

# Great Lakes Graphite – Going for the Value Added

The old truism of the California Gold Rush of the 1850s was that it was those selling the shovels, not those miners buying them, that made the money. In the mosh-pit that is graphite Great Lakes stands out because it has focused its efforts on “shovels” in the form of processing rather than scrabbling around in the dirt for the raw material. While Great Lakes Graphite Inc. (TSXV: GLK) does have some properties with graphite production potential, it seems to have resolved, wisely, in these days of tough financing that “production in king” and thus has focused on developing a side of the graphite business that is more likely to get it cashflow in the short term for the smallest possible capital outlay.

## **New Wine out of Old Bottles**

The use, or reuse, of equipment or facilities by miners always perks up my interest. However, the material reused is almost always being repurposed from other mines or mills. In the case of Great Lakes though it has come across an agricultural chemicals processing plant that fits the bill for graphite processing as well.

The Matheson Micronization Facility is located in Matheson, Ontario, 70 kilometres east of Timmins. The plant was originally built around ten years ago to process mainly vermiculite. The plant was very lightly used when functioning with only one shift per day. Most recently it passed into the hands of Northfil Resources, which is controlled by a group of ex-INCO managers.

In March 2015, Great Lakes entered into a Facilities Use Agreement with the owner of the property that provides for long-term access to the plant. The facility is fully

integrated and was designed and built for micronization with equipment that is suitable for processing flake graphite and other industrial minerals. Upon completion of refurbishment work, Great Lakes Graphite will begin commercial production of high quality, industry standard micronized graphite products for use in spray lubricants, refractory materials and powder coatings.

The main operating facility is adjacent to Highway 11, a major highway for Northern Ontario, and also has a rail spur to the site allowing product movement by that means. Certainly having infrastructure, a talented labor pool and a long history of mining and minerals processing should be major advantages to having an operating facility in this area.

The first step in the reboot is the dismantling of the equipment to be sent away to be overhauled. The costs of the whole refurbishment are expected to amount to only \$800,000 in parts and labour. On top of this the company will need working capital to sustain inventory and work in progress.



Operations at the plant are scheduled to begin in the second half of 2015. Restart of the plant is contingent upon successful recommissioning of the plant and a modification to the existing air/noise environmental permit. The plant will have low labour costs as it is highly mechanized with each shift expected to be only 3-4 workers with throughput of 10,000tpa with no waste. Even the dust collector fines are expected to be marketable.

Great Lakes have clearly been thinking outside the box in making this clever move. Frankly though it begs the question as to why so many of the other players have \$100mn plus budgets for their operations when a graphite mine is essentially a quarry and GLK have shown how cheaply a plant can be refurbished.

## **The Relationship with DNI Metals (DNI)**

Great Lakes has somewhat of a symbiotic relationship with another TSX-V listed company, DNI Metals. This was the old Dumont Nickel. While it is run by a Toronto banker, Dan Weir, it shares one board member with GLK, while one of its advisory board members is also a director of GLK.

In late March 2015, Great Lakes announced that it has entered into a five-year supply agreement with DNI for the procurement of natural flake graphite concentrate.

Under the terms of the agreement, GLK will have the ability to purchase up to 34,000 tonnes of material from DNI, which will be sent to the Matheson Micronization Facility for the production of micronized flake graphite. To ensure final product consistency and quality, all of the concentrate will be sourced from a mill that has met the testing requirements performed by the company over the previous six months.

While DNI has a graphite deposit of its own in Madagascar (a place we have lauded in the past) the material it is selling to Great Lakes will be sourced from several producers in South America. The move to intermediation, rather than production, in the short term shows that DNI are also into thinking outside the box and would prefer to generate cashflow than wait around for their mine to eventually reach production. Cashflow is king.

One has to wonder if Great Lakes and DNI Metals may eventually become a double act, with one becoming the producer and the other the processor. Such an arrangement would certainly be more appealing to investors who like their miners *a la carte*.

## **Conclusion**

In may be tempting fate to mention the only other company in the specialty metals space, Great Western, but not everything that the other "great" company did was all bad. Their smartest

move and the one they should have stuck to was in their value-added business, Less Common Metals. Their mistake was to “bet it all on red” with their mining venture at Steenkampskraal. In contrast to that company, Great Lakes have also gone for the value-added part of the graphite food chain and have seemingly moved on from ambitions to actually dig the stuff up.

