

Triton Minerals delivers impressive project economics at Nicanda Hill Graphite Project

☒ In November, Australia's Triton Minerals ('Triton', ASX: TON) completed its 2014 drilling campaign at Nicanda Hill last month featuring drill core intercepts have been in excess of 15% graphitic carbon (GC) the Nicanda Hill property, part of its Balama North Graphite project in Mozambique. Triton also published the Independent Scoping Study for Nicanda Hill, predicting a before tax net present value (NPV) of USD\$ 1,230 million and internal rate of return (IRR) of 137%. The project has also identified high grade (0.75%) vanadium pentoxide concentrate as well as a 7% zinc concentrate, derived from the graphite tailings through flotation. These results suggest even better economics than first predicted, highlighting the Project's commercial viability; indeed, Triton Minerals may have discovered the world's largest deposit of graphite after six months of operation in Nicanda zone, Balama district south of Cabo Delgado province. The site is said to contain more 115.9 million tonnes of ore and, a world-class potential, 3.93 million tons of vanadium oxide such that Triton has been shaping up to becoming a market leader thanks to low capital and operational costs, improved by the presence of vanadium.

☒ Triton Minerals believes it has identified the world's largest deposit of graphite after six months of operation at the Nicanda Hill Project; laboratory tests have shown the graphite to deliver an impressive purity of 99.9%. Triton plans additional drilling to get a better understanding of the extent of the high grade graphite areas, warranting the preparation of a feasibility study in order to develop the Project and launch production as early as in 2017. The scoping

study suggests that Triton could sell a high quality graphite product at a ready to ship cost of USD\$ 315/ton, which promises an appealing profit margin, given the assumption of an average, and very conservative, graphite price of USD\$ 985/ton. And that accounts for the graphite alone, because there are also 3.9 million tons of vanadium oxide – the largest vanadium deposit in the world – and sufficient quantities of zinc to prompt a study of their commercial viability. Moreover the graphite mineral, rather than being interspersed with hard rock material intrusions like quartz or granite, is of a very soft composition, which will make it far easier and cheaper to process. The ‘soft’ mineralization suggests Triton will be able to save on energy costs, because arduous processing can make projects overly expensive and inefficient. The resource at Balama is rich in volume and it is of a consistently high grade, medium to coarse flake variety of graphite that should be readily upgraded to the kind of purity levels to address the fast rising number of battery and alternative energy applications, driving demand for flake graphite.

Triton is moving as fast as possible and considering the presence of an estimated 1.5 billion tons of mineral, the resource itself contains at least 10% of that amount at 156 million tons of pure graphite and nearly four million tons of vanadium pentoxide. The deposit is spread out across a long and wide area (6 km by 1 km), which gives Triton a wide number of potential drill zones from which to choose as the Project proceeds. Triton has been fortunate that the identified mineralization is consistent along the surface and at depth, which is a rare combination of features for any kind of mineral deposit. Triton’s property provides an excellent example of ‘closeology’, being located right beside Syrah Resources, which had been the largest graphite resource in the world until Triton’s breakthrough.

Triton also benefits from the availability of pre-existing

infrastructure and of a large port – just 200 km. away – as well as to access to electricity and good roads. Moreover, in 2013, Australia and Mozambique signed a “minerals development partnership agreement” in order to develop the African country’s mining sector in capacity and human capital. Under the agreement, Australian companies working in Mozambique are encouraged to help train Mozambicans in the more technical aspects of mining, such that this sector can become more sustainable, providing benefits for the local population. It was in the wake of this agreement that Triton launched the first phase of its Balama North graphite project as part of a joint venture with the Mozambican company Grafex Limitada. Even as Triton remains committed to the intent of the Australian-Mozambican mining partnership – which helps to mitigate sustainability related risks – the greater control, will enable the Company to proceed faster at Balama North, thus offering greater value to investors. The additional funding will allow Triton to maintain an ambitious drilling program at Nicanda Hill, which presents a number of high grade graphite mineralization targets.

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 at:

<https://investorintel.com/graphite-graphene-intel/graphite-market-review-positive-week-stocks/#sthash.0F58rc2U.dpuf>

Epstein InvestorIntel CEO Interview: Brad Boyle, Triton Minerals Ltd.

The following interview of **Triton Minerals' CEO Brad Boyle** was conducted by phone and email in the week ended September 19th.

Please describe Triton Minerals for readers less familiar with your company.

