Fox-Davies
RESOURCES SPECIALIST

Triton Minerals Ltd (TON AU)

Mining - Initiating Coverage

18 November 2014

Stock Data

Share Price:	A$0.295
Market Cap (M):	A$91.5
EV (M):	A$87.0

Price Chart

52 Week Range

A$0.05 | A$0.3 | A$0.9

Company Summary

Triton Minerals is an exploration company focused on the discovery and development of the next generation of economic mineral resources. Currently Triton is exploring for graphite in Mozambique.

MAIN SHAREHOLDERS	HOLDING
Mr. Alan Gordon Jenks	11.55%
Mr. Craig Andrew Stubbs	4.22%
Mr. Bradley Philli Boyle	1.75%
Mr. Roderick Benjamin Blair	1.45%

Source: Bloomberg

Research:

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Graphite in Mozambique

Investment Case

This is an opportunity to invest in the Balama North Project, the world's largest graphite resource. Not only is it huge, but it is also high grade with good quality coarse flakes. The ore body also has a vanadium content and is known to contain zinc.

Valuation

We have valued 100% of Triton's Balama North project at A$189M, after tax using a 15% discount rate. This does include an A$5M payment in cash and a further A$5M in script to move from 80% to 100%. This is payable in January 2015.

Potential to Expand Ore Resources

The ore resource currently stands at 1.457Bt grading 10.7% TGC ("total graphitic carbon") and 0.27%V_2O_5. This includes 328Mt grading 11.0% TGC and 0.26% V_2O_5 in the Indicated category. In this resource calculation, 50% of the drill hole assays are outstanding and this figure is certain to increase, with the ore body open in all directions.

Highly Sensitive to Graphite Grade and Price

Our analysis shows that the Balama graphite project is highly sensitive to both the graphite price and head grade of the ore processed. Initial drilling was based on a 5% TGC but the current resource figures are based on a zero cut-off grade. Three high grade zones have been delineated. Consequently, we believe that there is an opportunity to high grade the mine, especially in the early years.

Upside Potential

The upside to our valuation could come from several sources, i) The project could be expanded in size and/or extending the mine life, and ii) There is also potential to build more than one mine, assuming exploration at Ancuabe and/or Balama South Projects is successful, plus it is known the Balama North Project contains vanadium and zinc. There has not been enough information released to put a value on the vanadium and zinc resources.

Excellent Infrastructure

The Balama North Project benefits from excellent infrastructure. There is a sealed road to within 20km of the mine site, an existing water dam and power lines both close by. Finally, Pemba, the regional capital is around 230km distant and hosts a magnificent deep water harbour and a fully functioning port capable of handling containers.

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Executive Summary

Triton Minerals Strategy

Triton's strategy is to develop a graphite mine in the Balama area of Mozambique (Exhibit 1, page 5). To date, most of the effort has been at the Balama North project, but future exploration activities are expected to move to the Balama South project and Ancuabe project, where Triton has the leases completely surrounding the AMG Ancuabe mine.

The Assets

The key asset is the Balama North project where drilling at Nicanda Hill has led to a JORC 2012 compliant Resource of 1,157Mt grading 10.7% TGC and 0.27% V_2O_5. The current resource only includes approximately 50% of the drill holes from the 2014 drilling programme. A new resource is expected to be released late in 2014, once all the assays have been completed. Most importantly, the current resource figure includes an Indicated Resource which means that a scoping study can be completed. Further, the new resource figure includes the high grade Mutola zone containing 26Mt grading 15.8% TGC.

Valuation

We have based our valuation on a 1 Mtpa plant treating 14% TGC feed. This gives a value of A$189.1M based on a twenty year mine life and a 15% discount rate. As the project is de-risked, through increased ore resources, including Indicated and possibly Measured resources, a higher TGC grade, off-take agreements and possibly the addition of a vanadium concentrate, the discount rate will be reduced and the value will increase substantially. The project is particularly sensitive to both the graphite feed grade and the graphite price. (Please see the sensitivity tables on page 31)

Infrastructure

The project has excellent infrastructure for a green-field project. Pemba, approximately 230km from the mine has excellent port facilities and the town is developing fast on the back of oil and gas developments. There is a sealed road to with 20km of the mine, a local dam contains sufficient water to provide for the mine and the mains electricity is close.

