

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

MATERIAL CHANGE REPORT

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 22, 2021.

Item 3. News Release

The Issuer disseminated a news release via ACCESSWIRE on December 22, 2021 and filed the news releases on SEDAR on December 22, 2021.

Item 4. Summary of Material Changes

On December 22, 2021, the Issuer announced the closing of its previously announced non-brokered Flow-Through private placement for gross proceeds of \$5,200,000. The Issuer has issued 57,777,780 flow-through common shares at a price of \$0.09 per share.

Item 5. Full Description of Material Changes

On December 22, 2021, the Issuer announced closing of its previously announced non-brokered Flow-Through private placement (the “**Offering**”) for gross proceeds of \$5,200,000. The Issuer has issued 57,777,780 flow-through common shares (the “**Flow-Through Shares**”) at a price of \$0.09 per Flow-Through Share.

In connection with the closing of the Offering, the Issuer paid cash finder’s fees totaling \$357,000 and issued 3,966,666 non-transferable finder's warrants (the “**Finders Warrants**”). Each Finders Warrant entitles the holder to acquire one (1) non-flow-through common share of the Issuer at a price of \$0.15 per common share until December 22, 2022.

The securities issued in connection with the closing of the Offering are subject to a four-month hold period expiring on April 23, 2022. The Offering is subject to the final approval of the TSX Venture Exchange.

The gross proceeds from the sale of FT Shares will be used for exploration expenditures on the Issuer's Lac Tétépisca graphite project located in the Côte-Nord administrative region of northeastern Québec. Two insiders of the Issuer participated in the Offering and subscribed for an aggregate of 1,111,111 Flow-Through Shares representing an aggregate amount of \$100,000.

Participation of insiders of the Issuer in the Offering constitutes a “related party transaction” as defined under *Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions* (“**61-101**”). The Offering is exempt from the formal valuation and minority shareholder approval requirements of 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 Issuer's market capitalization. The Issuer 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 Issuer 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:

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Item 9. Date of Report

Dated at this 24th day of December, 2021.