



TALGA RESOURCES LTD

GRAPHITE PROJECTS UPDATE

15 OCTOBER 2013

 ASX: TLG

200 kta
European natural graphite consumption

2.1Mt
Total JORC contained graphite

2-3km
Distance to sealed road

20-25km
Distance to rail

1-2 days
Delivery time to market

100%
Owned by Talga

22%
Corporate Tax Rate

0.2%
Minerals Tax Rate

GRAPHITE DEPOSITS SWEDEN

* Cover picture; Outcropping graphite at Nunasvaara.



Forward Looking Statements and Disclaimer:

This presentation has been prepared by Talga Resources Limited (ACN 138 405 419) ("Issuer") for the sole purpose of providing an overview of its current prospects and proposed exploration and development strategy to recipients ("Recipient"). This presentation and its contents are provided to the Recipient in confidence and may not be reproduced or disclosed in whole or in part to any other person, without the written consent of the Issuer.

The presentation is based on information available to the Issuer as at the date of the presentation. The information contained in this presentation has not been verified by the Issuer nor has the Issuer conducted any due diligence in relation to that information. The presentation contains selected information and does not purport to be all inclusive or to contain all information that may be relevant to the Recipient. The Recipient acknowledges that circumstances may change and this presentation may become outdated as a result. The Issuer accepts no obligation to update or correct this presentation.

This document includes forward-looking statements. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although the Issuer believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of the Issuer, its directors, employees or agents, advisers, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of the Issuer or its directors, employees or agents. Nothing in this Presentation is a promise or representation as to the future. Statements or assumptions in this presentation as to future matters may prove to be incorrect and differences may be material. The Issuer does not make any representation or warranty as to the accuracy of such statements or assumptions.

The information in this presentation does not take into account the investment objectives, financial situation and particular needs of any Recipient. The Recipient should not make an investment decision on the basis of this presentation alone and the Recipient should conduct its own independent investigation and assessment of the content of this presentation. Nothing in this presentation constitute financial product, investment, legal, tax or other advice. Nothing in this presentation should be construed as a solicitation to buy or sell any security or to engage or refrain from engaging in any dealing in any security.

Photographs, maps, charts, diagrams and schematic drawings appearing in this presentation are owned by and have been prepared by or commissioned by the Issuer, unless otherwise stated. Maps and diagrams used in the presentation are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this presentation. By accepting this presentation the Recipient agrees to be bound by the foregoing statements.

Executive Summary



- ▶ Talga Resources Ltd (“Talga”) is a **mineral exploration & development** company listed on the Australian Stock Exchange (“ASX”) since July 2010.
- ▶ The Company **wholly owns** multiple **graphite, iron ore and copper/gold** projects in **Sweden** gained through the acquisition of a Teck Resources subsidiary in 2012, as well as **Australian gold** assets owned since listing.
- ▶ Talga’s **graphite deposits** include the world’s **highest grade JORC resource** of **7.6Mt at 24.4% graphite “Cg”** at Nunasvaara, plus a **coarse flake graphite JORC resource** of **4.3Mt at 7.1% Cg** at Raitajärvi. An additional **117-178Mt at 17-23% Cg** in JORC compliant exploration targets¹ provides further scope for increasing resources if required.
- ▶ **Placement and board changes** complete. Entitlement Offer **fully under-written** and **soon to close** (16th October).
- ▶ Funds to enable material catalysts, including **economic studies** on two graphite projects and further finance expected from **divestment of gold and iron** projects.



Corporate Overview



Board of Directors

Keith Coughlan*	<i>Non-executive Chairman</i>	Perth
Mark Thompson	<i>Managing Director</i>	Perth
Piers Lewis	<i>Non-executive Director</i>	Perth

* Appointed 26 Sept 2013



Capitalisation Summary

Ordinary Shares ASX:TLG	63.6M
Unlisted Options ¹	3.75M
Cash at end of June 2013	\$0.6M
Debt	\$0.0M
Market Capitalisation @ \$0.05	\$3.4M

Top Shareholders (+3%) at 20 September 2013

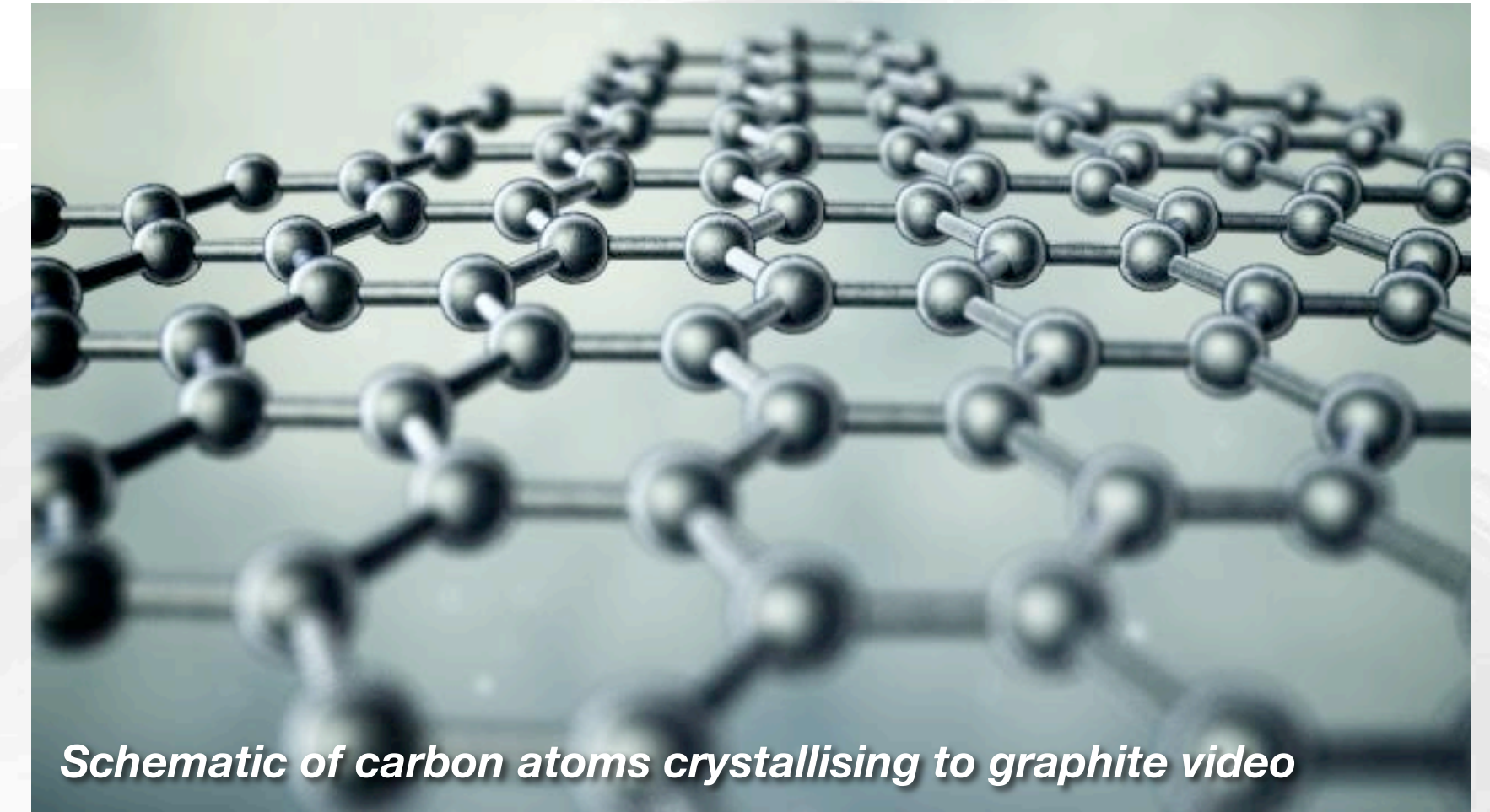
Lateral Minerals Pty Ltd (Mark Thompson)	14.3%
Yandal Investments Pty Ltd	4.2%
Kin Chun Wong	4.1%
United Overseas Service Management Ltd	4.0%
Hereford Group Ltd	3.3%

Top 20 own 53.2%

¹ 2.75m @ 40c director exp 30.11.2014, 0.5m @ 35c employee exp 21.7.2015, 0.5m @ 45c employee exp 3.10.2016

What is Graphite?

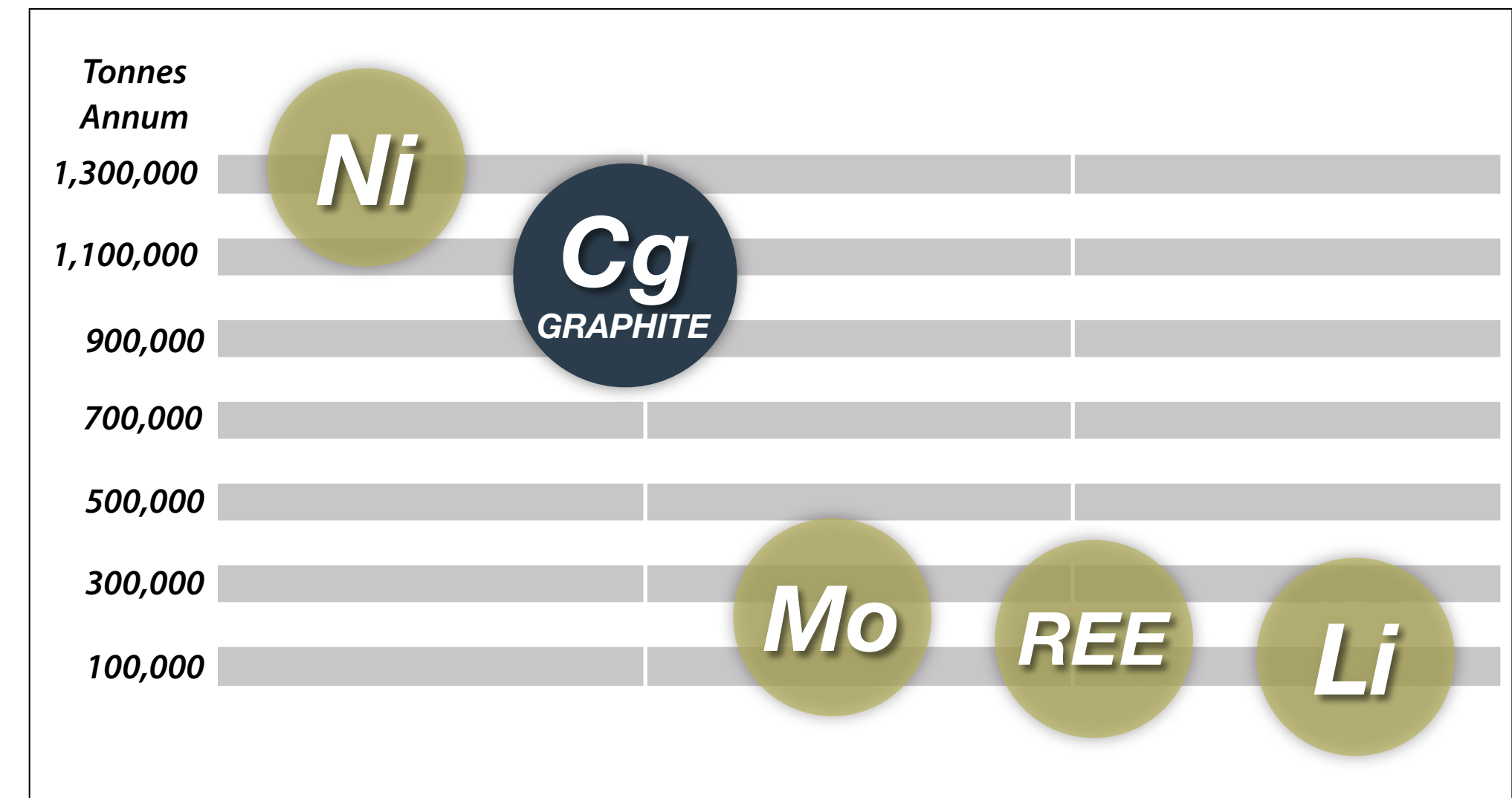
- ▶ Graphite is a shiny grey mineral that can occur in **nature** when **carbon** in rocks becomes **crystalline**.
- ▶ Graphite consists of parallel sheets of carbon atoms in a hexagonal array and requires considerable **pressure** and **temperature** to form. A single sheet is called **graphene**.
- ▶ Graphite has **unique properties** including very high **thermal** and **electrical conductivity**.
- ▶ Graphite is used in thousands of applications and products with **major consumption** by the steel and manufacturing industries.
- ▶ Graphite is finding **new markets** from new uses in products as diverse as insulation panels and battery/energy technologies.



