net investment in Grafoid after the application of the equity method. There is estimation uncertainty associated with determining the recoverable amount for the investment in Grafoid as it is a privately-held research and development company, has a net asset deficiency and is dependent on future financings to continue to operate as a going concern. An impairment loss may be reversed if there has been a favourable change in the facts and circumstances used to determine the recoverable amount.

During the three month period ended September 30, 2016, the Company loaned Grafoid Inc. $360,000. An allowance for doubtful collection for $360,000 was made in the current year accounting for Grafoid's financial position and an assessment of collectability. The allowance may be reversed in the future once collectability is deemed reasonable.

Liquidity and Capital Resources

As at December 31, 2018, the Company had a working capital deficit of $2,595,121, including $206,719 in cash and current liabilities totalling $4,559,013. The Company will require additional financing, through various means including but not limited to equity financing, to continue exploring, evaluating, and developing its projects. There is no assurance that the Company will be successful in raising the additional required funds. Refer to the 'Going Concern Assumption' section of the MD&A.

Commitment and Proposed Transactions

As of December 31, 2018, and as of the date of this report, the Company did not have any commitments outstanding other than the offtake agreements previously disclosed. There are no undisclosed pending proposed transactions that would materially affect the performance or operation of the Company.

Contractual Obligations and Off-Balance Sheet Arrangements

As of December 31, 2018, and as of the date of this report, the Company has no off-balance sheet arrangements and contractual obligations other than the offtake agreements previously disclosed in the 'Technical' sections of the MD&A.

Changes in Accounting Policies Including Initial Adoption

Refer to Note 3(s) Summary of Significant Accounting Policies, Standards, Amendments and Interpretations of the audited interim financial statement for the year ended September 30, 2018.

Transactions with Related Parties

JAG Sky Inc.

During the three months ended December 31, 2018, the Company was charged $Nil by JAG Sky Inc. ("JAG Sky") (2017 - $Nil), a private air charter services company wholly-owned by an Officer and Director of Focus, for air travel. As at December 31, 2018, the Company has a prepaid balance of $45,278 ($45,278 as at September 30, 2018), included in prepaid expenses, for air travel to be used at a later date.

GGTC Inc. and JAG Property Holdings Inc. (formerly 2390540 Ontario Inc.)

Under a lease agreement between the Company and GGTC Inc.("GGTC") (Note 17), a privately-held company wholly-owned by an Officer and Director of Focus, the Company leases laboratory space in Kingston, Ontario. The lease was previously with JAG Property Holdings Inc. (formerly 2390540 Ontario Inc.), a private entity which is also wholly-owned by an Officer and Director of Focus, however it was transferred to GGTC upon GGTC's acquisition of the building. During the three months ended December 31, 2018, the Company was charged a total of $13,247 for rent (2017 - $13,247). As at December 31, 2018, $Nil was included in accounts payable and accrued liabilities ($15,674 as at September 30, 2018).

Grafoid Inc.

During the ended September 30, 2016, the Company loaned Grafoid Inc. $360,000. As at September 30, 2016, there were no terms of repayment and, accordingly, the entire amount was included as a long-term receivable. In fiscal 2017, the Company recorded an allowance for doubtful collection for the entire $360,000, as collectability is uncertain given Grafoid's financial position. The allowance may be reversed in the future if a chance in conditions suggests the amount is collectible.

During the year ended September 30, 2017, the Company advanced additional amounts totalling $3,092,739 to Grafoid that, in substance, formed part of the Company's net investment in Grafoid (Note 6). These amounts were subsequently repaid during the during the year ended September 30, 2018.

During the three months ended December 31, 2018, the Company was charged $600,000 by Grafoid for consulting services which consists of marketing, product development and auxiliary services for Focus' Lac Knife Graphite material (2017 - $650,000). As at December 31, 2018, the Company has an amount of $178,025 (including HST) ($92,905 as at September 30, 2018 included in prepaids), included in accounts payable and accrued liabilities, for marketing, product development and auxiliary services to be provided in the near future.