This is an approach that we cannot fault. The market is not rewarding those that find and mine metals and minerals, it is only interested in production and with its “cheap and cheerful” conversion of a plant from agricultural usage to graphite processing, Great Lakes may just have stumbled upon the way to be the smartest guys in the (graphite) room.

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## **The next great graphite company to prepare for production in North America**

February 18, 2015 – Tracy Weslosky, Publisher of  **InvestorIntel** speaks to Paul Gorman, CEO and Director for Great Lakes Graphite (‘Great Lakes’, TSXV: GLK) about his recent drill results and the high-grade-low capex deposit, which makes Great Lakes the next great graphite company to prepare for production in North America.

**Tracy Weslosky:** Paul, I want to talk to you about your drill results. You had really two significant results that I’m sure you’d love to highlight for us.

**Paul Gorman:** We’re very excited about it and the reason why is because drilling for an industrial minerals company is the

backbone to understanding your deposit. SRK Consulting has come in and shown us that in order for us to get our deposit to where we want it to be, our resource calculation to where we want it to be, these results had to be good. We came out two weeks ago with the results and they were fantastic. The intercepts were great, the grade was great and it's meeting all the expectations that we had when we first endeavored on buying Lochaber back in May.

**Tracy Weslosky:** Well, can you be more specific about these drill results?

**Paul Gorman:** Yeah. I mean, most of the grade is showing plus 3% or 4%, up to 10%, which means that as a high-grade low-capex deposit at surface we're able to go in build the mine, build the mine at surface and not have to go too deep. Our costs will be lower, our grade will be higher and our costs going through to the customer will be much lower than the rest of our peer group.

**Tracy Weslosky:** For anyone out there in InvestorIntel audience land, Great Lakes Graphite has one of the best group of shareholders I've ever experienced in my life. In fact, you have, like, diehard shareholders. Everybody I meet on Bay Street are all shareholders of Great Lakes. Can you tell me why? Is it your personality Paul or is it the story?

**Paul Gorman:** I think it's the story. I think if you look at Great Lakes Graphite, you look at the Lochaber, you look at our team, you look at our customers, you look at the whole package and then you look at where we're trading, how can you not love Great Lakes Graphite? We have the team, the infrastructure. We have the deposit that's now coming to resource calculation. We have SRK Consulting doing all our work, which is one of the most well-known groups out there doing all of the work for us. We've got a perfect storm right now brewing. We think that graphite, we think that industrial

minerals, we think that this world's about to explode with all the good news coming out at the macro level and we're just focusing on what we need to do. These shareholders have been behind this because they understand what we're doing. They understand our management team's capabilities and most of all they love the fact that graphite is going to be one of the major chemistries going into the new technologies in the new world.

**Tracy Weslosky:** Of course, I agree with you completely, but now what I'd really like you to do is to take a couple of minutes for those out there who may not be part of the very elite crowd that all own Great Lakes Graphite, can you explain a little bit more about your infrastructure cause it's my understanding that, you know, you can see your— your infrastructure is, what, 20 miles from Ottawa? To hear the rest of the interview, [click here](#)

Disclaimer: Great Lakes Graphite is an advertorial member of InvestorIntel.

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## **Graphite's 'lukewarm performance' in November signals buying opportunity for investors**



**Graphite Market Month-in-Review** – Graphite & Graphene shares fell 8.61% overall during the month of November even as there was was no shortage of favorable resource updates, but

commodity investors have been trading very carefully in the current market environment. The performance of the Chinese economy in November fell below expectations, generating lower demand but the fundamentals of graphite demand have not changed and none of the companies followed by InvestorIntel published any significant news to warrant a shift in market performance, whether up or down. Indeed, the lukewarm performance of the sector is best attributed to falling industrial metal prices at the London Metal Exchange, reflecting weaker economic signals from China for the past month. Meanwhile, more jobs were created in the US, which strengthened the US Dollar, hurting commodities. It should be noted that some of the companies that suffered the most over the past month were Australian; their performance were far more a reflection of an especially sluggish commodities sector on the ASX exchange than any specific graphite market issues. Indeed, in the medium term the current lower oil prices could actually help to boost consumer spending, generating long-term positive effects for metals and minerals such as graphite, which is not only one of the drivers of future technology, it is needed for many current industrial applications. The higher the purity, the higher the value; and very few producers are able to deliver flake graphite at purity levels of 90% or more. Chinese mineral graphite has, until recently, been of sufficient purity to meet basic industrial applications but insufficient in addressing the demand for advanced materials to make the lighter and more powerful Li-ion batteries used increasingly in electric vehicles and beyond.