What is the upside?

Currently the main drivers to any upside in our valuation are the potential ability to high grade the ore body in the early part of the mine life and the possibility of producing a saleable vanadium concentrate. Not all the metallurgical work has been completed yet and it is possible that the graphite flake size could change with a coarser component. Longer term, the potential size of the ore body suggests that a significantly larger plant would be justified and that would realise economies of scale. Beyond that, exploration at Balama South and Ancuabe projects is only just beginning. Visual observations from reconnaissance sampling from the Balama South project suggest a number of similarities with Balama North and the potential for large flake graphite mineralisation and numerous occurrences of roscoellite, the local vanadium mineral.

Graphite Grade

The Mutola Zone contains 26Mt grading 15.8% TGC, more than enough for a 1Mt pa plant. In our modelling we have used a feed grade of 14% to allow for dilution, but Triton could possibly do better than this. The three designated high grade zones, Mutola, Grande and Macico contain approximately 52% of the ore body, 756Mt grading 11.5% TGC using a cut-off grade of 5% TGC.

Market Summary

The market for graphite is very interesting and expanding fast, yielding opportunities for new producers. The Chinese are suffering production problems due to rising costs and environmental problems. This is occurring at the same time as the market for graphite for use in batteries which is expanding fast and the use of graphene is posed to take off.

Company History

Triton Minerals is a mineral exploration company formerly incorporated in Australia as Australian Mineral Fields Limited. Triton Minerals Ltd ("Triton") listed on the Australian Securities Exchange on 14th August 2009 as Triton Gold Ltd (ASX:TON). As Triton Gold, the Company completed grass-roots exploration with a primary focus on gold on a number of projects in the Albany Fraser province of Western Australia.

During the second half of 2011, most exploration on the Company's holdings in the Albany Fraser province was wound back whilst an assessment of the potential of each project was made. By the early part of 2012 the Company's holdings in the Albany Fraser province had been reduced to only the most prospective parts of the Salmon Gums and Fraser Range North projects. In June of 2012, a Farm-In Agreement was signed with Matsa Resources allowing them to earn up to a 90% interest in the Fraser Range North project.

Also in June of 2012 a binding term sheet was signed with the sole beneficial legal holder of five graphite prospecting licence applications in the Cabo Delgado Province of Mozambique, Grafex Ltd. In October of 2012 the Company officially committed to a Joint Venture Agreement with Grafex Ltd. The terms of the JV agreement gave Triton a 49% interest in the project with the option to earn up to 80%.

In November of 2012, the first two of the graphite prospecting licences held by Grafex Ltd were granted by the Mozambique government. In February 2013, an additional two exploration licence applications were acquired significantly increasing the size of the land position, and in March 2013 work officially commenced on the granted prospecting licences.

At the end of February 2013 Triton Gold Ltd officially changed its name to Triton Minerals Ltd to reflect the Company's new and more diverse mineral portfolio.

In March of 2013, initial reconnaissance mapping identified extensive graphite outcropping over a 3.75km strike zone on the Nicanda Hill prospect. Between July and December 2013, a total of 59 RC holes for 3033m and 6 diamond holes for 1066.14m were drilled on the Cobra Plains prospect intersecting substantial graphite mineralisation. The drilling intersected continuous graphite intervals of over 100m in multiple drill holes with grades up to 16.2% total graphite content. As well as the drilling completed at Cobra Plains, reconnaissance mapping programmes have been completed at the Ancuabe project, the Nicanda Hill prospect, the Black Hills prospect and the Charmers prospect.

In late November of 2013, Triton moved from holding a 49% interest in Grafex Ltd to a majority 60% interest in the Balama and Ancuabe projects. Under the new terms of the JV agreement, Triton Minerals will move to a 75% equity interest in Grafex Ltd on commencement of a Definitive Feasibility Study and will obtain an 80% equity interest should a project move into graphite production.

On the 17 July 2014, Triton announced that it had executed an agreement with Grafex Ltd to acquire the remaining 40% interest in all its Mozambique graphite projects. This is being achieved by first moving to 80% interest through the payment of US$5M and the issue of ordinary fully paid Triton shares to the value of US$5M on 30 July 2014. The final 20% will move to Triton with a second tranche, the same as the first and payable six months after the first tranche. As a further consideration, Grafex is entitled to receive 5M unlisted Triton options, with an exercise price of A$0.70 and a term of 3 years.

