



CSE : ALP

ALABAMA GRAPHITE

Frankfurt: 1AG.F

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ALABAMA GRAPHITE CORP. ANNOUNCES A BROKERED PRIVATE PLACEMENT

January 20, 2014 - VANCOUVER, Canada – Alabama Graphite Corp. (the “**Company**”) (CSE: ALP) (OTC: ABGPF) (FRANKFURT: A1G.F WKN: A1J35M) (ISIN# CA0102931080) is pleased to announce that it has entered into an agreement with First Republic Capital Corporation (“**First Republic**”) pursuant to which First Republic will act as the Company’s agent to sell: (a) up to 25,000,000 non-flow-through units (“**Units**”) of the Company at a price of Cdn\$0.07 per unit for approximate aggregate proceeds of Cdn\$1.75 million; and (b) up to 1,500,000 flow-through units (“**Flow-Through Units**”) at a price of Cdn\$0.10 per unit for approximate aggregate proceeds of Cdn\$150,000, by way of a private placement (the “**Private Placement**”).

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 for a period of 36 months from the date of issuance of the Unit (the “**Unit Warrant Expiry Date**”). If, during the period commencing on the date that is four months and one day following the issuance of the Unit Warrants and ending on the Unit Warrant Expiry Date, the daily volume weighted average trading price of the Company’s common shares on the CSE exceeds Cdn\$0.20 for each day for a period of 20 consecutive trading days, then the Company may, from time to time, give the holders of the Unit Warrants written notice of such occurrence within 30 days of such occurrence, in which case the Unit Warrants will expire at 4:00PM (Vancouver time) on the 30th day following the giving of such written notice.

Each Flow-Through Unit is comprised of (i) one flow-through common share of the Company and (ii) one non-flow-through common share purchase warrant (a “**FT Unit Warrant**”), with each FT Unit Warrant entitling the holder to purchase one common share of the Company at an exercise price of Cdn\$0.15 for a period of 36 months from the date of issuance of the Flow-Through Unit (the “**FT Unit Warrant Expiry Date**”). If, during the period commencing on the date that is four months and one day following the issuance of the FT Unit Warrants and ending on the FT Unit Warrant Expiry Date, the daily volume weighted average trading price of the Company’s common shares on the CSE exceeds Cdn\$0.25 for each day for a period of 20 consecutive trading days, then the Company may, from time to time, give the holders of the FT Unit Warrants written notice of such occurrence within 30 days of such occurrence, in which case the Warrants will expire at 4:00PM (Vancouver time) on the 30th day following the giving of such written notice.

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 already published, the company has a goal of upgrading the discovery’s prospective economics through the property’s first airborne geophysical survey and 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 the State. 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 a business friendly permitting process differentiates the Coosa Project from others.

The net proceeds from the sale of the Flow-Through Units 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 ("**Zenyatta**") 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.

The Private Placement is expected to close on January 31, 2014, and the Private Placement may close in one or more tranches.

The Company has agreed to pay First Republic cash compensation of; (i) a corporate finance fee equal to 2% of the gross proceeds of the Private Placement and (ii) a sales commission equal to 7% of the gross proceeds of the Private Placement and to issue to First Republic broker warrants ("**Broker Warrants**") of; (i) corporate finance Broker Warrants equal to 2% of the aggregate number of Units and Flow-Through Units sold in the Private Placement and (ii) selling compensation Broker Warrants equal to 7% of the aggregate number of Units and Flow-Through Units sold in the Private Placement. Each Broker Warrant will entitle the holder to purchase one Unit at an exercise price of Cdn\$0.07 for a period of two years from the date of issuance of such Broker Warrant, 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 from the date of closing of the Private Placement. The Private Placement is subject to the approval of the CSE.

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.co

ALABAMA GRAPHITE CORP.

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