Triton Minerals Limited (ASX:TON) is a diversified, Australian-listed minerals exploration company with 3 graphite projects in Mozambique, Africa. These comprise the Balama North, Balama South, and Ancuabe projects, located in the Cabo Delgado province. Balama North is our main focus. It's largely made up of the Cobra Plains and Nicanda Hill deposits. So far, only Cobra Plains has a maiden JORC compliant resource. It has 103mm Inferred tonnes. Most of the recent drilling has been on Nicanda Hill, where very strong drill results and assays have been reported. All 3 projects are near infrastructure, one is a past producing mine. Ports, highways, labor, power and water are all readily accessible. A major highway is 25 kms from site and a deep water port 230 kms. Very wide intercepts and ore grades averaging about 10% Total Graphitic Carbon, "TGC" at Nicanda, with intercepts up to 30.5% TGC, could make the combined Cobra Plains & Nicanda Hill 1 of the 2 largest deposits in the world.

On September 16th, Triton released positive metallurgical

results for Nicanda Hill, can you summarize that news and explain its importance?

The first and probably most important takeaway is the head grade of up to 19.5% TGC in the 200kg sample we tested. Also exciting was the 0.35% reading on vanadium, an encouraging sign. The test results reconfirmed what we thought, namely that in this case we were able to achieve up to 97.3% TGC with simple floatation alone. This is a high grade product that can be sold as is. Also important is that the graphite liberates easily from the host rock. This sample was taken from the middle of the deposit, based on the characteristics of the deposit, we think that even better material might be found to the north. Of course, that remains to be seen. Keep in mind that it's still early on in the testing. We will be at this for at least another 6 months going through multiple stages to try to optimize grade, quality and flake sizes.

When do you expect to report Triton's next upgraded JORC compliant resource report?

We expect our next resource update by the end of 2014. We are very excited about what that report might show. We've done extensive drilling since our maiden resource report in February, 2014. Even at 103 million tonnes of Inferred resource, that's already a top 5 graphite resource in the world. Our drill results and assays to date provide evidence that our next report will come in significantly larger than our maiden resource. We hope to not only increase the size of our JORC compliant resource but possibly move some tonnes into the higher category of, "Indicated."

Please describe Triton's resource.

We are very excited about our resource and look forward to reporting an updated and enhanced JORC resource report before year-end. As it stands, we have delineated a maiden resource of 103 million Inferred tonnes, (JORC compliant) at Balama

North's Cobra Plains. However, with subsequent drilling since February at Nicanda, we've determined that with a cut-off of 6% TGC, the average grade is 10.3% TGC and the size of Nicanda's deposit is simply tremendous. Our cut-off grade is higher than some other company's average grade. Our deposit is near surface to a vertical depth of 400 meters and remains open in all directions and at depth. Using the drill results outside the maiden resource, as well as results from trenching, mapping, and sampling, Triton and consultant Optiro have identified a cumulative exploration target of 760Mt to 1,290Mt at Balama North, in addition to the JORC resource at Cobra Plains. Cobra Plains also contains vanadium with an average grade of 0.23%.

Is Mozambique a good country to work in? For example, how is the infrastructure situation?

Mozambique has been politically stable for the past 30 years. Our main focus is on Balama North and we have 2 other projects to the east and west. Access to infrastructure is actually good. Some are surprised when they learn that we have a major highway just 25 kms from our project. Balama North is about 230 kms from the deep water port of Pemba in northern Mozambique and an international airport. There's an even bigger port about 300 km from site. The project also has power, labor and water available.

Please give us a snapshot of the current capital structure?

Sure. We have 310 million shares outstanding, zero debt and about \$5 million in cash. At the current share price of A\$ 0.37, our market cap is about A\$ 115 million. I own 5.4 million shares.

Triton has about \$5 million of cash. How long does that fund the company for? When do you think Triton will reach initial production?

Our \$5 million cash balance will fund all activities through

the end of the year. With regard to initial production, there are of course many moving parts, but our goal is to reach initial production by late 2016 or early 2017. If we can achieve that timeline, we will be in production before many other projects and at an ideal time to address the growing demand for graphite.

Does Triton have any Aboriginal challenges?

No, we don't believe so. Are relations with the local communities is strong. We've been working closely with five surrounding communities. Proactive community outreach is unquestionably a win-win. We're upgrading water infrastructure, providing doctors and investing in schools. We will employ as many locals as possible and in fact are already utilizing a number of locals including a geologist. In addition to robust local support, we believe that we have support at the Federal level as well.

When might the company seek strategic investments and/or off-take agreements?

We have had and continue to have exploratory conversations with prospective investors and off-take partners. However, until our updated resource is released and we finish our internal scoping study, the talks will not progress too far. These key de-risking events are next year's business at the earliest. We expect we will receive interest from parties in Europe, Japan, the U.S. and China. Let me also say that we will seek multiple off-take agreements to diversify risk.

Given Triton's Balama North is close to Syrah Resources, what are some key takeaways from your proximity with them?