The Projects

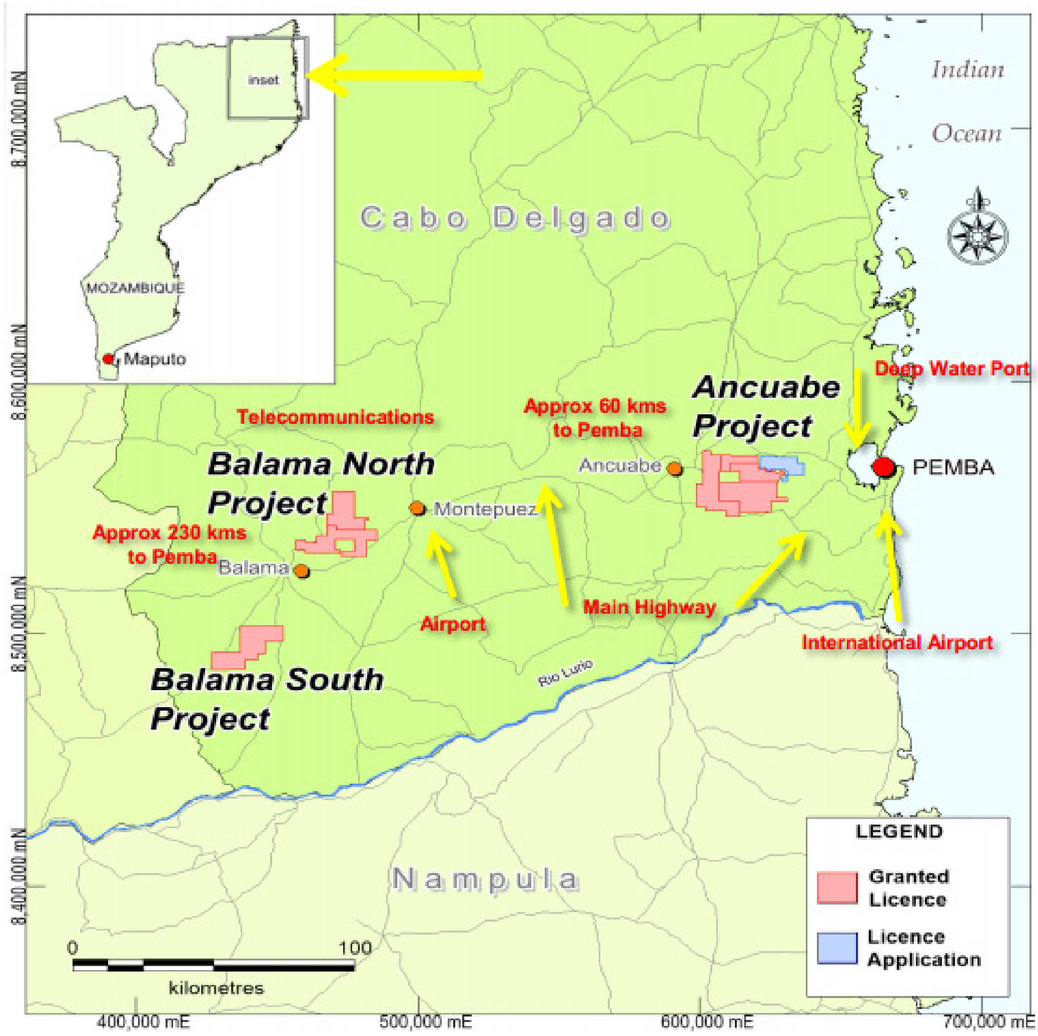
Introduction

Triton currently has three project areas in Mozambique where it holds exploration licences. These are the Balama North and Balama South Projects which are approximately 30km apart and the Ancuabe Project. The Balama North Project includes the Cobra Plains deposit, the Nicanda Hill deposit and the Charmers and Black Hills prospects. To date, very little work had been conducted at Charmers and Black Hills.

In June 2013, the Company received official environmental approval from the local government in the Cabo Delgado Province. Such approval enabled the Company to commence drilling activities on both Balama North and South and Ancuabe projects.