During the three months ended December 31, 2018, the Company was charged $12,818 by Grafoid for shared administrative expenses (2017 - $27,949). As at December 31, 2018, the Company has advanced $109,620 for shared administrative expenses, which is included in prepaids ($NIL as at September 30, 2018).

Shared costs

During the year ended September 30, 2018, the Company charged Stria Lithium Inc., which shares common management, $5,000 (2017 - $5,000), for accounting and administrative services and other administrative expenses. As at December 31, 2018, a balance of $5,650 (including HST) ($5,650 as at September 30, 2018), is included in amounts due from related parties.

Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

During the year ended September 30, 2018, the Company charged BESI, which shares common management, $10,000 (2017 - $10,000), for accounting and administrative services. As at December 31, 2018, a balance of $11,300 (including HST) ($10,000 as at September 30, 2018), respectively, are included in amounts due from related parties.

Additionally, during the year ended September 30, 2018 Focus charged BESI $29,500 for employee & consultant costs directly attributable to the sale of Braille Battery Inc from Grafoid to BESI. As at September 30, 2018, balances of $29,500 ($29,500 as at September 30, 2018), respectively, are included in amounts due from related parties.

As at December 31, 2018, included in amounts due to related parties is an amount of $13,108 (US$10,000) due to Braille Energy Systems Inc., which shares common management with the Company ($NIL as at September 30, 2018). The advance was provided in US dollars to the Company to provide working capital and is repayable within the year ended September 30, 2019. The advance is non-interest bearing. During the three months ended December 31, 2018, the Company made no repayments (2018 - $Nil).

Alcereco Inc.

As at December 31, 2018, included in amounts due to related parties is an amount of $45,000 due to Alcereco Inc., which shares common management with the Company ($NIL as at September 30, 2018). The advance was provided to the Company to provide working capital and is repayable within the year ended September 30, 2019. The advance is non-interest bearing. During the three months ended December 31, 2018, the Company made no repayments.

Other

As at December 31, 2018, included in amounts due from related parties was an amount of $53,468 ($53,339 as at September 30, 2018) due from the following companies, which are wholly or partially owned by an Officer and Director of the Company, related to general shared costs:

	December 31, 2018	September 30, 2018
	$	$
JAG Property Holdings Inc. (formerly 2390540 Ontario Inc.)	**3,534**	3,169
9174893 Canada Inc.	**8,084**	7,485
9170655 Canada Inc.	**4,114**	3,419
GGTC Inc.	**13,008**	10,611
JAG Sky Inc.	**22,034**	21,847
Mistura Beauty Solutions Inc.	**1,361**	1,361
SP2 Wafer Pte Ltd.	**5,447**	5,447
	57,582	53,339

As at December 31, 2018, included in amounts due from related parties was an amount of $47,899 ($43,110 as at September 30, 2018) due from the following companies, which share common management, related to general shared costs:

	December 31, 2018	September 30, 2018
	$	$
Grafoid Inc. (including subsidiaries)	**36,306**	31,517
Braille Energy Systems Inc (including subsidiaries) (1)	**10,118**	10,118
Stria Lithium Inc. (1)	**1,475**	1,475
	47,899	43,110

(1) Excludes amounts receivable in respect of charges for accounting/administrative services and other administrative expenses described above.

Transactions with key Management personnel

The following table reflects compensation of key Management personnel, including the CEO, CFO and Directors:

	Three months ended December 31, 2018	2017
	$	$
Salaries (including bonuses) (1)	**35,000**	40,000
Consulting fees	**111,250**	111,250
Benefits	**2,061**	2,061
	148,311	153,311

(1) Includes director's fees which have been included in *Management and consulting fees* in the statements of comprehensive loss.

(2) The figures above have not been adjusted to reflect the allocation of salaries and short-term benefit compensation paid to key Management personnel that the Company charged out to BESI and Stria Lithium Inc.

(3) As at December 31, 2018 balances of $719,167 included in accounts payable and accrued liabilities due to Directors of the Company (as at September 30, 2018 - $572,167).

(4) As at December 31, 2018 balances of $45,916 included in prepaid expenses for consulting services that are to be provided in the near future by Officers of the Company (as at September 30, 2018 - $45,916).