Natural graphite market

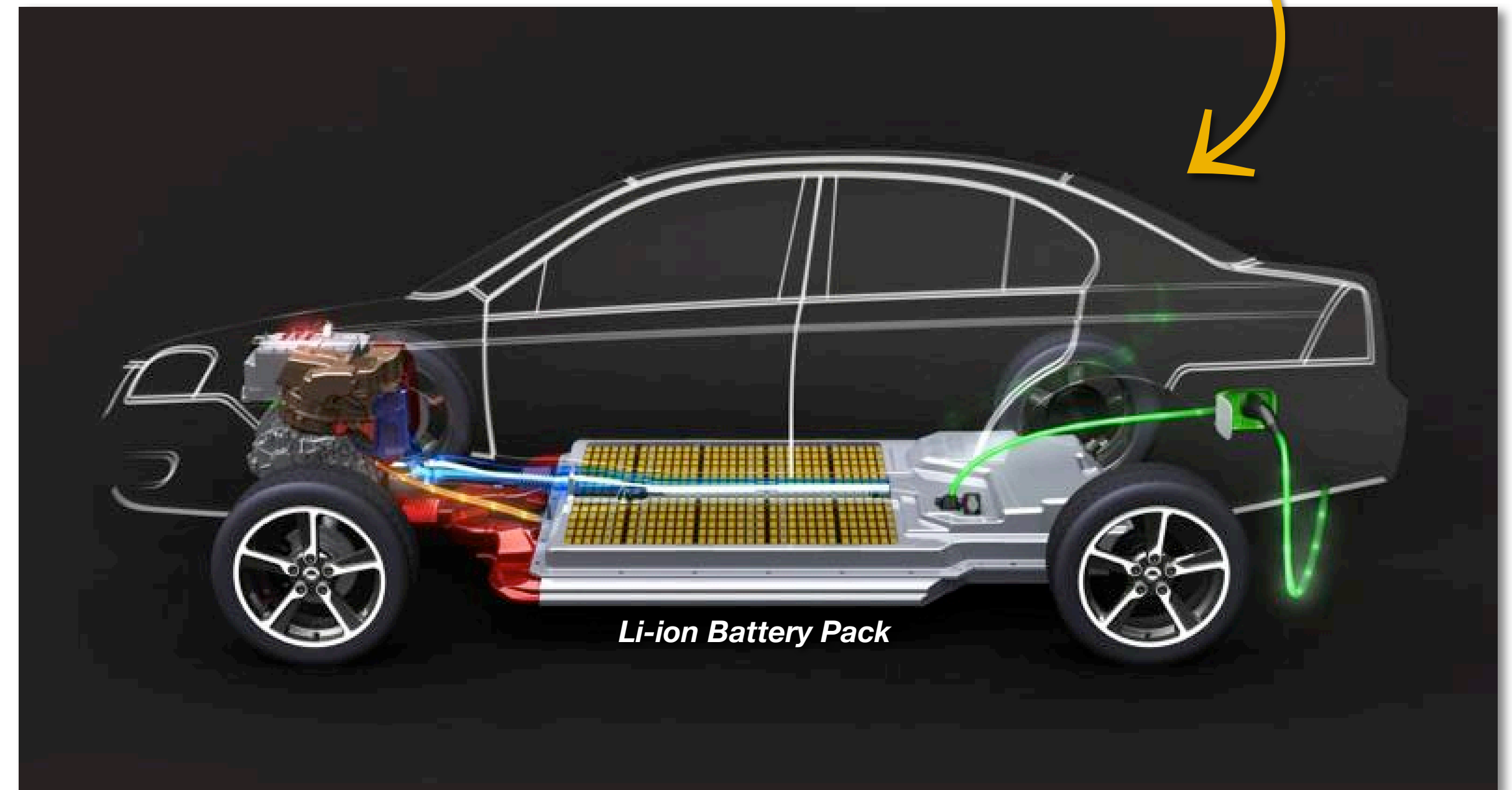
- ▶ **Natural graphite market (1.0Mt/yr) worth US\$1B/yr** with main consumption in steel and refractories, batteries, automotive parts and lubricants.
- ▶ Annual **consumption** is split approximately **45%** for microcrystalline flake (particle size <75 micron; also called **amorphous** in the trade) and **55%** for macrocrystalline flake (>75 micron size, also generically called just **flake**).
- ▶ Graphite is most commonly sold as a concentrate by private contract and therefore prices are not transparent. Industry prices are surveyed and published by **Industrial Minerals** magazine.
- ▶ Graphite price is determined by **particle (flake) size, carbon content (purity) and in some products; shape**. Most natural graphite is sold to traders who upsell to refiners/purifiers, polishers and shapers before it is retailed to end user.
- ▶ Historical graphite **market growth** related to diverse industrial demand of 3-5% annum; **new markets growing 7-10%** annum.

Volume Comparison of Natural Graphite Market



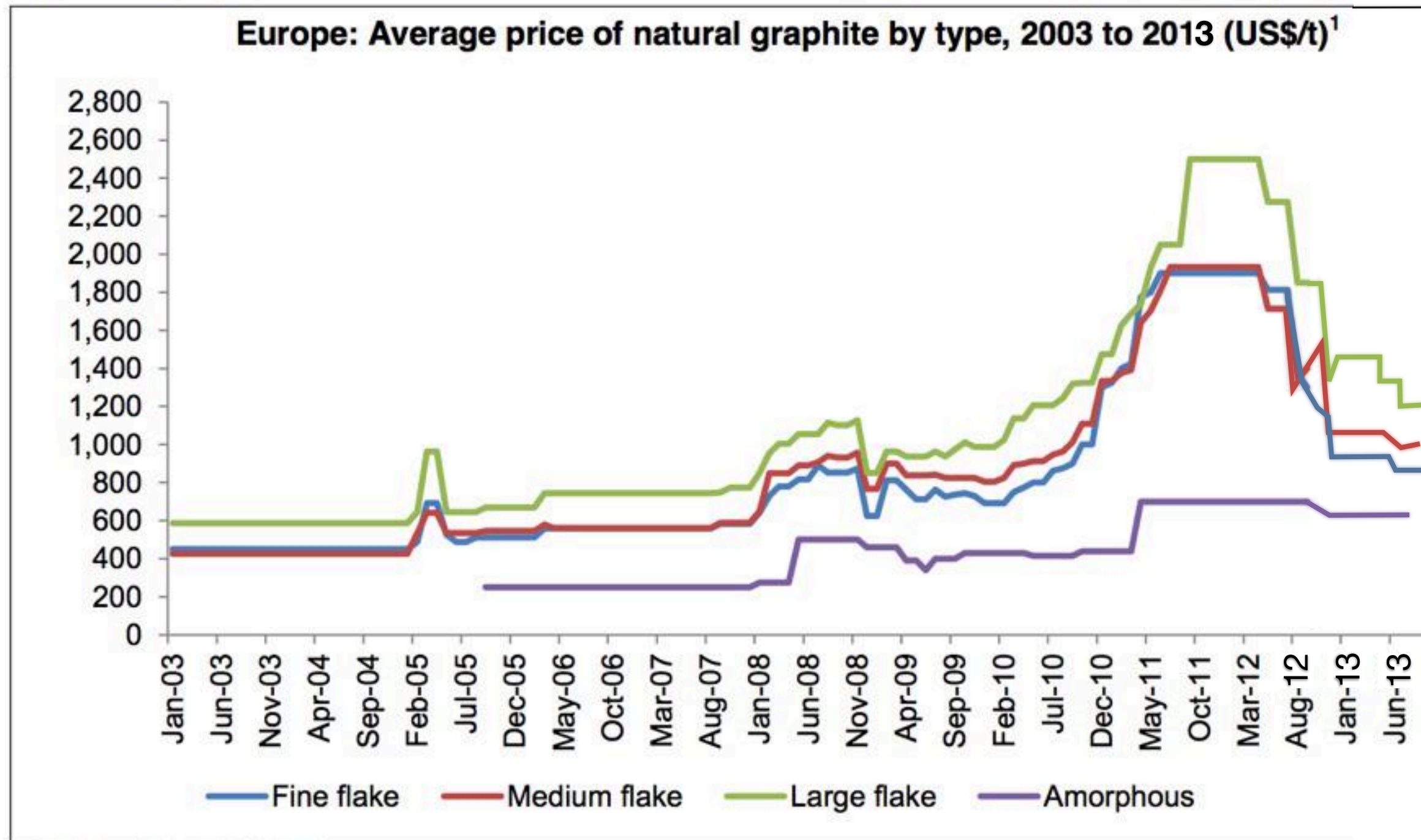
New Demand Driver

- ▶ **Graphite** is a significant component of many types of battery, particularly Li-ion.
- ▶ Battery grade graphite is currently made by shaping and treating **large flake** graphite.
- ▶ Commonly there is **10x more graphite than lithium** in a Li-ion battery anode.
- ▶ **Rapid growth**; global graphite-rich anode materials market **US\$500M** (2012), up from **US\$375M** (2011)*.
- ▶ Electric vehicles currently use **10kg to 90+kg graphite per vehicle** in batteries alone.
- ▶ Increased mobility of energy, storage devices, graphene and other new technologies offer a **carbon age** that is expected to impact positively on future demand for natural graphite.

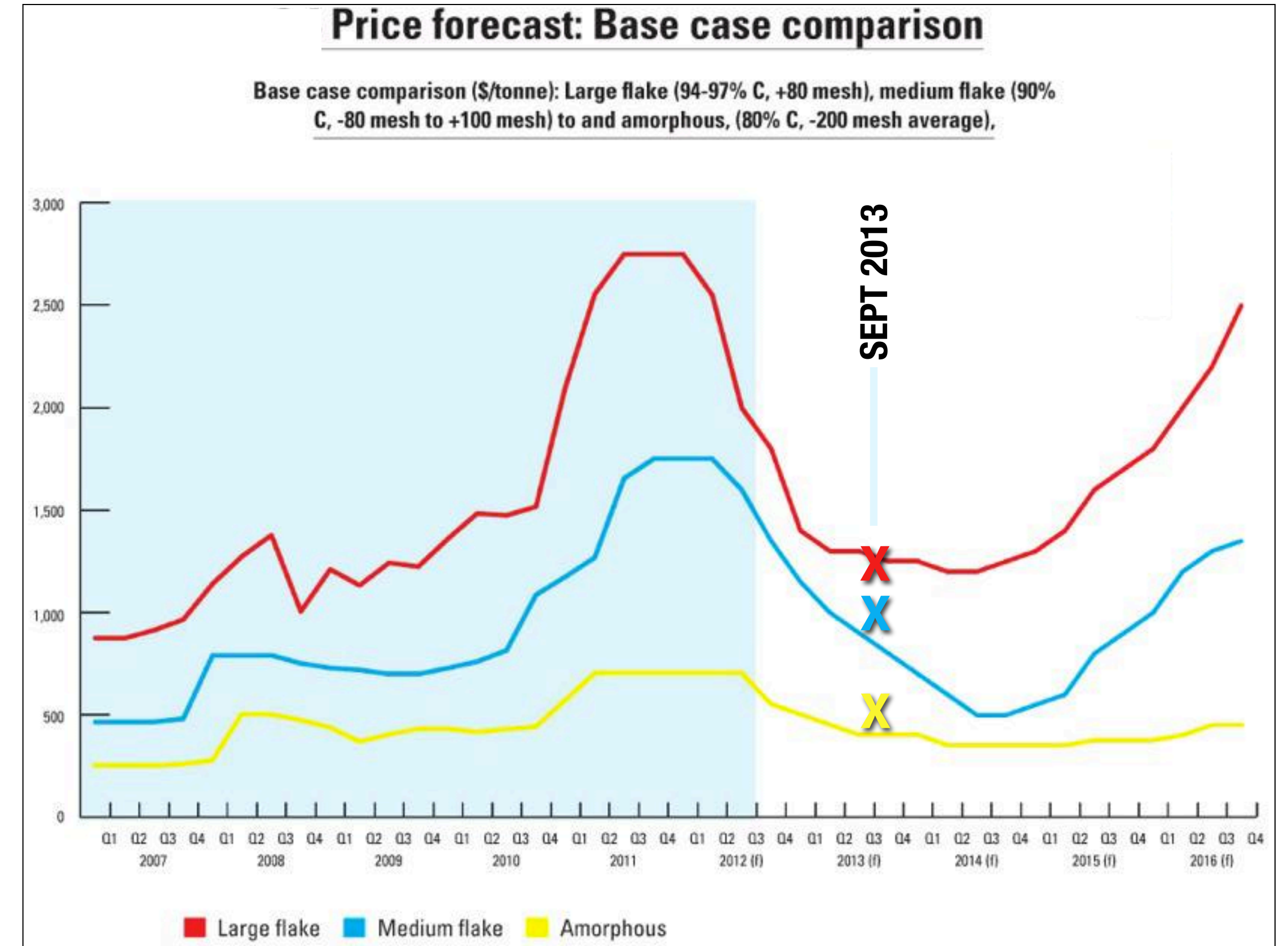


*IDC Energy Insights "Business Strategy: Lithium Ion Manufacturing Global"

