

FOCUS GRAPHITE INC.
945 Princess Street Kingston, ON K7L 0E9

MATERIAL CHANGE REPORT

December 13, 2018

Item 1. **Name and Address of Company**

The name of the reporting issuer is Focus Graphite Inc. (the "Issuer" or "Focus Graphite"). Its head office is located at 945 Princess Street, Kingston, Ontario K7L 0E9.

Item 2. **Date of Material Change**

The material change occurred on December 11, 2018.

Item 3. **News Release**

The Issuer disseminated a News Release on December 11, 2018 and filed the News Release on SEDAR on December 11, 2018.

Item 4. **Summary of Material Changes**

The Issuer announced the closing of the first tranche of a non-brokered private placement (the "Offering") for gross proceeds of \$650,000.

Item 5. **Full Description of Material Changes**

The Issuer announced the closing of the first tranche of a non-brokered private placement (the "Offering") for gross proceeds of \$650,000. The Company has issued 13,000,000 units (the "Units") at a price of \$0.05 per Unit. Each Unit is comprised of one (1) flow-through 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 \$0.055 per common share until December 11, 2020.

In connection with the closing of the first tranche of the Offering, the Company paid a cash finder's fee totaling \$38,500 and 770,000 warrants entitling the finder to purchase one (1) common share at a price of \$0.05 per common share until December 11, 2020.

The securities issued in connection with the closing of the first tranche of the Offering are subject to a four-month hold period expiring on April 12, 2019. The Offering is subject to the final approval of the TSX Venture Exchange.

The Company intends to raise up to a total of \$4,000,000 as part of the Offering and issued up to 80,000,000 Units at \$0.05 per Unit. The proceeds from the Offering will be used for flow-through eligible exploration expenses.

An insider of the Company participated in the first tranche of the Offering and subscribed for an aggregate of 2,000,000 Units representing an aggregate amount of approximately \$100,000.

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.

Items 6 and 7. **Reliance on Subsection 7.1(2) of National Instrument 51-102 and Omitted Information**

The Issuer is not relying on sub-section 7.1(2) of National Instrument 51-102 or the equivalent provisions of the securities legislation in other jurisdictions governing the Issuer for the filing of this report nor is any information being omitted in reliance thereon.

Item 8. **Executive Officers**

For further information, please contact Mr. Gary Economo, CEO of the Issuer, at (613) 241-4040.

Item 9. **Date of Report**

December 13, 2018