**Graphite One Resources Inc.** ('Graphite One', TSXV: GPH |OTCQX: GPHOF) gained +21.74% in Toronto trading and +20% at the OTC; it is one of the emerging North American graphite plays that enjoyed a strong November, concluding the month with an announcement that it has published the results of the first ten holes of the recently completed twenty-hole diamond drill program at its Graphite Creek Project located near Nome, Alaska. Of the highlights published in Graphite One's November

10 release, the highlights to consider are that “all 10 holes intercept significant widths of high grade, near surface graphite mineralization” and that the “geology and assays confirm excellent vertical and lateral continuity of the mineralization.” Graphite One is on schedule to deliver a revised NI 43-101 compliant mineral resource during the first quarter of 2015 ahead of the preliminary economic assessment (PEA), which President and CEO Anthony Huston says will “demonstrate to end buyers and shareholders the economic viability of this project.”

**Northern Graphite Corporation** (‘Northern’, TSXV: NGC | OTCBB: NGPHF) was one of the few market movers for November, gaining +7.89% in Toronto and +4.65% at the OTC. Northern has managed to produce a spherical graphite product, which is used to make the anodes for lithium-ion batteries. The company is pleased with the quality its graphite and has released its knowledge and expertise to the industry in general because it sees batteries as one of the main market drivers. Northern itself retains the advantage in the battery market thanks to its newly opened battery testing and research facility, proprietary purification and coating technologies.

**Mason Graphite** (‘Mason’, TSXV: LLG | OTCQX: MGPHF) gained +32.08% in Toronto and +30% on the OTC. Mason is still feeling the effects of its signed Memorandum of Cooperation with the Council of the Innu of Pessamit signed last September, which generated optimism about the prospects for the Lake Gueret mine moving to the next the next steps including the completion of all pre-feasibility studies, feasibility and environmental permits.

**Energizer Resources** (‘Energizer’, TSXV: EGZ | OTCQX: ENZR), saw some gains and losses during the month, ending last Friday’s trading session at the same price as the beginning of the month Toronto and losing slightly. Nevertheless, Energizer had an interesting November as its joint venture partner, Malagasy Minerals (ASX: MGY) formally opened its Maniry

Graphite Project in Madagascar, where Energizer discovered a large region containing excellent graphite deposits. The early data suggests the graphite ore is of very high grade and that it has not been excessively contaminated by other minerals, which will other rocks which will facilitate its refinement into pure flake graphite.

**Alabama Graphite** (TSXV: ALP | OTCQX: ABGPF) was also very active in November, ending the month down despite having announced the start of exploration at five new targets over the next few months based on identified 'anomalies' that hold significant promise for large flake graphite. Alabama Graphite has been very active during the past weeks advancing programs at its 42,000 acres of property in central Alabama, located along a historic graphite belt. So far, Alabama Graphite has engaged in trenching some 10,000 out of a total 18,000 feet and its Coosa and Bama properties have shown two important characteristics that make them ideal: the flakes are coarse and large and most of the graphite is at surface level, promising to yield even better grades than the already high grade surface material.

**Great Lakes Graphite** (TSXV: GLK), which enjoyed good result last week, lost -7.69% for the month despite the fact that investors learned about the Company's new infrared (IR) graphite concentration test method, allowing it to ensure higher quality standards in view of a resource estimate to be issued in the next few months. Great Lakes announced an update on flotation concentration tests based on a composite sample from the Lochaber property. Great Lakes has gone to great lengths in ensuring as accurate a methodology as possible to ensure the highest possible quality. The results were very encouraging given a 57.64% concentration rate for Large, Jumbo and Super Jumbo flakes.