Graphite Price Trending Above Historic Levels



Source: Industrial Minerals
Notes: 1-CIF European port FCL



Price forecast by *Industrial Minerals* shows expected trends intact but the larger volume market types have traded above expected levels since forecast in Dec 2012.

After record prices in 2011-12 prices for all graphite types declined but **stabilised far above long term historical levels**. Note that price falls and trends are correlated but **not all graphite types declined at the same rate** due to diversity of market segments and changes in supply from China.

Why Graphite is News?

- ▶ 80% of world's natural graphite supply (including 95% of world's amorphous graphite supply) is from China.
- ▶ Increasing **state control/mine consolidation** and **higher domestic consumption** have resulted in **lower exports** from China.
- ▶ **Costs increasing** in China under **higher export tariffs, taxes and labour costs**.
- ▶ The apparent supply risk now being addressed by importing countries. Graphite is classified a **"Strategic Mineral"** by USA, UK and EU government agencies.

80%

Of the world's natural graphite supply is mined in China (including 95% of world amorphous graphite)



China Changes

- ▶ Increased domestic demand and rising costs have **cut exports**, in **some graphite types** as much as **50%** from 2011-12.
- ▶ Government has taken ownership of some fields and **consolidation** has **decreased production**. Eg. The amorphous graphite mines in Hunan that were responsible for **over 90% of world supply** closed for several years now, may produce at **10% of historic rate in future**. Depth of development (450m underground) and thin nature of seams (2-5m) means **higher costs in future = less supply**.
- ▶ Signs of **similar consolidation** in coarse flake producing districts.
- ▶ Post-GFC **freight rates** are returning to **normal**, **cutting margins on exports**. Price gap on graphite sold in **coastal China** compared to **CIF Europe** highest in 10 years.



Closed graphite mines in Lutang, Hunan Province after government consolidation.

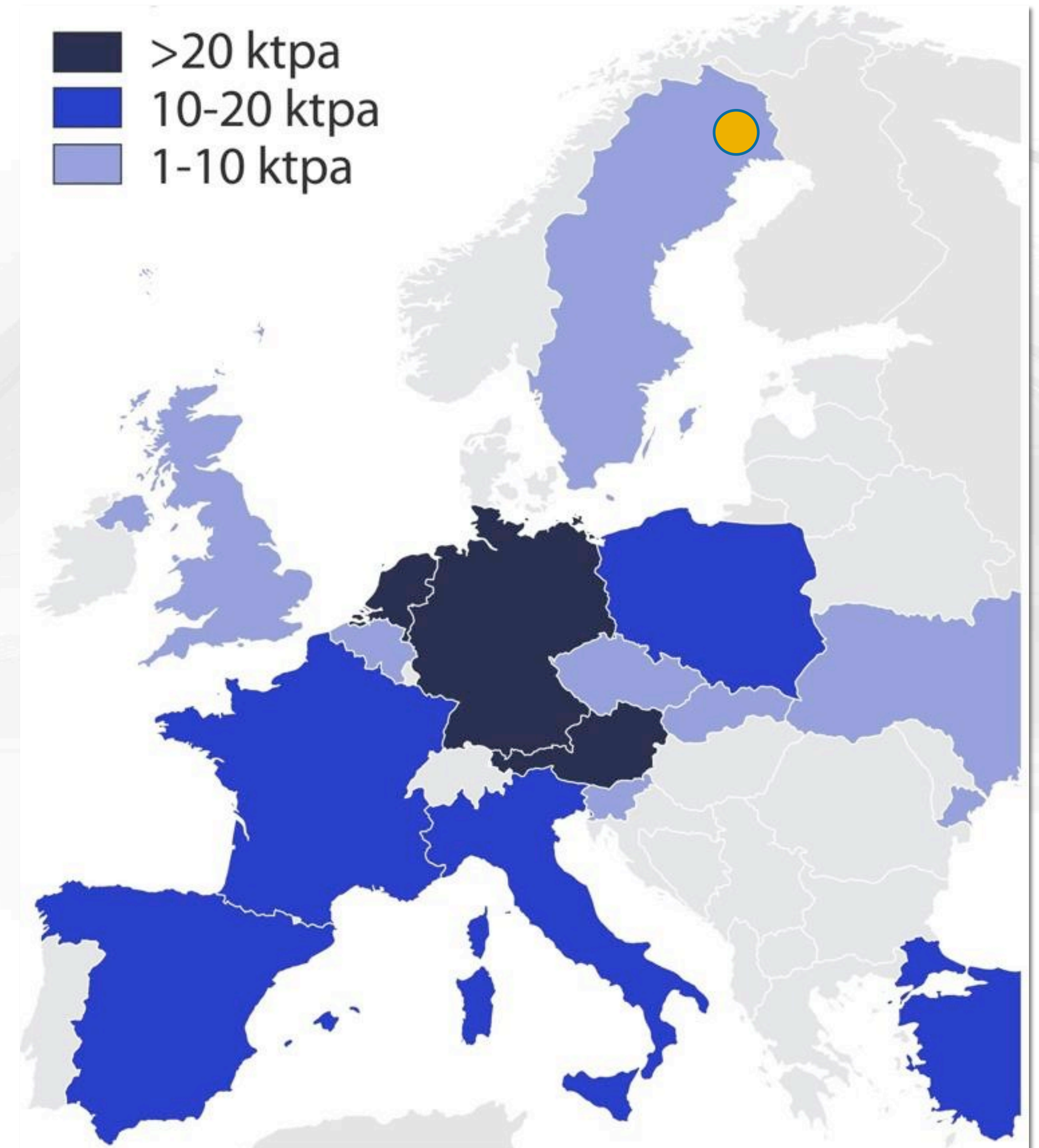
Photo M Thompson/Talga Oct 2012

Sweden is Proximal to Major Graphite Markets

- ▶ EU consumes 20% of world's natural graphite production, and imports 95% of its needs (vast majority from China).
- ▶ EU has classified graphite as a "critical raw material".
- ▶ EU graphite consumers looking for new reliable supply outside of China.
- ▶ Sweden is currently a major supplier of iron ore, copper, gold and other minerals to the EU markets and is a historic graphite producer.
- ▶ Graphite deposits in Sweden can enjoy a distinct order/delivery time advantage compared to China and other jurisdictions.

Europe Natural Graphite Imports

(,000t/annum) Industrial Minerals 2012 Report Data Subset 1+2





Advantages of Northern Sweden for Mining

- ▶ Ranked **2nd best mining jurisdiction in world** by Fraser Institute 2012-13
- ▶ Corporate tax rate **22%**, Mineral Production tax **0.2%**.
- ▶ **Established** bulk commodity **infrastructure** with open access rail, road and ports.
- ▶ **Low cost power** from hydroelectricity and nuclear grid.
- ▶ Well established **quality mining province** with **highly skilled** workforce, neighbouring **producers** and **support industries**.
- ▶ Fennoscandian Shield hosts **world-class mineral deposits** but remains under-explored relative to peers.

The 36Mtpa 'Aitik' Cu-Au mine, northern Sweden.

Direct Road and Rail Advantages

- ▶ Graphite projects located **proximal** to high quality sealed **roads** and open access heavy haulage **railway**.
- ▶ Option to **road/rail direct** to major customers as Sweden **links to mainland Europe markets**.
- ▶ Potential \$100-200/tonne **cost advantage** on delivered graphite compared to shipments from China or other jurisdictions.



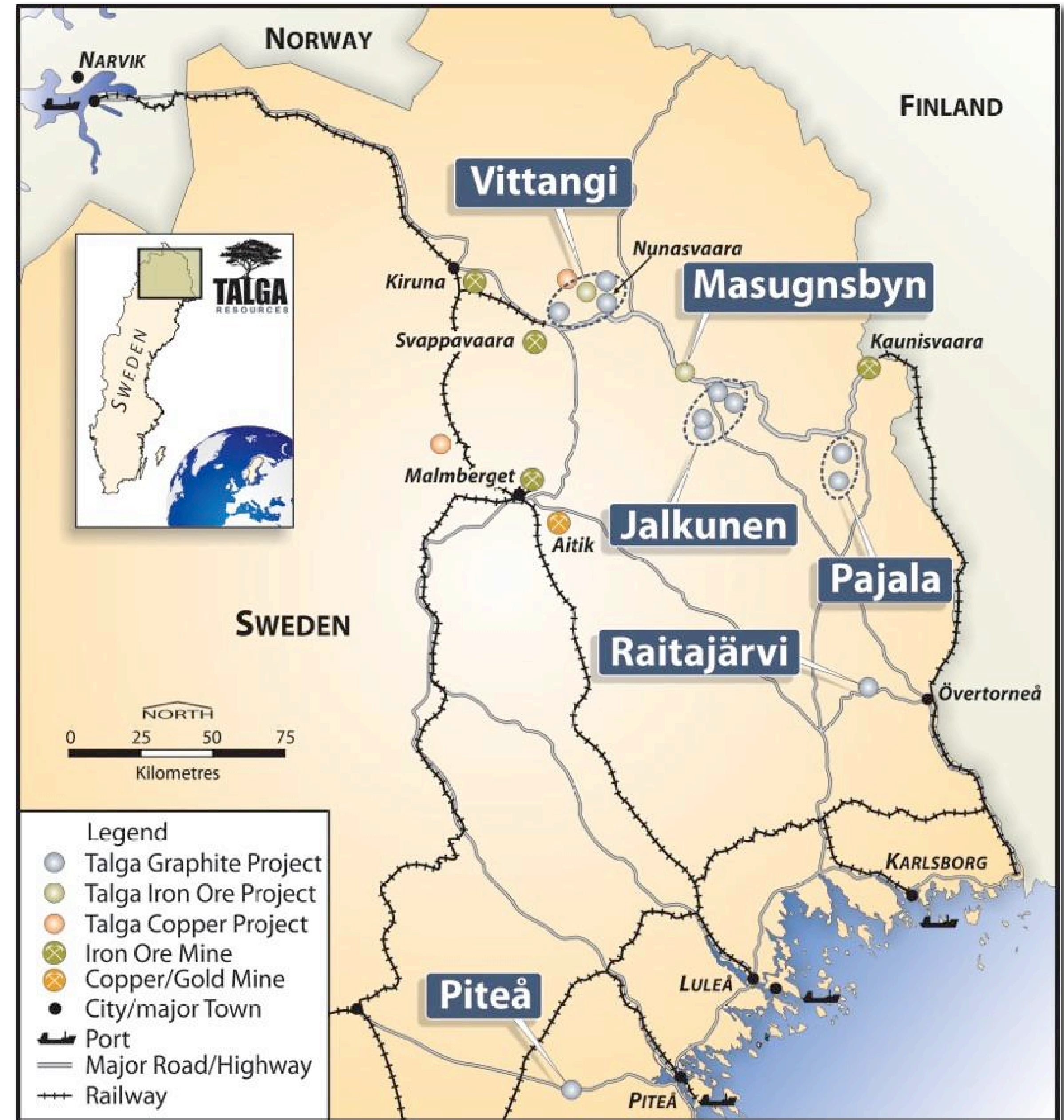
Shipping Options

- ▶ Port of Luleå is the largest dry bulk handling port in Sweden.
- ▶ Current draught 11.8m with 30m fairway (up to Panamax).
- ▶ Deepening to 15.0m with 50m fairway in 2016.
- ▶ Currently exporting 9Mt annum including magnetite concentrates.
- ▶ Spare capacity; Quay length up to 770m currently available.
- ▶ All year access. MoU with Talga for graphite concentrate export of up to 80kt annum.



