

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 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: GPH0F) 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.



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.