**Kibaran Resources** ('Kibaran', ASX: KNL) published favorable results from its Mahenge Graphite Project. Kibaran has been working on the feasibility study for the 'Epanko deposit',

which has an inferred resource of 14.9 million tonnes grading 10.5% total carbon graphite and 1.56 million tonnes of contained graphite – and this based only 20% of the project area. Kibaran is banking on developing a large flake deposit featuring material of the highest quality. Kibaran also announced the signing of a Memorandum of Understanding for an offtake agreement with the German industrial conglomerate Thyssen-Krupp for an initial 20,000 tonnes of graphite per year. The fact that Kibaran lost 39.22% of its share value in November, in spite of otherwise favorable results, testifies to the difficulty of the current market, driven by waves of bearish speculation in the resource sector.



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## **Energizer, Deveron and Great Lakes Graphite move north in spite of a sluggish market**



**Graphite Market Review** – The Graphite & Graphene market remained sluggish for the graphite sector in general and, on average, the share price of InvestorIntel graphite members dropped 3.84% in the week ending on November 14. However, some companies bucked the trend and posted strong gains rebounded and the biggest gainer was **Energizer Resources** ('Energizer', TSXV: EGZ | OTCQX: ENZR), whose stock went up +13.33% in Toronto trading. Energizer's exploration and development joint venture partner, **Malagasy Minerals** (ASX: MGY) announced that it had begun drilling several graphite zones, formally

launching its Maniry Graphite Project in Madagascar, where Energizer discovered a large region containing excellent graphite deposits. The Maniry project in southern Madagascar consists of 34 drill zones extended across an area of 6.5 by 2.5 km. Individual drill holes could reach depths of up to 350 meters over an area of 1.5 km. The early data suggests the graphite ore is of very high grade and that it has not been excessively contaminated by other minerals, which will other rocks which will facilitate its refinement into pure flake graphite.

**Alabama Graphite** ('AGC', TSXV: ALP | OTCQX: ABGPF), dropped slightly in Toronto trading, even as it announced that it would be exploring five new targets over the next few months based on identified 'anomalies' that hold significant promise for large flake graphite. At Coosa, AGC, has been evaluating new exploration targets identified during flight and ground survey activity. The results will be published as they become available but the trenching program should be concluded by the end of November.

**Great Lakes Graphite** (TSXV: GLK), which enjoyed good result last week, continued to move up, gaining +7.14% as investors absorbed the significance of its new infrared (IR) graphite concentration test method, allowing it to ensure higher quality standards for prospective customers as it proceeds toward the delivery of a resource estimate in the next few months. Great Lakes has joined the graphite race late but it is one of the most ambitious companies in the sector. **Deveron Resources** (TSX: DVR) also showed some resilience, rising 8.11%. Deveron's Rockstone project in northwestern Ontario is being developed to deliver graphite as well as zinc. Recently Deveron signed an option agreement for up to a 100% stake in the Rockstone property (in northwestern Ontario) from Greencastle Resources. Zinc has been one of the few raw materials to rise in value because of a production deficit, which is expected to last for the next few years as many zinc

mines have 'fizzled out', with some having been forced to shut down in Canada.

**Kibaran Resources** ('Kibaran', ASX KNL) issued an interesting report last week outlining favorable results from its Mahenge Graphite Project and specifically the Epanko deposit for which a feasibility study is being prepared and where the company has already established an inferred resource of 14.9 million tonnes grading 10.5% total carbon graphite and 1.56 million tonnes of contained graphite – and this based only 20% of the project area. Kibaran suggests that the technical evidence from Epanko suggests that it hosts a large flake deposit featuring material of the highest quality. Significantly, Kibaran and a subsidiary of the German industrial conglomerate Thyssen-Krupp have signed a Memorandum of Understanding for an offtake for an initial 20,000 tonnes of graphite per year. Thyssen was impressed by the optimal distribution of large fluffy material a longer mine life than previously expected, and the ability to increase production still should be an increase in demand in the future.

**Discovery Africa Ltd**, (ASX: DAF) lost 15.79% even as it announced that it has secured an additional 103 square kilometer license for its Nachingwea graphite project in Tanzania. The rock sampling mentioned in in this new license, valid for four years, revealed levels of 7.22% and 5.55% of total carbon-graphite; Discovery also controls significant graphite assets in Uganda.