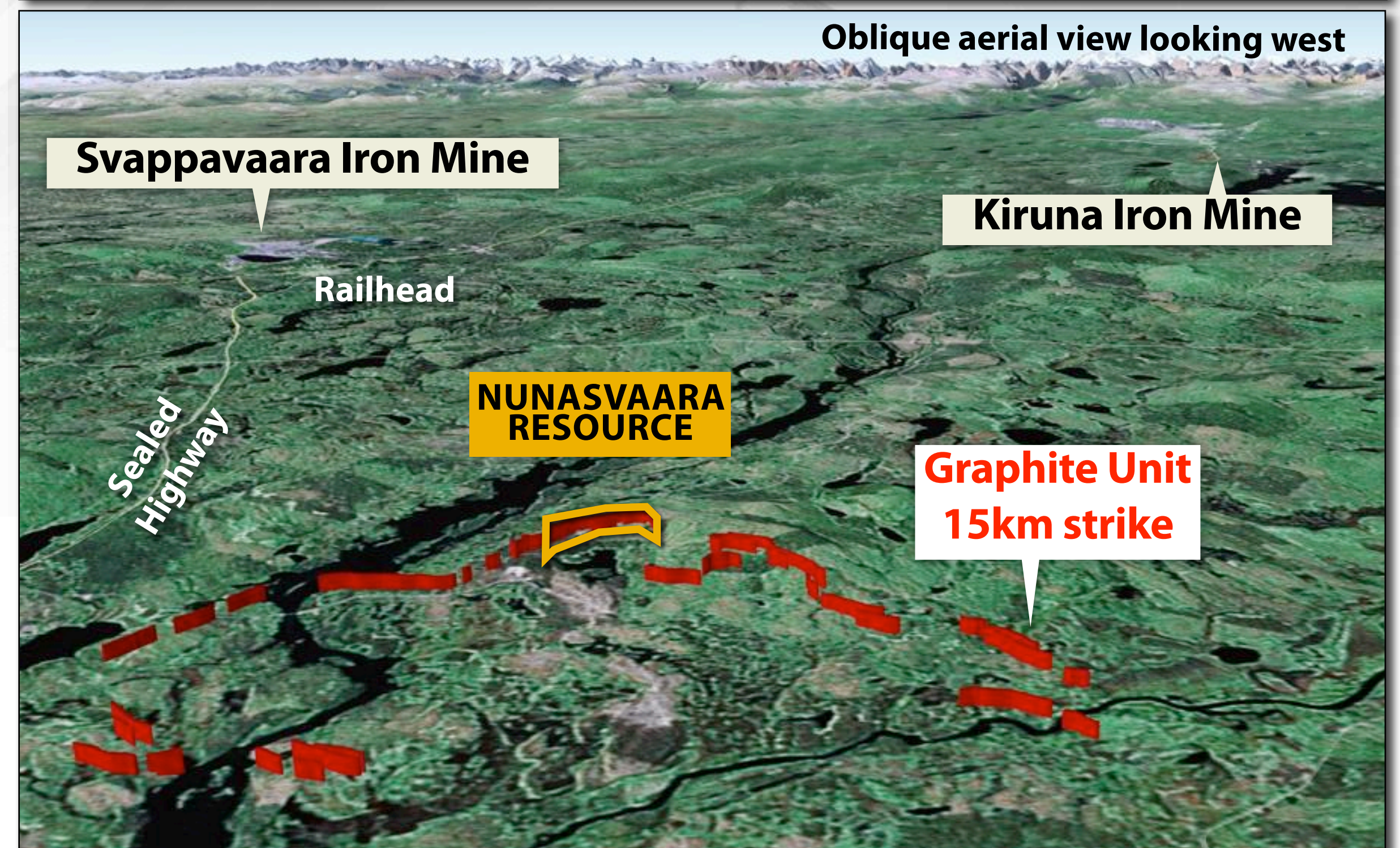
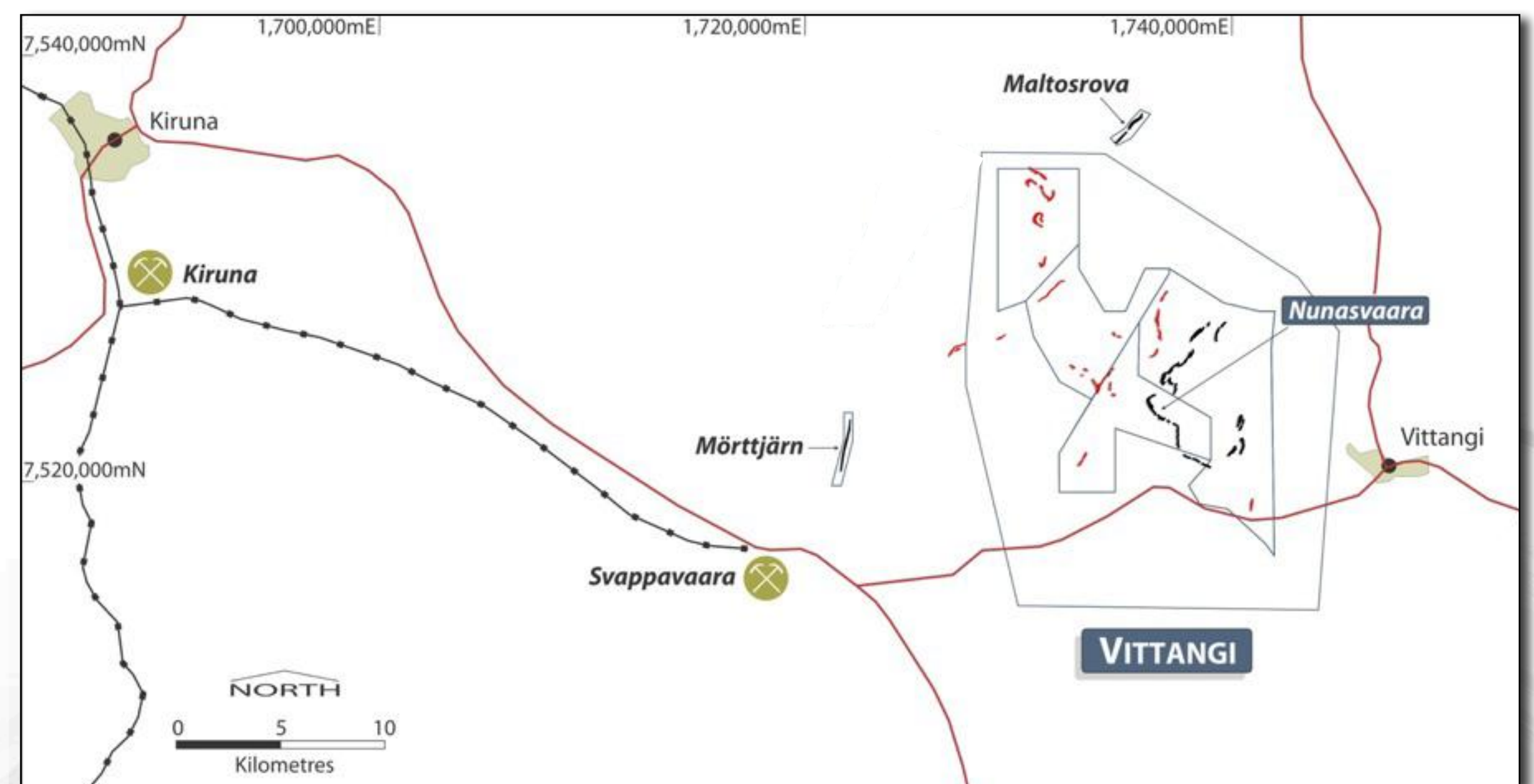
Talga's Swedish Graphite Projects

- ▶ **100% ownership** of five graphite projects with multiple deposits offering a **full range** of market size specifications.
- ▶ **Two advanced stage** projects in the **development pipeline**. These are drilled to **JORC Indicated** status and preliminary **economic studies** are underway;
 - **Nunasvaara** is a microcrystalline flake deposit with the **highest resource grade** in the world. It is located within the **Vittangi** project.
 - **Raitajärvi** is a **coarse flake deposit** with 49% of flake classified large to jumbo size.
- ▶ **Piteå** is our third high priority project; At an earlier stage of drilling but exceptionally **well located** and contains **predominantly XL-size** (jumbo) flake graphite.



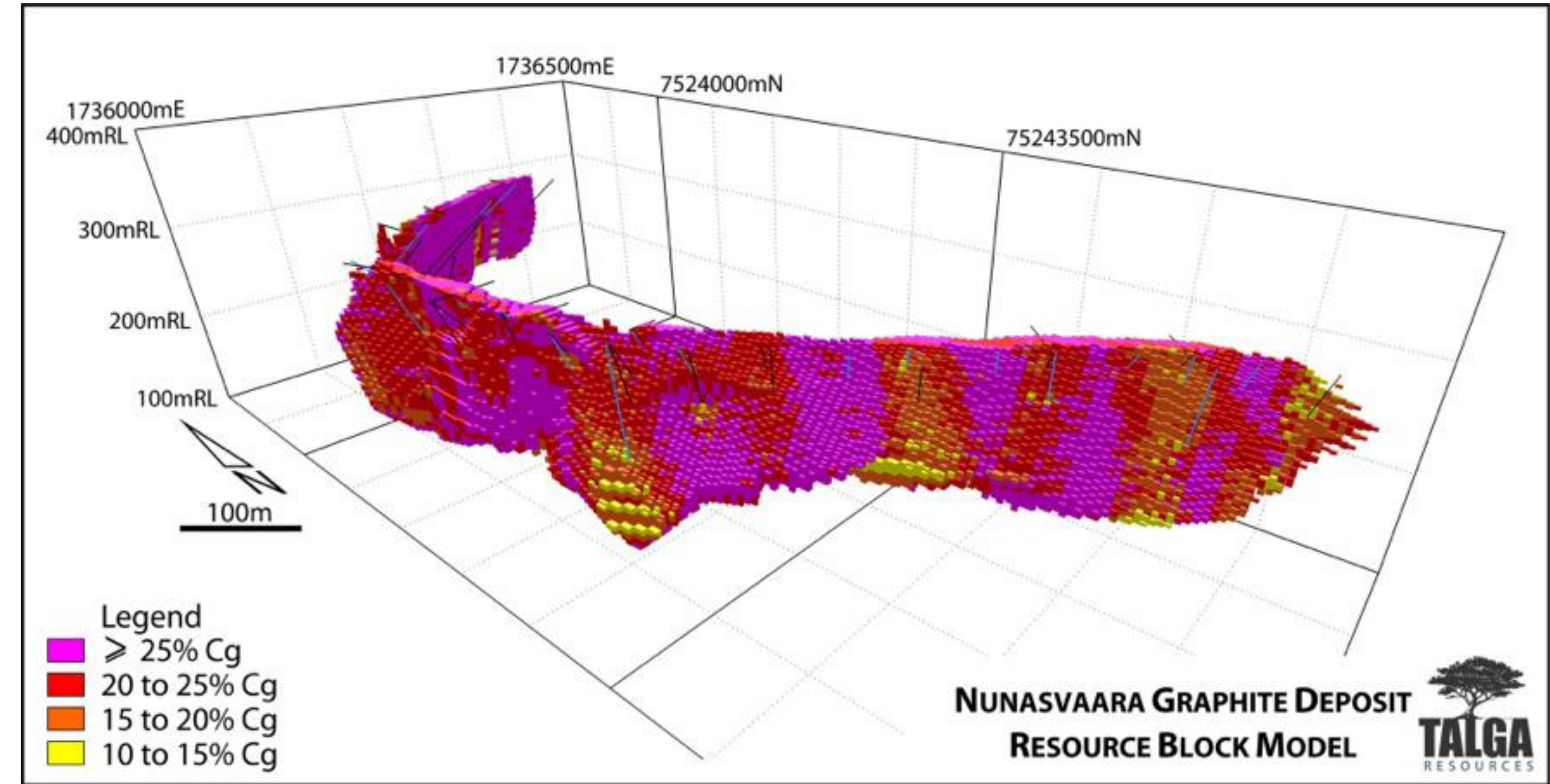
Vittangi Project (Nunasvaara)

