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FOR IMMEDIATE RELEASE

MATICA ENTERS INTO LETTER OF INTENT WITH MEDICAL MARIJUANA PRODUCER

June 18, 2014 – Toronto, Ontario – Matica Graphite Inc. (GRF) (“Matica” or the “Company”) is pleased to announce that the Company has entered into a non-binding letter of intent (the **“LOI”**) to establish a joint venture (the **“JV”**) with ChroniCare Canada Inc. (**“ChroniCare”**) (the **“Proposed Transaction”**). ChroniCare is a private company based in Mississauga, Ontario which has been producing medical Marijuana under a Marijuana Medical Access Regulations (**“MMAR”**) license. Upon signing of a definitive agreement, the Proposed Transaction would represent a change of business for Matica and would be deemed a Fundamental Change under the policies of the Canadian Securities Exchange (the **“CSE”**).

On May 8, 2014, the Company announced that it would take steps in changing its business, currently a mineral exploration company, to the medical marijuana sector. The Board of Directors and management of the Company believe that upon completion of the Proposed Transaction it will have the ability to enter this sector.

ChroniCare has been producing medical marijuana pursuant to its MMAR license since 2012. ChroniCare’s team of experienced growers has been producing high quality strains of medical marijuana with high cannabinoid (**“CBD”**) percentages. CBD’s are one of the active ingredients in medical marijuana most associated with medicinal uses including pain control and seizures. ChroniCare has been an industry leader with experience in large scale growing environments, producing high quality product in a variety of growing mediums including hydroponic systems.

Cannabinoids (CBD's) are compounds found in marijuana that have significant medical effects, but do not make people feel “stoned” and can actually counter the psychoactivity of THC. The reduced psychoactivity of CBD-rich cannabis may make it an appealing treatment option for patients seeking anti-inflammatory, anti-pain, anti-anxiety, anti-psychotic, and/or anti-spasm effects without disconcerting lethargy or dysphoria. Scientific and clinical studies underscore CBD’s potential as a treatment for a wide range of conditions, including rheumatoid arthritis, diabetes, alcoholism, MS, chronic pain, schizophrenia, PTSD, antibiotic-resistant infections, epilepsy, and other neurological disorders. CBD has demonstrated neuroprotective and neurogenic effects, and its anti-cancer properties are currently being investigated at several academic research centers in the United States and elsewhere.

The Proposed Transaction

Under the proposed terms and conditions, and following the signature of the definitive agreement (the **“Definitive Agreement”**), Matica and ChroniCare will form a JV to establish a marijuana growing operation in Ontario with the intent of becoming licensed under the Marijuana for Medical Purposes Regulations (**“MMPR”**). There can be no assurance that the JV will apply for a license or that such a license will ultimately be granted.

Matica will have a 60% interest and ChroniCare will have a 40% interest in the JV. Matica will provide financing for the new JV up to an aggregate of \$1,500,000. ChroniCare will act as operator of the JV and provide its expertise related to marijuana growing. Matica will further issue to ChroniCare 500,000 shares

of Matica shares upon execution of the Definitive Agreement. The Proposed Transaction is an arm's length transaction.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to: (a) entering into the Definitive Agreement; (b) completion of due diligence; (c) CSE acceptance; and (d) if necessary, Matica shareholder approval. The Proposed Transaction cannot close until the conditions are satisfied. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Trading in the securities of Matica should be considered highly speculative.