Graphite, while suffering the same price disease that has affected most resource stocks, promising or not, is easier to mine than other minerals. Because of its electrical and thermodynamic qualities, electromagnetic survey equipment picks it up easily and thus it makes for a far less costly exploration process than other minerals. Moreover, much of flake graphite deposits are located near the surface, which also reduces risks while allowing for open-pit mining, a much cheaper alternative than other methods.



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# Northern Graphite and Graphite One lead the graphite sector in the first week of November

 **Graphite Market Review** – Northern Graphite Corporation (TSXV: NGC | OTCQX: NGPHF) was one of the few market movers for the week ending on November 7, 2014, gaining 11.84% in Toronto and 9.45% at the OTCQX. The gains contrast with the combined average performance for Graphite companies (members of InvestorIntel) of -2.19%. Graphite One (TSXV: GPH | OTCQX: GPHOF) rose 4.35% in Toronto and 16% at the OTC; Great Lakes Graphite (TSXV: GLK) gained rose 7.69%, Focus Graphite rose 5.88% in Toronto and 5.26% at the OTC while Deveron Resources gained 8.82%. Overall, the fundamentals of graphite demand have not changed and none of the cited companies published any significant news to warrant a shift in market performance, whether up or down. Indeed, the lukewarm performance had far more to do with falling industrial metal prices at the London Metal Exchange, reflecting weaker economic signals from China. Meanwhile, more jobs were created in the US, which strengthened the US Dollar, hurting commodities.

The October economic indicators from China were lower compared to September, suggesting that the People's Republic continues to struggle – relatively speaking of course – to meet economic growth targets. Analysts are betting that the government will ultimately take further measures to support the economy, as

GDP predictions growth are at risk. Meanwhile, the economy in the Eurozone has remained under tremendous pressure. The EU Commission has lowered its growth forecasts for this year and the current year, the euro against the US dollar continued again under pressure. The US dollar index rose again significantly, making commodities more expensive for holders of other currencies, which in turn affects demand – lowering it. Even zinc, for which a demand bottleneck is expected in the coming years, suffered in the markets because of a demand problem in China – reflected by sharply lower sales of zinc intensive e-bikes.

Graphite is one of those raw materials that, even if needed in small amounts, are expensive because of the special property requirements. Graphite is still expected to experience strong demand growth in the coming years. Similar to rare earths, China is the market leader in the market for graphite, which is there but mainly used in steel production. Graphite is also needed to make graphene. Such graphite requires a purity of more than 99% and a handful of producers can deliver it. Apart from graphene, graphite is generating considerable interest and demand because of its use in Lithium-ion batteries, better known as Li-ion batteries. Northern Minerals was, as noted above, one of the few market gainers last week. At the end of October, Northern launched a lithium ion battery (“LiB”) research and testing facility to develop and test natural graphite based anode materials for LiBs aimed at improving battery performance, reducing costs and reducing the environmental impact of anode manufacturing. The facility will be available on normal commercial terms to any company, including Northern’s competitors – so long as results are shared with the public.

One of those competitors is **Focus Graphite**, which last week signed a Pre-Development Agreement with the Uashat Mak Mani-Utenam First Nation with respect to the graphite Lac Knife project. This is very important because failing to secure such

agreements can affect deeply affect a project, delaying or preventing governments from granting the relevant permits. Alabama Graphite, meanwhile, announced the conclusion of a warrants purchase in the amount of USD\$ 2.1 million.

**Alabama Graphite** now has a zero balance debt and it plans to use the remaining proceeds from the voluntary exercise of the Warrants for further exploration and development of the Coosa and Bama Mine Projects in Alabama (USA), initiating a preliminary economic assessment of the Coosa project to generate working capital.

**Great Lakes** announced the use of a more accurate “modified infrared (IR) graphite concentration test method to achieve a high level of accuracy. Great Lakes is moving aggressively and it has set some important targets for the next few months with the resource estimate being the immediate priority. The Company wants to move fast enough to overtake its peers to become the first producer of graphite in North America.