- ▶ Located in Kiruna mining district of northern Sweden, discovered 1898 and declared a state mining field 1929.
- ▶ **Seven** exploration permits covering **313.7 km²** contain multiple graphite deposits, the main focus being *Nunasvaara*.
- ▶ Ideal location provides favourable logistics: **3km to highway and grid power, 15km to town, 23km to railway.**
- ▶ Testwork by state-owned companies pre-1992 included geophysics, trenching and diamond drilling.
- ▶ Since 1992 privatisation of mineral sector the area was held by 'majors' exploring for copper-gold. No modern work on graphite potential prior to Talga drilling 19 diamond drill holes in July 2012.



Nunasvaara Graphite Deposit

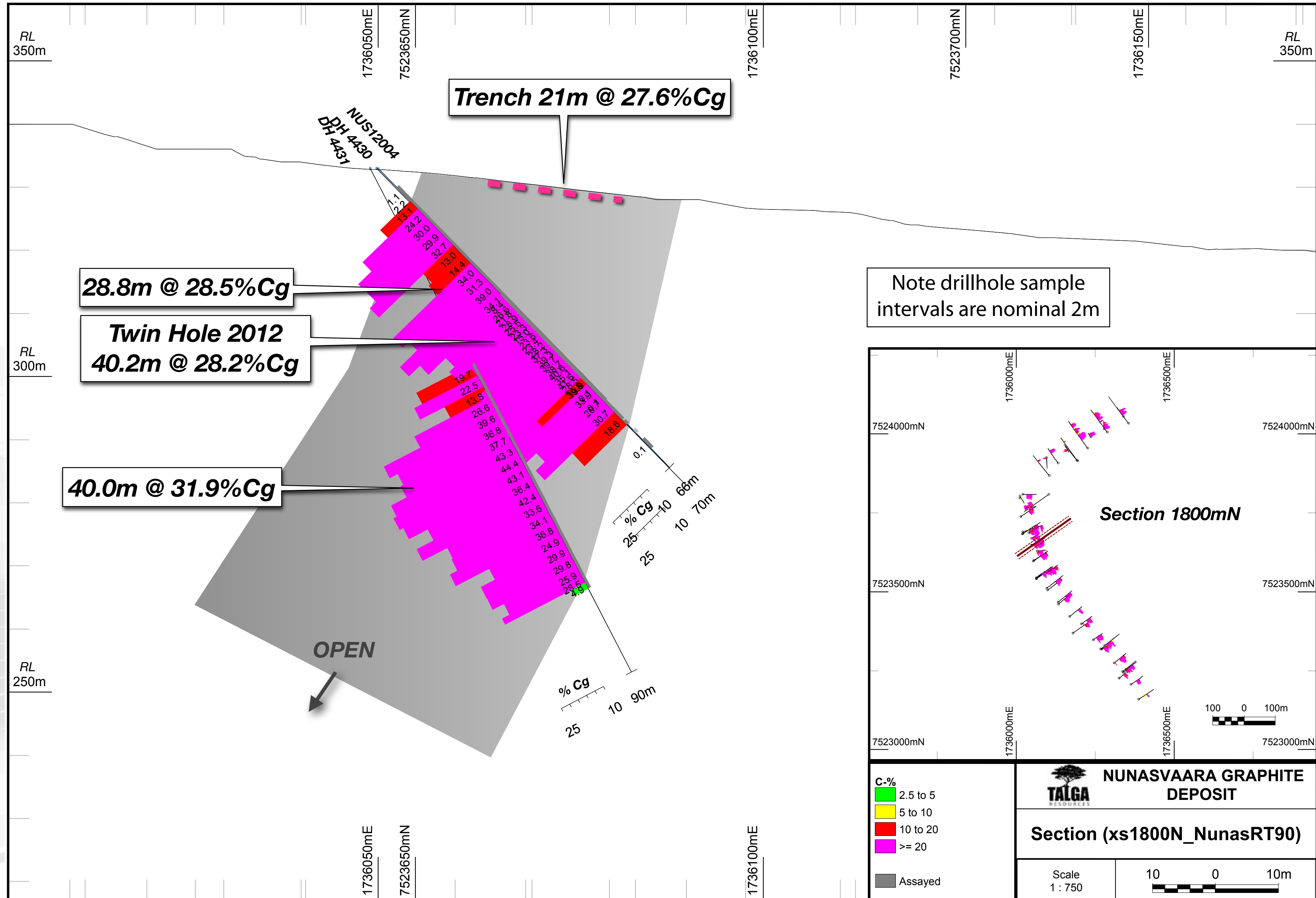
- ▶ Current total JORC resource **7.6Mt @ 24.4% Cg**.
- ▶ Mineralisation **commences at surface**. Current strike **1.2km and open**; average true width over strike **20m** (range 10-50m). Drilled to 165m depth and remains **open**.
- ▶ Predominantly **microcrystalline graphite** for bulk volume industrial market. China exports have dropped, **prices 60% above long term average**.
- ▶ Utilisation of the resource is aided by **exceptional grade**, open-pit **bulk mining** option, **low-cost grid power** and **nearby road/rail/port** options.
- ▶ Potential **10+ year mine life** at 400ktpa milling rate to produce **50-70ktpa concentrate** defined from first drill program.
- ▶ A scoping study has commenced, with first phase **pit optimisation** and **mine scheduling** work **completed**. Product specification studies, metallurgy and final economic inputs are pending. Results expected **13Q4/14Q1**.



Nunasvaara Mineral Resource (10% Cg lower cut-off grade) Nov 2012

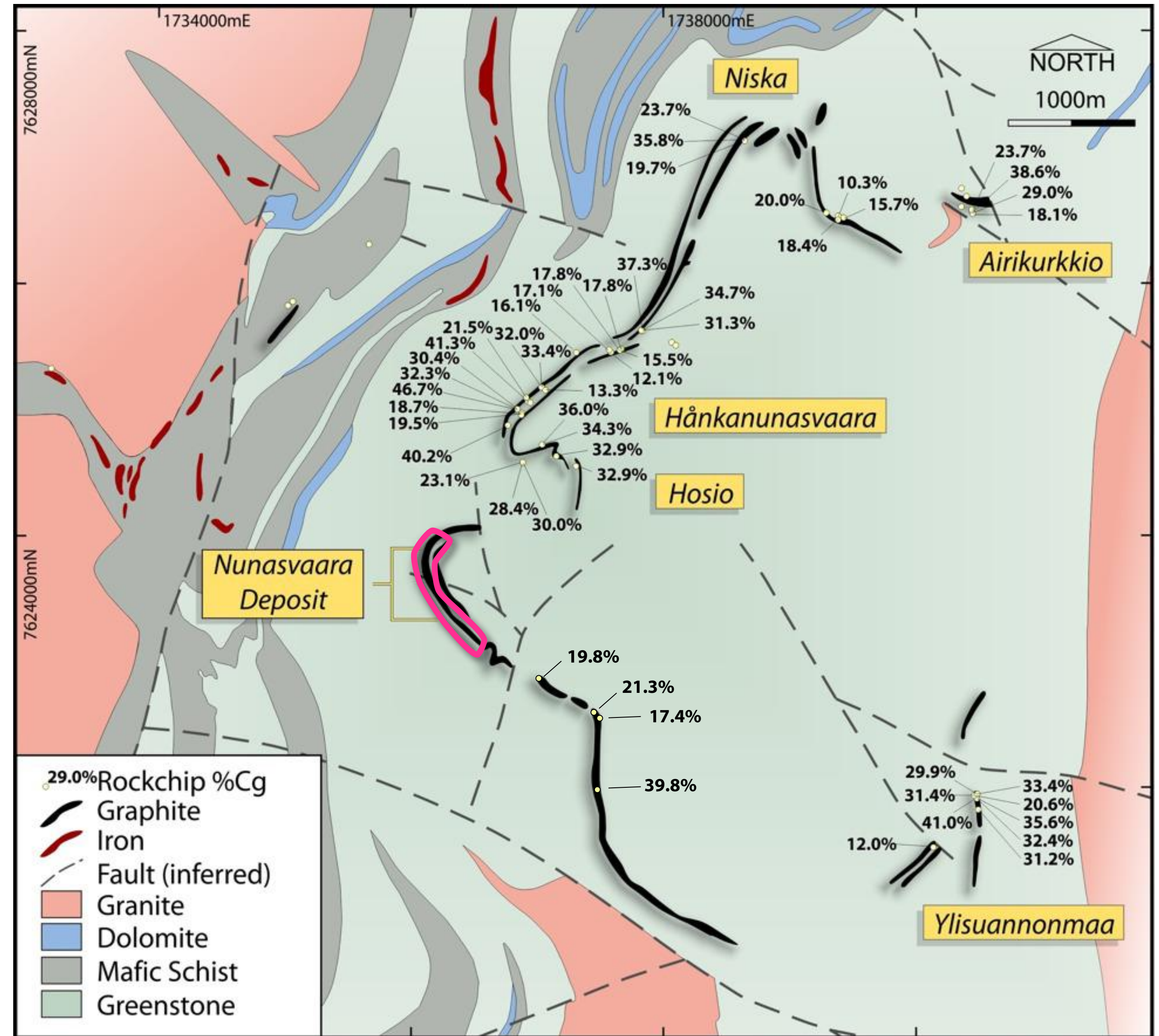
JORC Classification	Tonnes (Mt)	Grade (%Cg)	Contained Graphite (tonnes)
Indicated	5.6	24.6	1,377,600
Inferred	2.0	24.0	480,000
Total	7.6	24.4	1,857,600

Nunasvaara Section 1800N



Nunasvaara growth potential

- ▶ Nunasvaara graphite unit extends over 15km strike. Talga rock chips average 26.2% Cg with grades up to 46.7% Cg.
- ▶ Less than 8% of graphite unit drill tested to date.
- ▶ Additional JORC Exploration Target¹ of 34-51Mt @ 20-25% Cg for 0-100m portion only defined along strike. Further satellite deposits exist nearby.