The drilling programme commenced in July 2013, initially focussing on the priority Target 1 area, within the Balama North project licence, previously identified during the initial exploration programme in April 2013 which located 3.75km of graphite outcropping. Target 1 was the name given to N1 at Nicanda Hill. More specifically N1 is a line of drill holes across the ore body. The drilling programme was conducted with assistance from Jigsaw Geoscience Pty Ltd ("Jigsaw") at both the Ancuabe and Balama prospects.

Exhibit 1: Location of Graphite Exploration Leases in Mozambique



Source: Triton

The exploration programme built on the initial mapping, soil sampling and trenching programme that was completed early in the year. The results from this initial drilling programme enabled the Company to better understand the location, width, depth and direction of the identified graphitic zone in the Target 1 area. The drilling also assisted Triton to better understand the underlying geological structures and potential prospectively of the project around the identified mineralisation zone.

In July 2013, the Company also confirmed that another mapping, soil sampling and trenching programme was underway at both the Balama North and Ancuabe projects.

Also in July 2013, the Company received official approval from the Mining Minister of Mozambique granting two (2) more Ancuabe exploration licenses, namely licenses 5336 and 5305. The granting of these two exploration licenses allowed the Company to expand the current exploration programme at the Ancuabe project.

In August 2013, the Company announced the execution of an exclusive option with Mozambique company Mineral Stream Limitada ("Mineral Stream"). Mineral Stream is the sole beneficial legal holder of eight (8) graphite prospecting licenses, three (3) of which are granted in Cabo Delgado Province. Mineral Stream also hold two (2) other prospecting license applications in the Tete Province, having total land holding of over 1,620 square kilometres. Under the Option the Company has exclusive rights for five (5) months in order to complete technical and legal due diligence and to consider whether to acquire any or all of the Mineral Stream licenses. Triton paid consideration of USD50,000 to secure the option.

The Company completed the reverse circulation ("RC") drilling programme on the Cobra Plains prospect in License 5365 of the Balama North Project, at the end of August 2013. The programme was designed to test the width and potential continuity of the interpreted graphitic zone. Drill Section 1 intersected 109 continuous metres of graphite mineralisation. The adjacent drill hole TMBC0018 intersected similar graphitic zones for a continuous drilled width of 64m and cumulative drilled width of 67m. Based on the initial drilling results, the mineralised zone appeared to have a down-dip extent of over 100m. All four of the drill sections in this drilling programme produced positive findings with substantial graphite mineralisation identified at all locations.

Triton believed that this initial drilling programme successfully managed to achieve the key objective of testing for graphite mineralisation over a 3km strike length within License 5365 (see Exhibit 2), with very encouraging drill results being obtained in the process.

In September 2013 the Company completed phase one of the drilling programme, drill samples for all intersected graphite zones were collected and delivered to the South African laboratory for analysis, to obtain the determination of both geochemical and physical properties. This work enabled Triton to commence the phase 2 drilling campaign. This programme included infill drill lines to further test the continuity of the graphite mineralisation, and additional drill lines to the southeast of the 3km long zone tested to date.