**Graphite One** completed another drill campaign at its Graphite Creek deposit, which is claimed to be the largest flake graphite deposit in North America; certainly, it is one of the most significant large flake deposits in the United States. Having completed the drilling campaign, Graphite One can now proceed toward completing the preliminary economic assessment.

Australia’s **Discovery Africa**, focused on developing graphite at its Nachingwea graphite project in Tanzania, announced the receipt of a mining license covering an additional 103 km<sup>2</sup> of exploration territory. The samples from this area are very promising, having revealed 7.22% and 5.55% of total carbon-graphite, as announced on October 30. The Company also has significant graphite assets in Uganda. Finally, **Deveron Resources** announced it would agree to option as much as a 100% stake in Greencastle Resources’ Rockstone property in northwest Ontario, which is also said to contain zinc. Northern Ontario has surprisingly good grades and varieties of

graphite to offer at its Albany deposit. There is good reason to believe that Deveron may find its own world-class deposit featuring the kind of grades and varieties that lend themselves well to battery and graphene production.



**Graphite Market Review** is a special weekly feature on **InvestorIntel** sponsored by **Alabama Graphite Corp.** (TSXV: ALP | OTCQX: ABGPF).

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## One of the “most promising” graphite companies in North America

Great Lakes Graphite (‘Great Lakes’, TSXV: GLK) is rapidly emerging as one of the most promising graphite companies in North America. Great Lakes’ management has invested at the better part of a decade in studying the graphite market to determine what customers need in order to understand what makes a great deposit. Accordingly, Great Lakes has chosen a great deposit that will be able to supply an immense amount of flake graphite to North American customers as well as the area right around the Great Lakes.

Great Lakes acquired its Lochaber property in southeastern Quebec last March. It has a historical record from previous explorers but Great Lakes has moved very fast to determine the type of resource while also talking to potential end users in the area to establish a ready market base for their flake graphite. The estimates are very promising and Great Lakes will offer a high-grade product as early as 2017. One of the

reasons for this speed is that Great Lakes can avoid many of the issues that complicate matters for traditional mining companies especially when it comes to spending great sums of money year after year simply to define a resource. Great Lakes is developing three different aspects of the business simultaneously including sampling with prospective customers, resource calculation and financing in order to achieve the ambitious production targets.

On November 6, Great Lakes announced an update on flotation concentration tests based on a composite sample from the Lochaber property. The goal was to determine a flotation concentration flow-sheet that would maintain the graphite's crystalline structure and particle size to preserve the high purity and market value of the graphite. Unlike many graphite companies, Great Lakes used a "modified infrared (IR) method (using a LECO furnace and infrared detector) assay method for our graphitic carbon assays...in order to achieve a high level of accuracy." The graphite sample is 'stripped' of all non-graphitic carbon impurities such as organic contaminants and carbonate before being heated to produce an oxygen stream leaving a trail of carbon dioxide that is then examined by an infrared detector, which quantifies it allowing for the percentage of graphitic carbon to be calculated.

This is more accurate than the more common Loss on Ignition (LOI) tests – in various forms – whereby a graphite sample is 'roasted' to temperatures above 1,000 degrees Celsius to remove all carbon with the resulting mass reported as graphite. The problem is that the mass would still contain debris that would lead to excessive errors. Clearly, Great Lakes has gone to great lengths in ensuring as accurate a methodology as possible to ensure the highest possible quality. The results were very encouraging given a 57.64% concentration rate for Large, Jumbo and Super Jumbo flakes. Moreover, as noted by the CEO Paul Gorman, "test results confirm that a high-purity concentrate can be easily produced

from the graphite at Lochaber,” suggesting that Lochaber’s resource presents very high quality mineralization and it will be reflected in the forthcoming NI 43-101-compliant resource estimate, already at an advanced stage off preparation ahead of the Feasibility Study.

Great Lakes is moving aggressively and it has set some important targets for the next few months with the resource estimate being the immediate priority. The Company wants to move fast enough to overtake its peers to become the first producer of graphite in North America. Great Lakes has talked to end users around the world to determine how to meet a variety of customers’ specifications, working closely with end users to understand their requirements for grade, purity and product characteristics.