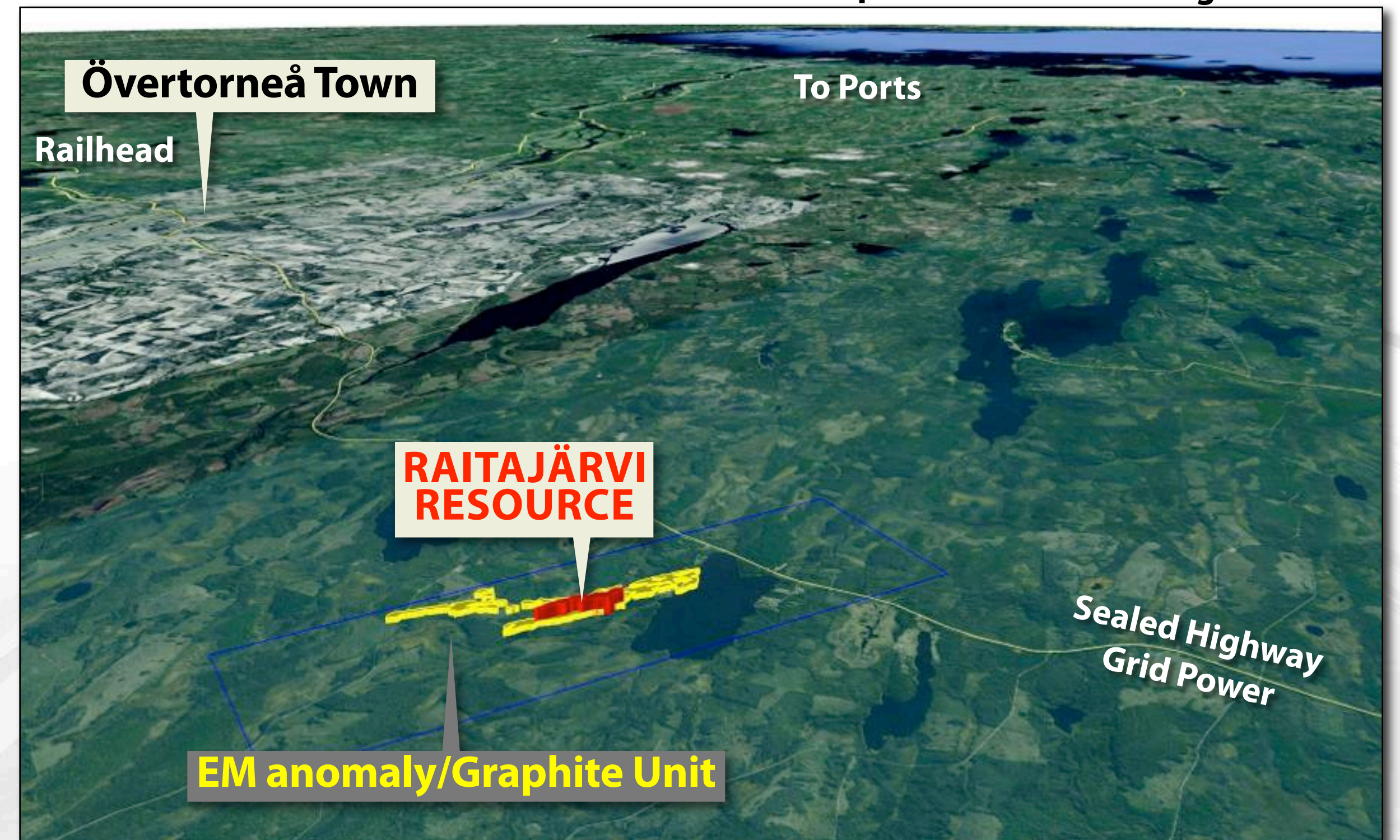


Project	Exploration Target ¹	Tonnage Range (Mt)	Grade Range (%Cg)
Vittangi	Nunasvaara	34-51	20-25
	Mörttjärn	10-16	15-20
	Maltosrova	2-3	20-30
Total 0-100m depth		46-70Mt	15-25%Cg

¹ **Exploration Targets:** The estimates of exploration target sizes in this announcement are in accordance with the guidelines of the JORC Code (2004) and should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and quality of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Raitajärvi Graphite Project

- ▶ Advantageously located 2km from the Överkalix - Övertorneå Highway and grid power, 25km to town and railway, 130km to port.
- ▶ Two exploration permits covering 17 km².
- ▶ Historically defined graphite deposit discovered 1974-78. SGU geophysics defined three large elongate conductors within a 6 x 1.5km area.
- ▶ Trenching and drilling revealed coarse flake graphite at surface, with potential for open-pit style development.
- ▶ Diamond drilling includes 20 historic holes for 1,242m by SGU and 28 Talga holes (2013) for 3,606m.
- ▶ Raitajärvi deposit has been designated an Area of National Interest for minerals by the SGU. The Designation affords protection, to the extent possible, against competing land use and measures that may hinder future potential mineral extraction.



Coarse flake graphite in surface trench



Road and grid power running through project

Raitajärvi Large Flake Deposit

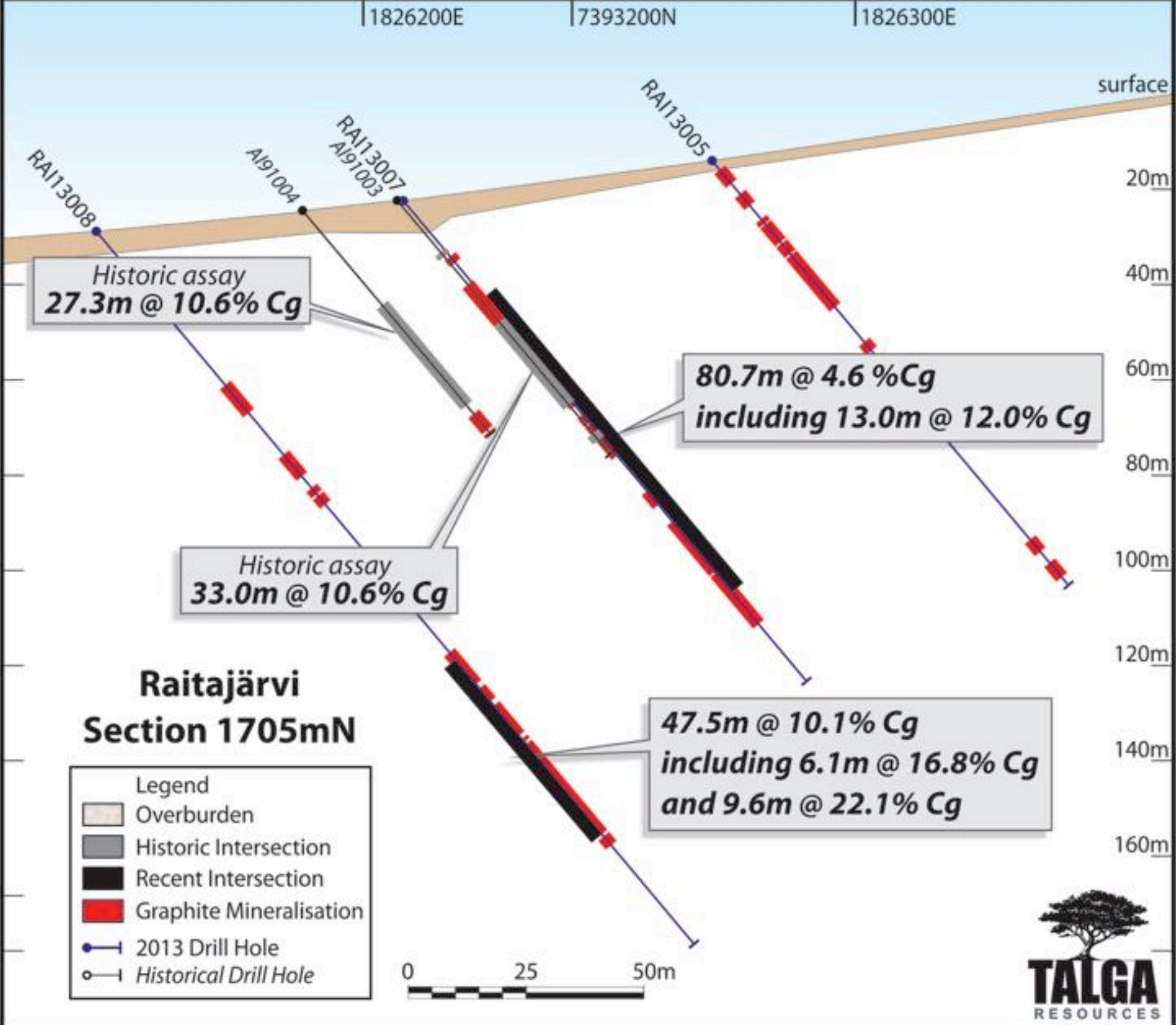
- ▶ Current total JORC resource of **4.3Mt @ 7.1% Cg**.
- ▶ A high proportion of resource is **coarse flake** and at JORC Indicated status.
- ▶ **87%** of graphite flake size >100 micron ("µm") and **49%** >200µm.
- ▶ Historic metallurgical tests produced excellent results with graphite concentrate grading **90-94% C** from simple (unoptimised) flotation and **99% C** in basic enrichment test.
- ▶ Potential **10+ year mine life** at 400ktpa milling rate to produce **25ktpa coarse flake graphite concentrate**. Scoping study planned to commence.
- ▶ Growth potential: **Less than 25%** of EM anomaly **drill tested**. See ASX:TLG release 4 Feb 2013 for more details.

Raitajärvi Mineral Resource (5% Cg lower cut-off) Aug 2013

JORC Classification	Tonnes (Mt)	Grade (%Cg)	Contained Graphite (t)
Indicated	3.4	7.3	246,400
Inferred	0.9	6.4	60,900
Total	4.3	7.1	307,300

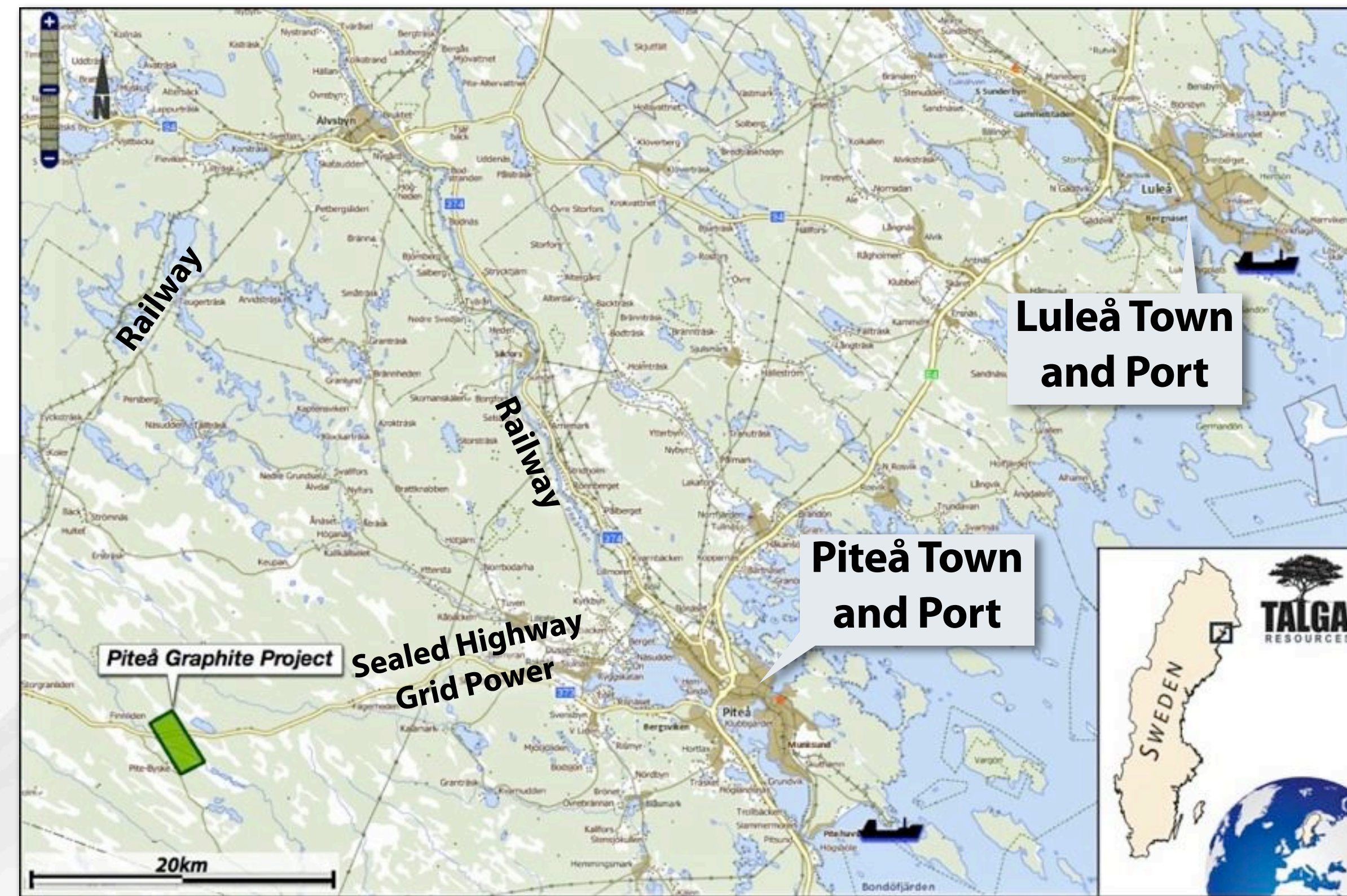
Raitajärvi graphite flake size (historic drill sample microscopy, n=87)

Deposit	< 100µm	100-200µm	200-400µm	>400µm
Raitajärvi	13%	38%	38%	11%



Piteå Jumbo Flake Project

- ▶ Located on sealed road 50km from port of Piteå and adjacent to grid power.
- ▶ 3 historic drillholes targeting base metals intercepted coarse flake graphite within a 4 x 1 km EM anomaly.
- ▶ 70-90% of flake graphite at Piteå exceeds 300 µm size (“jumbo”).
- ▶ Such large flake graphite is premium product gaining higher prices.



