

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



Graphite Market Review is a special weekly feature on InvestorIntel sponsored by Alabama Graphite Corp. (TSXV: ALP | OTCQX: ABGPF) and is written by US Analyst, Peter Epstein. – See [more](https://investorintel.com/graphite-graphene-intel/graphite-market-review-positive-week-stocks/#sthash.0F58rc2U.dpuf) at: <https://investorintel.com/graphite-graphene-intel/graphite-market-review-positive-week-stocks/#sthash.0F58rc2U.dpuf>