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## **Good ZEN and high DVR performance not enough to drive graphite sector in October**



**Graphite Market Review – Zenyatta Ventures** (‘Zenyatta’, TSXV: ZEN | OTCQX: ZENYF) was one of the few graphite companies to experience some ‘ZEN’ in October, gaining 16.58% in Toronto and 15.18% at the OTCQX. Zenyatta can boast a graphite deposit that is entirely different than the vast majority of its competitors, which have flake graphite. Its geological formation, through igneous hydrothermal processes, accounts for a superior purity and crystallinity. The Albany project,

located in northern Ontario, is the largest & only, “high purity’ hydrothermal graphite deposit being developed in the world. The important and simple fact that investors should consider is that the Albany deposit has been proven to present a very high carbon graphitic content, which means the graphite is pure enough to compete with synthetic varieties. Zenyatta’s target customers are precisely the ones, who, until recently, had no alternative to synthetic graphite. There are incentives to switch from oil based synthetic graphite to naturally occurring graphite of Zenyatta’s caliber. The processing has delivered a nice high-grade, pure product with minimal cost and minimal detrimental environmental effects. The synthetic graphite market accounts for a potential USD\$ 13 billion-dollar market.

Zenyatta’s strong performance contrasts sharply with that of the other graphite companies tracked by InvestorIntel. Market performance was decidedly down, registering an average drop of 9.08% versus InvestorIntel graphite members that were barely down 2.43%. Tracy requested I mention this as she insists an online media presence makes a difference, and allow us to welcome **Northern Graphite Corp.** whose OTCBB: NGPHF – one of the few graphite companies to move upward +2.69% last week.

Speaking of new members, allow me to welcome **Deveron Resources Ltd.** (TSXV: DVR) who became an InvestorIntel member in the last 2 weeks. DVR gained an impressive 54.55%, starting the month at CAD\$ 0.11 and ending at CAD\$ 0.17, after announcing that they had officially entered the graphite and zinc market with a targeted acquisition with a high grade deposit.

The Graphite space features in most respects companies that are operating in politically stable locations with access to acceptable to excellent infrastructure. Most of the graphite companies covered by InvestorIntel, moreover, have shown wise management, while just about every deposit seems able to quench the need for a stable and high quality graphite supply, capable of being used in technology ranging from Li-Ion

battery anodes to graphene.

The biggest winners for the month ending on October 31, 2014 were, apart from Zenyatta and Deveron, Strategic Energy Resources Ltd. (ASX: SER) which gained 6.45%, Lomiko Metals (TSX: LMR | OTCQX: LMRMF) which gained 19% in OTCQX trading and **Discovery Africa** (ASX: DAF) gained 9.52%.

This said, there were several companies that saw equally impressive negative numbers (see below chart). Whereas the graphite sector's market performance in the previous months and weeks might best be characterized as 'mixed', October was decidedly less optimistic. Yet many of the companies announced positive developments. For instance, **Alabama Graphite** announced that it has completed ground geophysical surveys at its prior producing Bama Mine Graphite Project, starting exploration in additional zones at the Coosa Project in Alabama. The two projects encompass over 43,000 acres and are located in an area with significant historical production of crystalline flake graphite. The Company has the largest NI 43-101 indicated flake graphite resource in the United States based on drilling 0.18 square miles (0.3% of the total acreage). The Alabama deposits are unique in that a significant portion of the graphite-bearing material is oxidized and has been broken down into an extremely soft rock, which suggests that operational costs from mining to grinding should be lower than average.

In addition to the good news Christopher Ecclestone initiated coverage on Alabama Graphite and then selected it as one-of-five most likely to prosper. Undoubtedly the exercise of warrants is responsible for the downward pressure on the stock in October, however – TSXV: ALP was up +5.26% and OTCQB: ABGPF was up +4.17% last week.

On October 21st, **Triton Minerals Limited** (ASX: TON), which also suffered from downward pressure – presented its maiden JORC compliant resource estimate for the Nicanda Hill graphite

deposit at the Balama North project in Mozambique. The total Mineral Resource estimate comprises 1,457 million tons at an average grade of 10.7% Total Graphitic Carbon "TGC" and 0.27% vanadium classified as either Inferred Mineral Resources or Indicated Mineral Resources. 328 Mt were classified at 11.0% TGC and 0.26% vanadium and 1,129 Mt were classified at 10.6% TGC and 0.27% vanadium. Triton claims it now has the single largest known graphite deposit in the world as well as one of the largest vanadium deposits. [Click here](#) to access the interview on how Triton's Nicanda Hill is the largest graphite and vanadium deposit in the world.