Balama North

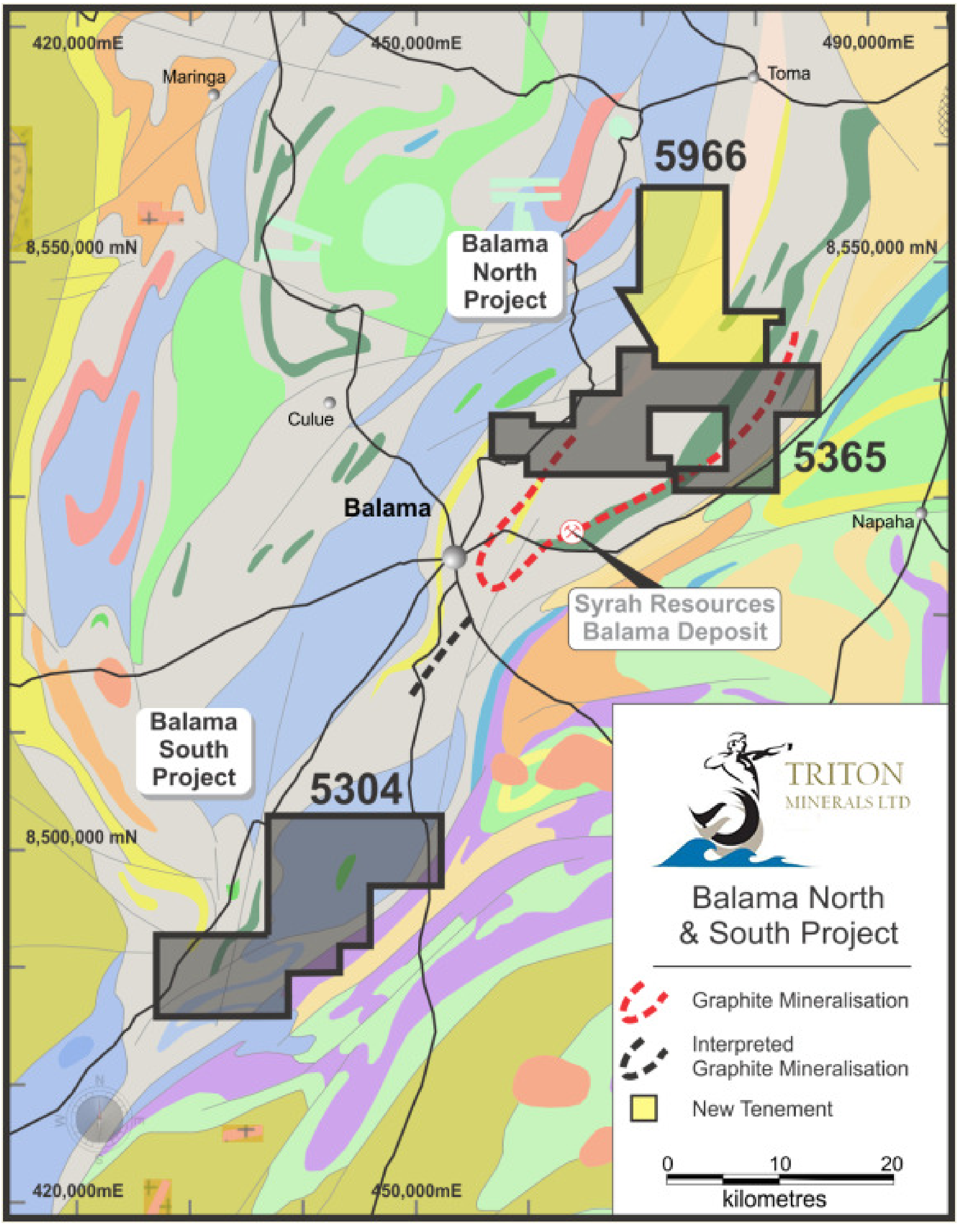
This is a fairly remote location in northern Mozambique, but the infrastructure is relatively good. The exploration leases are located only 25km from a major sealed highway with a further 200km to the port of Pemba. In March 2013, as a result of aeromagnetic and radiometric data analysis, Triton commenced an initial mapping and exploration programme with a primary focus on the Balama North and Ancuabe Projects.

This exploration programme successfully identified numerous graphitic exposures over a distance of 3.75km on license 5966, this location is now known as the Nicanda Hill prospect.

Time Line of key Historical Events

Date	Event
Jun-12	Triton announces a binding term sheet with Grafex over 5 graphite licences in Mozambique
Oct-12	Triton completes due diligence and enters a binding JV with Grafex
Dec-12	New JV signed with improved terms for Triton
Feb-13	Mozambique graphite project expand with acquisition of 2 additional leases
Apr-13	Extensive outcropping discovered at Balama North and Ancuabe
Aug-13	Balama North Project "Cobra Plains Prospect" Drilling Intersects 109 Metres of Graphite
Sep-13	High Grade Vanadium Intersections at Cobra Plains Prospect, Balama North Project
Oct-13	High Grade Large Flake Graphite Identified At Ancuabe Project
Nov-13	High Grade Large Flake Graphite Identified at Nicanda Hill Prospect
Nov-13	Triton Takes 60% Interest in Mozambique Graphite Projects
Feb-14	103Mt Graphite Resource at Cobra Plains
Mar-14	New Potential Graphite Zones Identified at Balama North Project
Apr-14	Metallurgical Results for Balama North
Jul-14	Agreed with Grafex to acquire the outstanding 40% interest in all of its Mozambique graphite projects
Aug-14	High Grade Graphite and Vanadium Assays released for Nicanda Hill
Sept-14	High Grade Graphite Zone Averaging 19.6% TGC intersected north of Nicanda Hill
Sept-14	Exceptional High grade Graphite Intersected at Nicanda Hill
Sept-14	Positive Metallurgical Results for Nicanda Hill
Oct-14	Further Positive Drilling Results from Nicanda Hill
Oct-14	Nicanda Hill Maiden JORC Resource
Oct-14	Solid Drilling Results Continue at Nicanda Hill