Good question, we naturally get compared to **Syrah Resources** a lot. Some ask if Syrah will acquire us. Both Triton and Syrah are sitting on massive deposits, possibly the 1st and 2nd largest in the world. We don't need Syrah and Syrah doesn't

need Triton. I would estimate that Syrah is up to 12 months ahead of us. For example they have signed 2 preliminary off-take agreements. Strong interest in Syrah's deposit suggests that our deposit will also be quite attractive to third parties as well.

Since Balama North is your main focus, what if anything is happening at your other 2 projects, Balama South and Ancuabe?

We continue to advance both the Balama South and Ancuabe projects. At Balama South, further exploration mapping, trenching and sampling programs are ongoing. This project is a few years behind Balama North, so we see no urgency to spend a lot of capital there at this time. Ancuabe is very interesting as it's a former producing mine. The location is also closer to port, about 60 kms from Port Pemba. There is a great deal of infrastructure on site, some of which we are refurbishing. But to be clear, Balama North will continue to get the lion's share of attention and capital.

To reiterate, what are the company's near-term catalysts?

Most important on any list of near-term catalysts is the release of Triton's next JORC compliant resource report by year-end. After that we will be able to finish our internal scoping study on Cobra Plains. With a scoping study in hand, we can begin to have more substantive talks with strategic and off-take partners. Along the way we will continue drilling to enhance our knowledge of the deposit. All of this should enable us to deliver a Pre-Feasibility Study by the end of next year. Since our deposit is so close to surface, we can easily obtain material to conduct further metallurgy work and sample material to send to interested parties.

Triton has one of the highest market caps among graphite juniors, what do you think about your company's valuation?

I think that investors are certainly taking notice of Triton Minerals. Our stock is up quite a bit from its 52-week low.

However, the stock is also down significantly from its 52-week high. At our current market cap of A\$ 115 million, we are trading at something like an 80% discount to the valuation of Syrah. While others might like to compare themselves to Syrah due to its A\$ 750 million market cap, clearly we are the only one that is a true peer. I think our valuation remains attractive and that announced de-risking activities including additional drilling and especially the release of a new JORC compliant resource will help us close the valuation gap.

Triton's Balama North graphite project potential is positioned to be leader

✘ April 3, 2014 – Brad Boyle, Managing Director for Triton Minerals Limited ('Triton', ASX: TON), speaks to Tracy Weslosky, Editor-in-Chief and Publisher of InvestorIntel, about the Balama North graphite project in Mozambique. Brad starts by noting that since the beginning of 2014, Triton has achieved an "inferred resource on the Cobra Plains prospect and turn that into 103 million tons deposit with an average grade of 5.5%, which is pretty exciting for us because that wasn't our primary target; that was just the tail end of where we were primarily looking, while we're waiting for Nicanda Hill to come online."

Triton's project, Balama North, as Tracy observes, presents significant 'closeology' advantages; this means it benefits from its proximity – 3.5 km northeast – to well-known world-class properties such as Syrah Resources, which has a potential of 1.1 billion tons. Not surprisingly, Triton has

found significant mineralization over a 10km long stretch featuring high grade flake graphite: "one of the main reasons why we picked this project was because of how close it was to that." Brad adds: "luckily enough it seems that we may have found a very similar style."

On the financial and management front, Triton made a private placement earlier this year for over four million dollars. Tracy notes that, usually, private placements tend to bring share prices down whereas in the case of Triton, the share price went up. Brad explains this favorable, if unusual, market response, attributing the result to investors who approached Triton and who were keen to see drilling get underway as soon as possible; therefore, they came up with the necessary funds. Triton called a trading halt, which only seemed to spark more interest: "we were oversubscribed by nearly twice what we asked for". The fact that the share price has not dropped to the pre-placement values suggests investors are very confident about Triton and its ability to deliver. The proximity to Syrah's deposit has, clearly, already started to produce benefits and help Triton fast track into production.

The benefits of Triton's closeology also extend to infrastructure. In fact, Triton's property enjoys direct access to the main highway. This is actually better than Syrah Resources, where access involves having to deal with two rivers. Triton has unimpeded access in and out of the project, which means it can save a lot of money by not having to build any additional infrastructure. The road is there and "it is a straight drive to the port of Pemba".

As Brad presents the main goals for 2014, having delineated the inferred resource in 2013, the next stage will be to perform the metallurgical test work, which will occur in the next few weeks, giving an indication of what the recoverable grades will be. A scoping study will follow and it should be

completed by the middle of the year. Triton believes it has gathered sufficient data to predict that its resource may be significantly greater than current estimates. The presence of an anomalous graphitic zone extending west and north from its Nicanda Hill prospect, indicating that the “numbers could be very substantial indeed”.

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