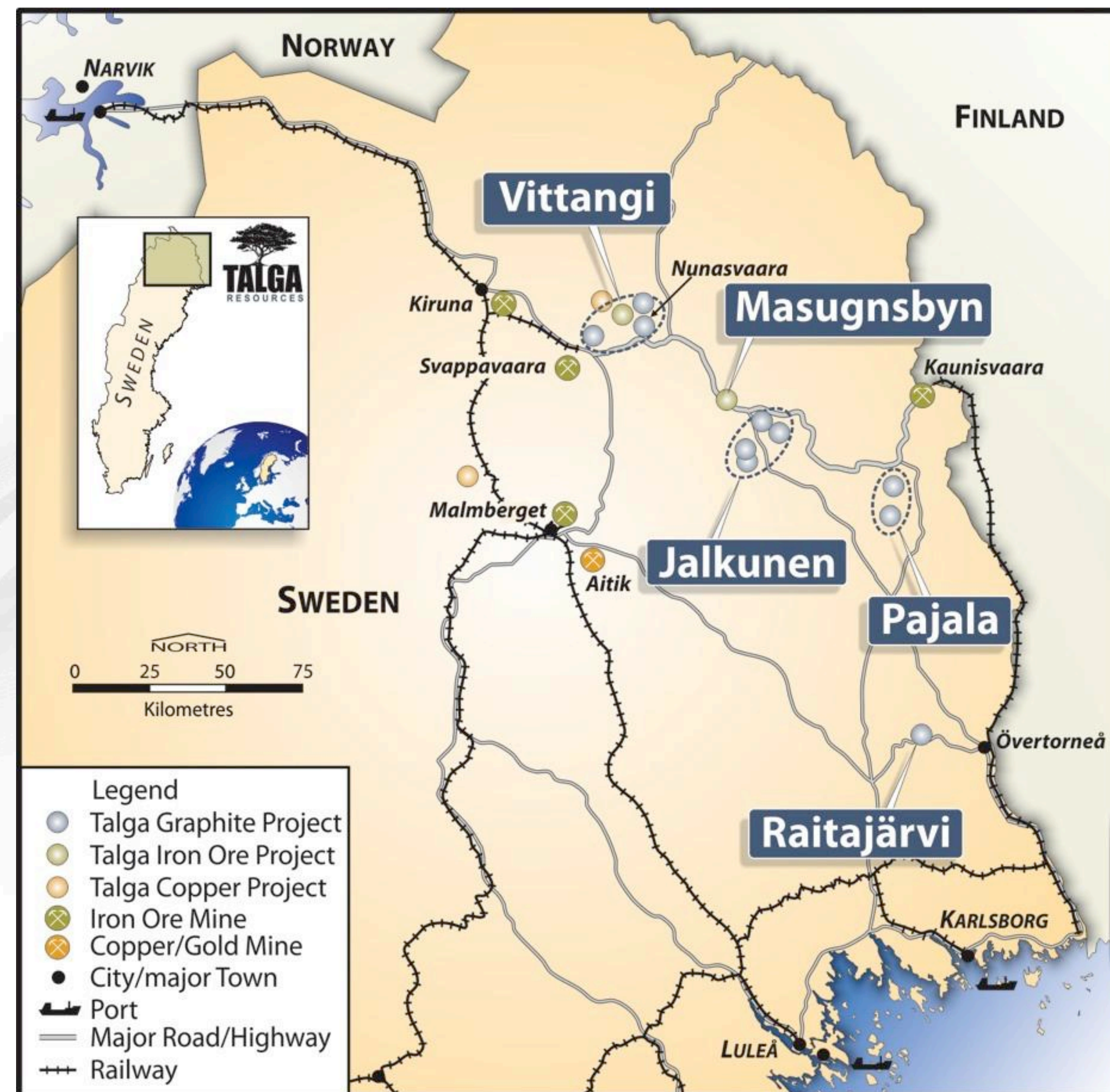
Drill Sample	100-300 µm	300-600 µm	> 600 µm
ÖNU89001 27.2m	10%	50%	40%
ÖNU89001 44.2m	10%	70%	20%
ÖNU89002 53.6m	20%	70%	10%
ÖNU89002 103.0m	20%	70%	10%
ÖNU89002 107.6m	30%	60%	10%



Future Growth Pipeline

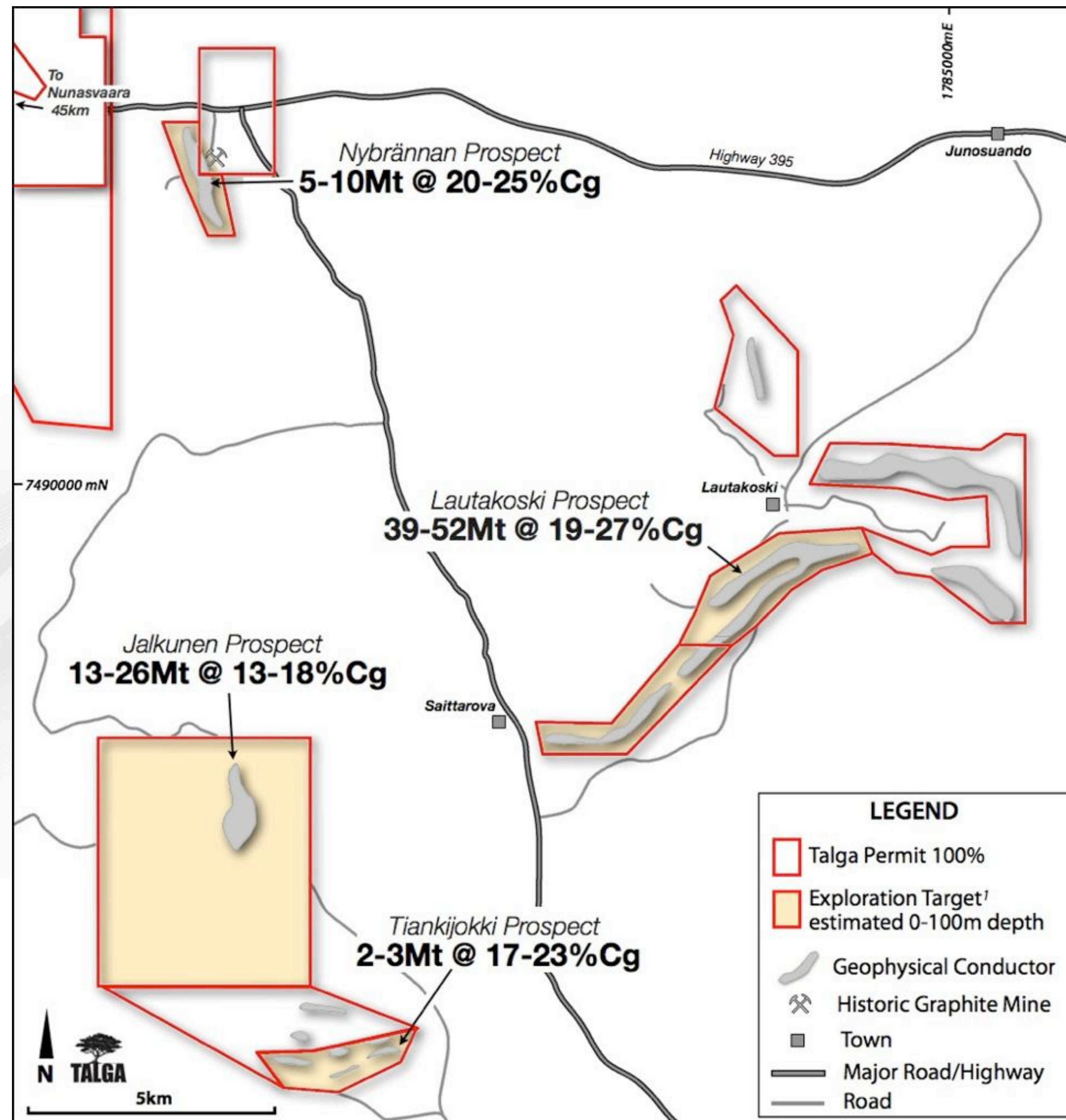
- ▶ Talga owns multiple advanced stage graphite deposits defined by historic diamond **drilling**, mapping and geophysics.
- ▶ A total of 117-178Mt JORC compliant exploration targets' are defined across the projects.

Project	Exploration Target ¹	Tonnage Range (Mt)	Grade Range (%Cg)
<i>Vittangi</i>	<i>Nunasvaara</i>	34-51	20-25
	<i>Mörttjärn</i>	10-16	15-20
	<i>Maltosrova</i>	2-3	20-30
<i>Raitajärvi</i>	<i>Raitajärvi</i>	7-9	6-10
<i>Jalkunen</i>	<i>Lautakoski</i>	39-52	19-27
	<i>Jalkunen</i>	13-26	13-18
	<i>Tiankijokki</i>	2-3	17-23
	<i>Nybrännan</i>	5-10	20-25
<i>Pajala</i>	<i>Lehtosölkä</i>	4-6	8-14
	<i>Liviovaara</i>	1-2	18-30
Total 0-100m depth		117-178Mt	17-23%Cg