Should the JV opt to become a producer and choose to make an application, we will need to complete Health Canada's Application To Become A Licenced Producer Under The Marijuana For Medical Purposes Regulations (MMPR). Any Canadian based project would need to meet stringent requirements as outlined by Health Canada. Any entity applying for a license from Health Canada would need to be an indoor facility equipped with physical barriers which prevent unauthorized entry in to the facility and further physical barriers to all growing areas are required. The perimeter of the licensed producer's site must have visual recording devices capable of recording in a visible manner any attempted or actual unauthorized access. The perimeter of the licenced producer's site must be secured by an intrusion detection system that operates at all times and that allows for the detection of any attempted or actual unauthorized access to or movement in the site or tampering with the system. The system must be monitored at all times by personnel who must determine the appropriate steps to be taken in response to the detection of any occurrence of attempted or actual unauthorized access. If any such occurrence is detected, the personnel must make a record of: the date, time of the occurrence; and along with a visual monitoring with recording devices, intrusion detection systems (alarms) and separate air filtration systems. Growing areas within the site must also be visually monitored at all times by visual recording devices to detect illicit conduct. The intrusion detection system must be monitored at all times by personnel who must determine the appropriate steps to be taken in response to the detection of any occurrence of illicit conduct, any attempted or actual unauthorized access to or movement in those areas or tampering with the system.

Obviously the cost of such security measures will be considerable and the readiness of each facility will weigh in the Company's decision regarding the target projects. Likewise, the construction time will vary and will impact the date of licence application as the facility must be ready for Health Canada site inspection prior to a licence being granted.

About Matica Graphite

The Company will continue to explore other options in the medical Marijuana industry. While pursuing alternative projects, Matica will continue to conduct exploration on its resource projects. Matica has graphite projects in Buckingham Quebec. Buckingham is an historic graphite producing area which has been the scene of renewed exploration activity. Matica trades on the CSE under the symbol GRF. For more information on Matica visit the website at Maticagraphite.com.

On behalf of the board of Directors
MATICA GRAPHITE INC.

"Boris Ziger"

Boris Ziger
CEO & Chairman

The Company's filings are available for review at www.sedar.com and <http://www.thecse.com/>.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements and information in this news release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation. In certain cases, forward-looking statements or information can be identified by the use of words such as “believe”, “intend”, “may”, “will”, “should”, “plans”, “anticipates”, “believes”, “potential”, “intends”, “expects” and other similar expressions. Forward-looking statements and information in this news release relate to, among other things: the Proposed Transaction and the anticipated JV, the receipt of all necessary regulatory approvals and satisfaction of all other closing conditions in connection with the Proposed Transaction, statements regarding the JV’s intention to apply for a license under the MMPR, and other statements that are not historical facts.

Key assumptions upon which the Company’s forward-looking statements and information are based include the following: that the Proposed Transaction will be consummated and that the JV will be formed and that the JV will ultimately apply for a license under the MMPR. These assumptions should be considered carefully by users. Readers are further cautioned that the foregoing list of assumptions is not exhaustive. Although the Company believes that the assumptions on which the forward-looking statements or information are made are reasonable, based on the information available to the Company on the date such statements were made, no assurances can be given as to whether these assumptions will prove to be correct.

Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements or information. Such risks, uncertainties and other factors include among others, the following: the risk that the Proposed Transaction will not be completed if a formal agreement is not reached or that the necessary approvals and/or exemptions are not obtained or some other condition to the closing of the Proposed Transaction is not satisfied; the risk that closing of the Proposed Transaction could be delayed if the Company and ChroniCare are not able to obtain the necessary approvals on the timelines planned; the assumptions relating to the parties entering into the Definitive Agreement, its structure, and the timing thereof, the timing of obtaining required approvals and satisfying closing conditions for the Proposed Transaction, state of the economy in general and capital markets in particular, investor interest in the business and future prospects of Matica. In addition, if the Proposed Transaction is consummated, there are significant risks associated with the medical Marijuana sector, including but not limited to those factors discussed in the Company’s news release dated May 27, 2014. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information.

The forward-looking statements and information contained in this news release are made as of the date indicated in that information and, accordingly, are subject to change after such date. We do not undertake to update any forward-looking statements or information, except as, and to the extent, required by applicable securities laws. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information. The forward-looking statements and information contained in this news release are expressly qualified by this cautionary note.