Mining Property Book Value

At the end of each reporting period, management reviews the carrying values of its resource properties and intangible assets to determine whether any write-downs are necessary. Following this analysis, management determined that write-downs were required for the three month period ended December 31, 2018.

Financial Instruments

The Company's financial instruments consist of cash, amounts receivable (net of sales taxes receivable), amounts due from related parties, long-term investment, accounts payable and accrued liabilities and deposit. The long-term investment is carried at fair value. The fair value of the other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	December 31, 2018	September 30, 2018
	$	$
Financial assets		
Loans and receivables		
Cash	**206,719**	110,835
Amounts due from related parties	**152,091**	141,598
Available-for-sale-financial assets		
Long-term investment	**100,000**	100,000
Total financial assets	**458,810**	352,433
Financial liabilities		
Measured at amortized cost		
Accounts payable and accrued liabilities	**(1,680,214)**	(2,039,977)
Amounts due to related parties	**(58,108)**	-
Total financial liabilities	**(1,738,322)**	(2,039,977)

Outstanding Share Data

Common shares and convertible securities outstanding at February 28, 2019, consist of the following:

Securities	Expiry Date	Range of Exercise Price	Number of Securities Outstanding
Common shares	-	-	373,936,342
Warrants	Up to December 2020	$0.10 to $0.60	173,683,756
Options	Up to December 2020	$0.10 - $0.92	30,380,0000

Risk Exposure and Management

The Company is exposed to a certain amount of risks at different levels. The type of risk and the way the exposure is managed are described hereafter.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Credit, Liquidity, Interest Rate, and Price Risk

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash, amounts receivable (excluding sales taxes receivable) and amounts due from related parties and maximum exposure is equal to the carrying values of these assets, totalling $358,810 at December 31, 2018 ($252,433 at September 30, 2018). The Company's cash is held at several reputable financial institutions with high external credit ratings. The exposure to credit risk for the Company's receivables is considered immaterial. It is Management's opinion that the Company is not exposed to significant credit risk. During the year ended September 30, 2017, the Company recognized an impairment on an amount due from a related party in the amount of $360,000.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. As at December 31, 2018, the Company had a working capital deficiency of $2,595,121. During the three months ended December 31, 2018, the Company had negative cash flows from operations of $533,147. The Company's ability to realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses and continue its exploration activities for the next twelve months, is dependent upon Management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company.

The Company has financial liabilities of $4,559,013, all of which are due within twelve months.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates given that its transactions are carried out primarily in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets exposed to interest rate risk include cash held in investment savings accounts bearing variable interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments with maturities of 360 days or less from the original date of acquisition. As at December 31, 2018, the Company had cash balances of $206,719 ($110,835 as at September 30, 2018) and interest income derived from these investments during the three months ended December 31, 2018 was $Nil.

The Company has limited exposure to financial risk arising from fluctuations in variable interest rates earned on cash given the low interest rates currently in effect and the low volatility of these rates.

Other Price Risk

The Company holds publicly listed shares of a company in the mineral exploration industry. The Company is exposed to other price risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at December 31, 2018. As at December 31, 2018, the value of these listed shares was $100,000. At December 31, 2017, had the bid price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $10,000 higher. Conversely, had the bid price been 10% higher, the comprehensive loss would have been $10,000 lower.

Capital Management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders as well as ensuring that all flow-through monies obtained are utilized in exploration activities and spent by the required deadline. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. When financing conditions are not optimal, the Company may enter into option agreements or find other solutions to continue its activities or may slow its activities until conditions improve. While the Company is not subject to any external capital requirements, neither regulatory nor contractual, funds from flow-through financings to be spent on the Company's exploration properties are restricted for this use. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Properties Titles

According of exploration expenditures and pay to the Quebec government a rent per claim for every 2 year renewal period. To ensure the Company's mineral claims are kept in good standing, the Company engaged the services of a third to the mining law and regulations of the Province of Quebec, the Company, to renew its claims, must do a minimum party professional mineral claim management entity to manage the renewal of its mineral claims.