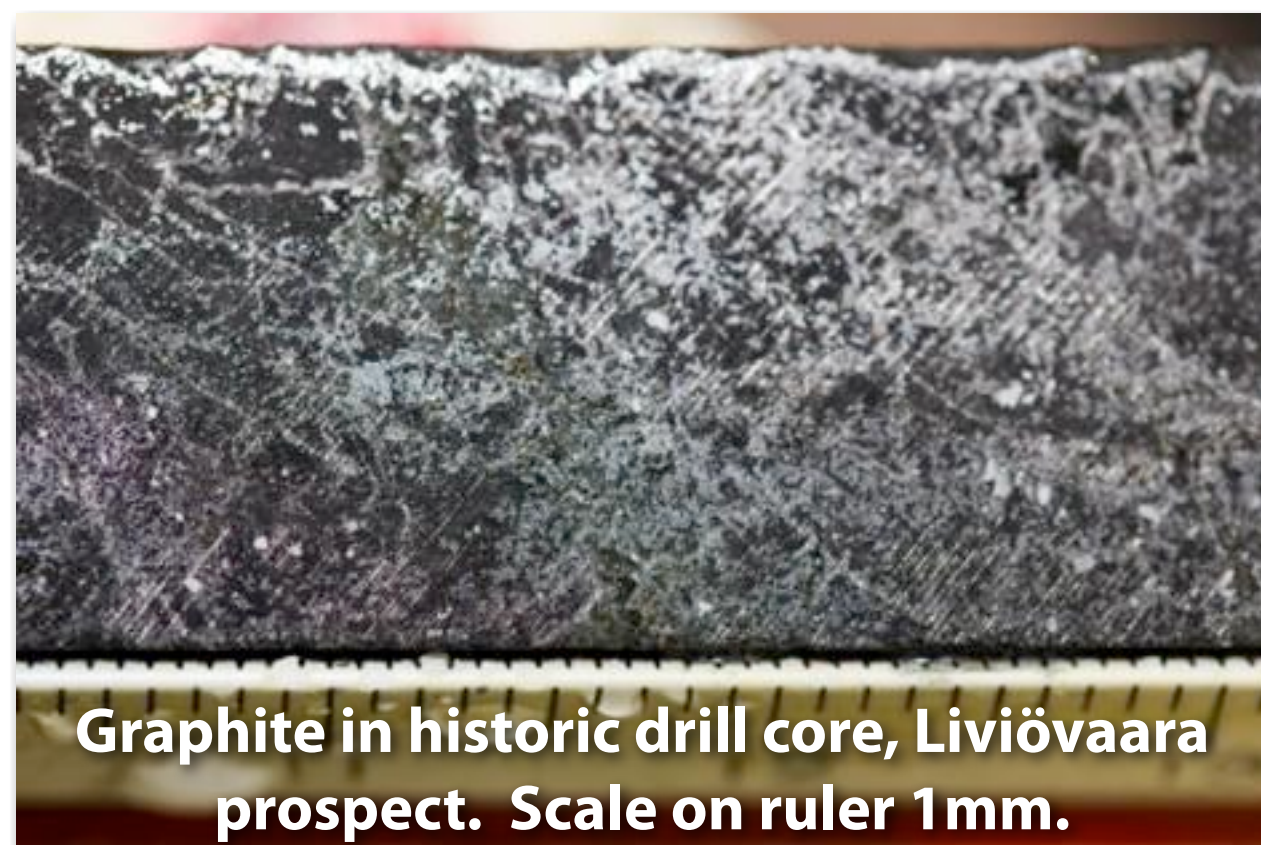
Jalkunen Graphite Project

- ▶ Multiple conductors with significant graphite intercepted in historic drilling.
- ▶ Highlights include:
 - Lautakoski* 45m @ 19.4% Cg and 9m @ 35.0% Cg
 - Jalkunen* 51m @ 15.4% Cg
 - Tiankijokki* 26m @ 27.7% Cg
- ▶ Graphite flake size ranges <50 - 400 μm
- ▶ Drilling and geophysics define JORC compliant total Exploration Targets¹ of 59-91Mt @ 18-24% Cg.
- ▶ Exploration Target only estimated for 0-100m.
- ▶ Quantity and quality of graphite occurrences, shallow depth and favourable locations offer clear potential for massive additional scale to be added in future.



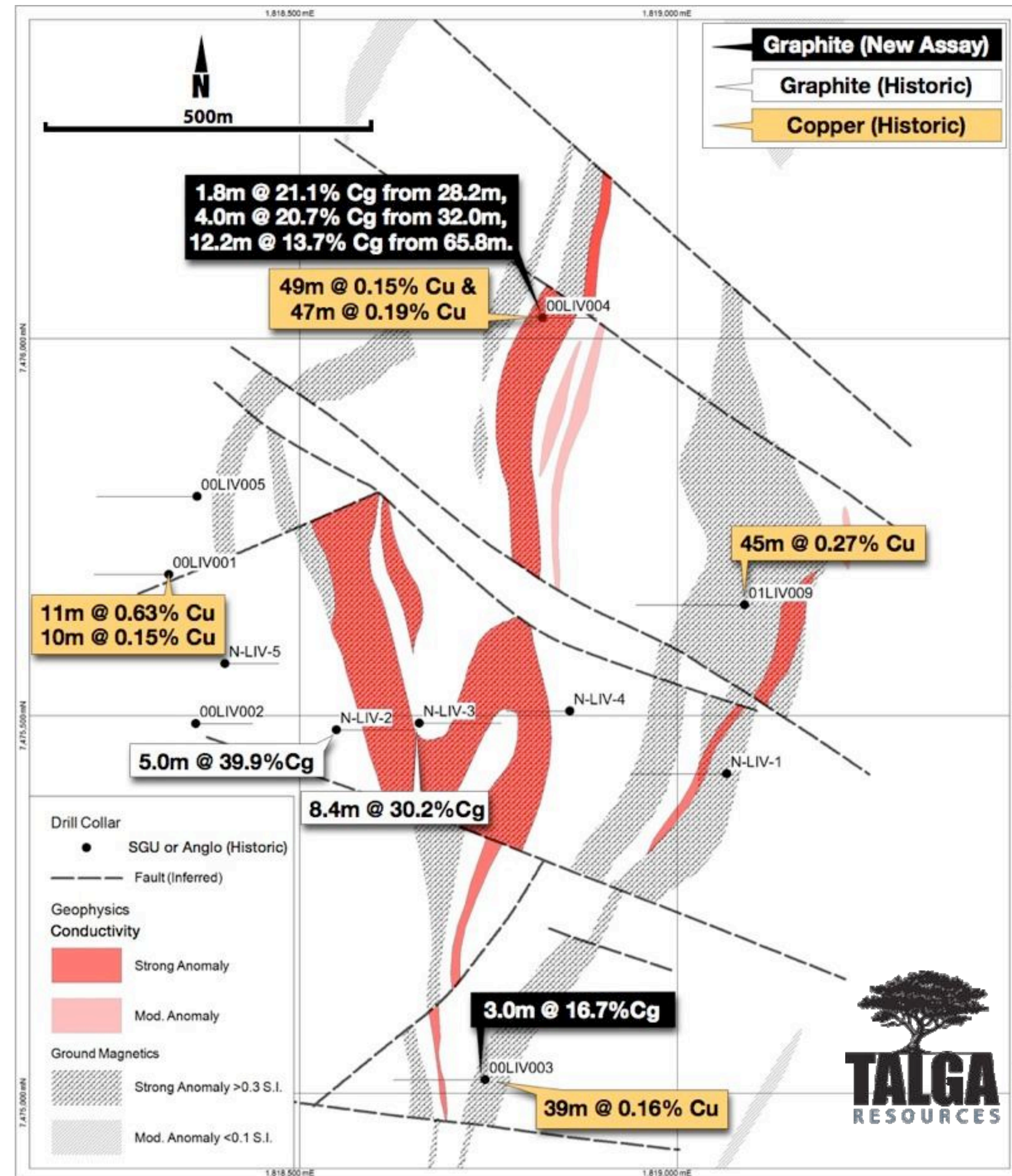
Pajala Graphite Project

- ▶ The Pajala project contains two graphite prospects defined by historic drilling.
- ▶ Lehtosölkä Prospect
 - 5 historic diamond holes by SGU, best intercept **19.5m @ 7.5% Cg**. Contains **coarse flake graphite** with **bimodal** size distribution around **100 µm** and **300-400 µm**, with **20% of flake observed >400 µm** ("jumbo").
- ▶ Liviövaara Prospect
 - 13 historic diamond holes by SGU and Anglo, targeting Cu-Au sulphides. Best graphite intercepts: **4.6m @ 39.9% Cg** and **8.4m @ 30.2% Cg**, flake size range **<50 µm - 100 µm**.



Graphite in historic drill core, Liviövaara prospect. Scale on ruler 1mm.

Liviövaara Prospect - Historic drilling and Talga re-assaying



Indicative Path to Next Graphite Milestones

Activity	2012			2013				2014	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Nunasvaara Geophysics	✓								
TCL Sweden Ltd Acquisition	✓								
Nunasvaara Drill Phase 1		✓							
Nunasvaara Results & Resource			✓						
Nunasvaara Scoping Study						✓			
Drilling Raitajärvi Phase 1				✓	✓				
Raitajärvi Results/Resource					✓				
Raitajärvi Resource						✓			
Marketing Deal/Offtake Option									
Raitajärvi Scoping Study									

Talga Investment Highlights

Grade	High grade graphite resources provide opportunities for low capex, high margin production .
Sweden	Operating in a top mining jurisdiction with producing infrastructure on the doorstep of European markets. Extremely low cost power, port agreement in place and direct road/rail options.
Product Suite	Multiple deposits cater for demand from ultrafine to jumbo flake end-users.
Demand	Strong commodity price outlook , expanding applications and significant Europe demand .
Scale	Large inventory and growth pipeline . No attempt to flood the market; focus is on profitability .
Advanced	Advanced stage with economic studies commenced on JORC Indicated resources
Cheap	Talga is undervalued relative to peers, particularly given the potential low capex, high margin production and transport cost advantages of being proximal to markets.
Capitalisation	Recent placement and underwritten entitlement offer will provide funds to complete milestone catalysts yet shares on issue remain tight; 84.8M TLG ord post transactions .
Board	Experienced MD . Recent board restructure resulting in Mr. Keith Coughlan becoming new Chairman during recent capital raising process.
Newsflow	Upcoming news anticipated includes preliminary economic studies on Nunasvaara and Raitajärvi, pivotal strategic partnerships/marketing and divestment of gold and iron ore assets .



Contact details:

In Australia

Mark Thompson - Managing Director
1st Floor, 2 Richardson St West Perth WA 6005
Tel +61 89481 6667 admin@talgaresources.com
www.talgaresources.com

In Sweden

Bruce Cripps, Landschef
Luleå, Sweden
Tel +46 725707877 bruce@talgaresources.com



Appendices

Talga Asset Structure and JORC Resources

TALGA RESOURCES LTD

100%

Talga Mining Pty Ltd

100%

**Talga Mining Pty Ltd
Filial (Sweden)**

GRAPHITE

IRON

100%

100%

Nunasvaara Graphite Mineral Resource @ 10% Cg lower cut-off Nov 2012

Classification	Tonnes (Mt)	Graphite (%Cg)
Indicated	5.6	24.6
Inferred	2.0	24.0
Total	7.6	24.4

Raitajärvi Graphite Mineral Resource @ 5% Cg lower cut-off Aug 2013

Classification	Tonnes (Mt)	Graphite (%Cg)
Indicated	3.4	7.3
Inferred	0.9	6.4
Total	4.3	7.1

Iron Mineral Resources @ 20% Fe lower cut-off July 2013

Deposit	Tonnes (Mt)	Grade %Fe	JORC Category
Vathanvaara	51.2	36.0	Inferred Resource
Kuusi Nunasvaara	46.1	28.7	Inferred Resource
Mänty Vathanvaara	16.3	31.0	Inferred Resource
Sorvivuoma	5.5	38.3	Inferred Resource
Jänkkä	4.5	33.0	Inferred Resource
Masugnsbyn	87.0	28.3	Indicated Resource
Masugnsbyn	25.0	29.5	Inferred Resource
Total	235.6	30.7	

Graphite market size classification.

Trade Name	microns	US Mesh Size
Amorphous/Ultrafine	<10	na
Amorphous/Fine	10-75	-200
Small	75-150	200-100
Medium	150-180	100-80
Large	180-300	80-50
XL/Jumbo	>300	50+

Source: Industrial Minerals Natural Graphite Report 2012 cross referencing various sources. Many terms are proprietary or mixed use; there are few if any industry standards in naming principles.

Common natural graphite concentrate product sizes, grades and prices

Size (microns)	Size US Mesh	Purity % C	Quote US \$/tonne
300+	50+	94-97	>1800
180-300	80-50	94-97	1350
		90	1200
150-180	100-80	94-97	1200
		90	1025
		85-87	900
75-150	200-100	94-97	1050
		90	850
-75	-200	80-85	525

Source: Industrial Minerals Magazine Aug 2013.

Most prices FCL, CIF European Port.

Note prices averaged from low-high range and selected as common commercial products where natural graphite sold as concentrate. Many specialty grades with much higher prices are traded but do not represent the bulk of market demand.

References & Qualified Persons

¹ **Exploration Targets:** The estimates of exploration target sizes in this announcement are in accordance with the guidelines of the JORC Code (2004) and should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and quality of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Darren Griggs and Mr Mark Thompson, who are members of the Australian Institute of Geoscientists. Mr Griggs and Mr Thompson are employees of the Company and have sufficient experience which is relevant to the activity which is being undertaken to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Griggs and Mr Thompson consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell of CoxsRocks Pty Ltd. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.