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ALABAMA GRAPHITE

Frankfurt: 1AG.F

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ALABAMA GRAPHITE ANNOUNCES CLOSING OF \$2.15MM FINANCING

January 31, 2014 - VANCOUVER, Canada – Alabama Graphite Corp. (the “**Company**”) (CSE: ALP) (OTC: ABGPF) (FRANKFURT: A1G.F WKN: A1J35M) (ISIN# CA0102931080) is pleased to announce the closing of its previously announced (see January 20, 2014 News Release) private placement financing (the “**Private Placement**”) led by First Republic Capital Corporation (“**First Republic**”) to raise gross proceeds of Cdn\$2,150,000.

The terms of the Private Placement were amended to increase the now-flow-through offering from Cdn\$1,750,000 to Cdn\$2,150,000 and to cancel the originally contemplated flow-through offering of Cdn\$150,000. The Company increased the size of the non-flow-through offering as a result of increased demand and cancelled the flow-through offering after it received legal advice from counsel that the Company must first apply for and receive certification by the Minister of Natural Resources (Canada) of the graphite deposit on its Hearst Property as a “mineral resource” (within the meaning of that term in section 248 of the *Income Tax Act* (Canada)) before it could sell flow-through shares to conduct exploration on the Hearst Property.

The Company issued 30,714,285 units (the “**Units**”) at a price of \$0.07 per Unit to raise gross proceeds of Cdn\$2,150,000. Each Unit is comprised of: (i) one common share of the Company (a “**Unit Share**”); and (ii) one common share purchase warrant (a “**Unit Warrant**”) of the Company, with each Unit Warrant entitling the holder to purchase one common share of the Company at an exercise price of Cdn\$0.10 until January 31, 2017 (the “**Unit Warrant Expiry Date**”), provided that if the closing price of the Company’s common shares on the Canadian Securities Exchange is Cdn\$0.20 or greater per common share during any twenty (20) consecutive trading day period at any time (the “**Triggering Event**”), the Unit Warrants will expire, at the sole discretion of the Company, at 4:00 p.m. (Vancouver time) on the 30th day after the date on which the Company provides notice of such fact to the holder thereof, which notice must be provided within 30 days of the first occurrence of a Triggering Event.

The net proceeds from the sale of the Units will be used for airborne geophysics, further drilling and metallurgical testing of the flagship Coosa Project in Coosa County, Alabama and general working capital. The Coosa Project comprises 42,000 acres and is located within the prodigious Alabama Graphite Schist – the geologic unit that supplied the majority of the domestic production in the US in the first half of the 20th century – an era of noteworthy US graphite production. With an NI 43-101 technical report for the Coosa Project already having been published, the Company plans to conduct the first airborne geophysical survey on the project and complete an extensive testing program. One of the horizons to be tested will be the previously producing Fixico Mine, one of the historic graphite-producing mines in Alabama. The 100 percent owned Coosa Project is on private land, with in-place critical infrastructure, hospitable climate and close proximity to transportation routes/customers. In addition the Company believes that a business-friendly permitting process in Alabama differentiates the Coosa Project from others.

In addition the net proceeds will be used to initiate airborne geophysics and exploration work on the Company’s Hearst Graphite Project in Northern Ontario. The Hearst Graphite Project comprises 16 claim units and is located just east of Zenyatta Ventures Ltd.’s Albany hydrothermal graphite discovery in Northern Ontario. A geophysical study conducted by Noranda Exploration Company in December of 1987 included both ground magnetic and horizontal loop electromagnetic (HLEM) surveys. Several

HLEM conductors were identified by this survey, but the conductors on the acquired claim units were associated with magnetic lows. Noranda concluded at the time that these conductors were most likely due to graphite mineralization.

In connection with the Private Placement, the Company paid cash compensation of (i) a corporate finance fee equal to 2% of the gross proceeds of the Private Placement to First Republic and (ii) a sales commission equal to 7% of the gross proceeds of the Private Placement to First Republic and the selling group, and issued broker warrants ("**Broker Warrants**") of: (i) corporate finance Broker Warrants equal to 2% of the number of Units sold in the Private Placement and (ii) selling compensation Broker Warrants equal to 7% of the number of Units sold in the Private Placement. Each Broker Warrant entitles the holder to purchase one Unit at an exercise price of Cdn\$0.07 until January 31, 2016, and the Unit Warrant forming part of such Unit will be subject to the accelerated expiry provisions noted above for the Unit Warrants.

All securities issued pursuant to the Private Placement will be subject to a four-month hold period expiring June 1, 2014.

The securities offered pursuant to the Private Placement have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any U.S. state securities laws and may not be offered or sold in the United States or to United States persons absent registration or any applicable exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Dana Durgin, P. Geo., a Qualified Person as defined by National Instrument 43-101 and independent consultant to the Company, has reviewed the contents of this press release.

About Alabama Graphite:

Alabama Graphite Corp., through its wholly-owned subsidiary, Alabama Graphite Company Inc., is a graphite exploration and development company whose flagship project "The Coosa Graphite Project" in Coosa County, Alabama is located in an area with significant historical production of crystalline **flake** graphite. The Company also acquired a 100% interest in the Hearst Graphite Property in Northern Ontario in August 2013. For further details go to www.alabamagraphite.com

ALABAMA GRAPHITE CORP.

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