**Elcora Resources Corp.** (TSXV: ERA) reported that metallurgical tests are being conducted by SGS Canada Inc. to determine the preferred processing circuit for the graphite from the Company's Sakura mine site in Sri Lanka. Elcora aims to produce premium graphite and graphene through a vertically integrated business strategy and announced a name change to focus on the Graphene revolution...and added Jack Lifton to the Advisory Board last week....

**Mason Graphite**, which had some positive share price movement earlier in October, reported the second batch of assay results from the 2013-2014 drilling program at its Lac Guéret project in northeastern Quebec. Mason said that the results confirmed the continuity of the mineralization within the GC zone while the graphite grades continue to be very high, confirming the high value potential of the Lac Guéret property.

Australian based **Valence Industries Ltd.**, which saw its shares drop 8.89%, announced it has discovered a new and unique flake graphite deposit zone with intercepts exceeding 60% graphitic carbon. The discovery improves the economics of Valence's Uley operation thanks to the presence of high quality arterial flake graphite, which is located close to the surface presenting grades exceeding 60%+ graphitic carbon (gC). **Lomiko Metals**, which as noted above had a mixed performance, gaining in OTC trading and losing in Toronto, announced that it has

received the drilling permit for the its La Loutre Crystalline Flake Graphite Property. Lomiko has targeted La Loutre, expecting to find high-grade, near-surface graphite mineralization suitable for conversion to battery-grade graphite. Mason Graphite, meanwhile, opened a pilot plant test for the Lac Guéret graphite project at COREM's research facility in Quebec City to test a bulk sample of approximately 60 tonnes of graphite mineralization obtained from the Lac Guéret property, featuring an average sample grade of 29.1% Cg. **Focus Graphite Inc.** (TSXV: FMS | OTCQX: FCSMF) announced that significant widths of graphitic mineralization ranging from 95 to 110 meters in thickness were intersected in a new zone at its wholly owned Lac Tétépisca Project southwest of the Manicouagan reservoir in Québec, comparing favourably with the mineral derived at the Lac Knife graphite deposit.

## **Conclusion**

Overall, therefore, the graphite sector was very active in October as the graphite miners explored new areas, confirming or adding new sources of high grade materials suitable for the high end applications that have made graphite such a coveted material in the high technology sector. The market performance of many graphite companies, most of which are based in North America – with few exceptions in Madagascar, Mozambique or Australia, appears to fly in the face of the fact that the resumption of graphite mining in North America serves as a way for North America to rebuild internal supply lines for critical materials such as graphite.

**Note from the Publisher:** Graphite interest continued to outperform other sectors last month, with 7 of our Top 15 most read articles in October being composed about graphite.

1. Liquid Metal Batteries – An Impending Deluge? – Christopher Ecclestone
2. Hostilities between China and Japan heat up in the American Courtroom over Patents – Jack Lifton

3. Hykawy's Focus on Focus: Through a Mining Lens – Jon Hykawy
4. Uranium Stocks Remain Near 52-Week Lows Despite Bounce in Spot Price – Peter Epstein
5. Graphite stocks down 3rd week in a row, fundamentals be damned – Peter Epstein
6. The Rare Earth Market Evolves – Jon Hykawy
7. Confidence of Lynas's financiers to signal a more profitable change for the rare earths sector? – Alessandro Bruno
8. Triton Minerals Beats All Expectations with Maiden JORC Resource – Peter Epstein
9. The Tesla Beauty Contest – Alessandro Bruno
10. Graphite Market Review: China's exports of graphite to decline markedly – Peter Epstein
11. Chinese authority launches new special campaign to fight illegal rare earths – Hongpo Shen
12. Graphite Market Review: Mixed performance despite a lot of good news – Peter Epstein
13. Seismic Shift in the Niobium Space – Christopher Ecclestone
14. Strong graphite market news flow sets the pace for a market turnaround – Peter Epstein
15. Potash is the new safe haven sector to hedge against market volatility – Alessandro Bruno



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