Additional Financing

The Company requires additional funds to finance the exploration or development work on the Company's properties, to pay for the renewal of the claims forming the properties and to cover the costs of managing the Company. The main sources of funds available to the Company are the issuance of additional shares or the sale of interests in its properties. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. Refer to the 'Going Concern Assumption' section of the MD&A.

Conditions of the Industry in General

The exploration and development of mineral resources involves significant risks. Although the discovery of a deposit can prove extremely lucrative, few properties where exploration and development work are conducted progress to producing mines. Significant expenditures are necessary to find and establish ore reserves, out the metallurgical processes and build the processing plant and mining operations. It is not possible to provide assurance that the exploration and development programs contemplated by the Company will generate a profitable mine.

Economic viability of a deposit depends on many factors, of which some are due to the particular characteristics of the deposit, in particular its size, its average grade, and its proximity to infrastructures as well as the cyclic character of the prices of metals as well as governmental regulations, royalties, limits of production, import and export of minerals and protection of the environment. The impact of these factors cannot be evaluated in a precise way, but their effect can negatively impact the project's potential profitability.

Mining activities comprise high risks. The activities of the Company are subject to all the dangers and the risks usually dependent on the exploration and the development, including the unusual and unforeseen geological formations, explosions, collapses, floods and other situations which can occur

during drilling and the removal of material and of which any could cause physical or material or environmental injuries and, possibly, legal responsibility.

Government Regulation

The activities of the Company are subject to, among others, various federal, provincial and local laws, which relate to the exploration and development, tax, standard of work, disease and occupational safety, the safety in mines, toxic substances, and protection of the environment.

The exploration and development activities are subject to legislative measures mandated by federal, provincial and local governments to the protection of the environment. These laws impose high standards on the mining industry, in order to control the waste material from the exploration, development, production, and processing related activities on projects and reduce or eliminate possible environmental impacts.

Risks of Lawsuits and No Insurable Risks

The Company could be held responsible for pollution or for other risks against which it could not be insured or against which it could choose not to be insured, being given the high cost of the premiums or for other reasons. The payment of sums in this respect could involve the loss of the assets of the Company.

Conflicts of Interests

Some of the directors and officers of the Company are also engaged as directors or officers of other company's involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. When a conflict of interest exists, the affected directors and/or officers declare their interest and abstain to vote on any resolution in which they have a conflict of interest.

Permits, Licences, and Authorizations

The activities of the Company require obtaining and maintaining permits and licences from various governmental authorities. The Company considers that it holds all the permits and licences required for its exploration activities; it currently carries on, in accordance with the relevant laws and by-laws. Changes brought to the by-laws could affect these permits and licence. Nothing guarantees that the Company can obtain all the permits and all the necessary licences in order to continue its exploration and development activities, to build mines and processing plants and exploit any future reserves.

Moreover, if the Company begins the exploitation of a project, it will have to obtain the necessary mine permits and licences and to conform to all the required obligations concerning the use of water, removal of waste etc. It cannot be guaranteed that the Company will be able to obtain these permits and licences, nor that it will be able to conform to their requirements.

Dependence on the Management

The Company is dependent on its management team. The loss of its services could have an unfavorable impact on the Company.

Price of Graphite

The price of the Company's common shares, its financial results, and its future exploration and development activities may be negatively impacted by a fall of the price of graphite. This may also impact the Company's ability to finance its activities on favorable terms. The Company has no control over the fluctuation of graphite prices which may be affected by the sale or the purchase of graphite and graphite end products by end users, brokers, central banks and financial institutions, interest rates, foreign exchange rates, the rates of inflation, of deflation, the fluctuations in the value of the Canadian dollar and the currencies, the regional and global supply and demand of graphite, regional and global economic policies, particularly in China and other countries that produce graphite.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide

reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

Additional Information and Continuous Disclosure

This Management's Discussion and Analysis has been prepared as of February 28, 2019. Additional information on the Company is available through regular filings on SEDAR (www.sedar.com).

(s) Gary Economo	*(s) Judith T. Mazvihwa-MacLean*
Chief Executive Officer	Chief Financial Officer