Exhibit 2: Overview of the graphite licenses at Balama South and South



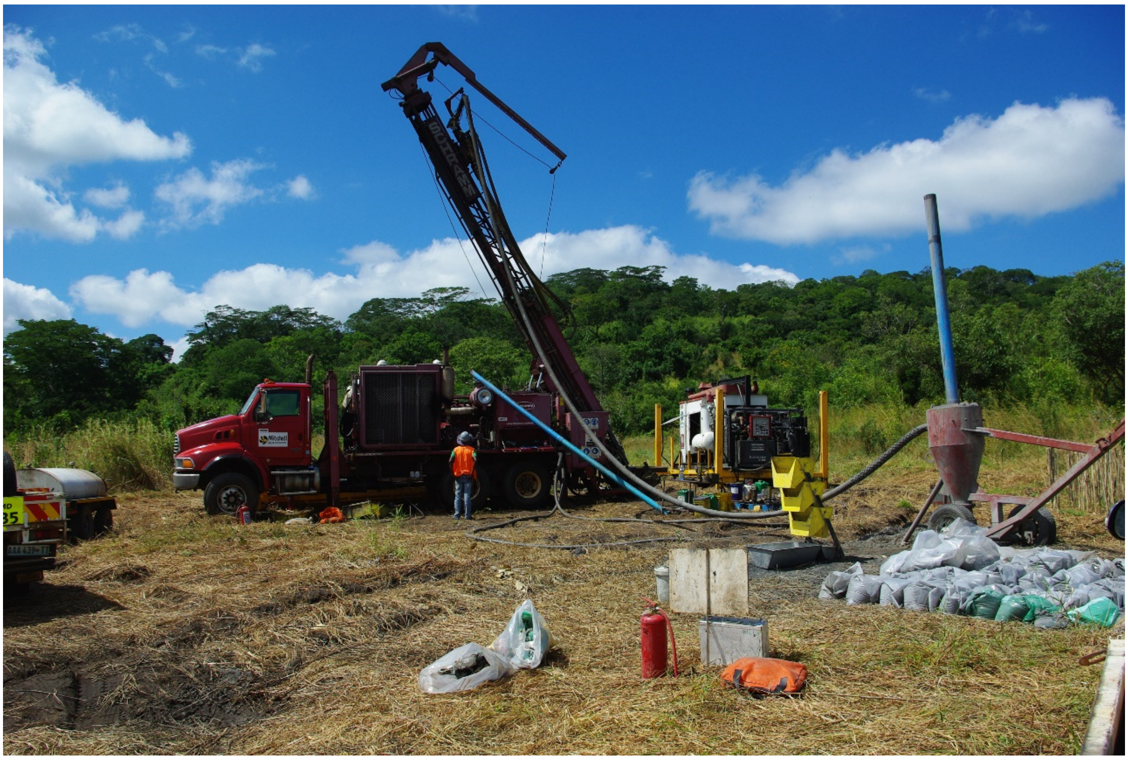
Source: Triton

In July 2013, as license 5966 was still under application, and in order to test and learn more about the graphite zone located at the Nicanda Hill prospect, Triton commenced an initial RC and Diamond drilling programme on what it believed was the south-west strike extension to Nicanda Hill on the granted exploration licence 5365. Further work over the next four months enabled Triton to delineate a 5km graphite mineralisation zone on License 5365, with numerous large flake high grade graphite and vanadium intersections. This was later referred to as the Cobra Plains prospect on the Balama North Project.

We visited the Cobra Plains prospect which is the southern extension of the Nicanda Hill prospect. Drilling had commenced just prior to our visit in May 2014 with the aim of establishing an Inferred Mineral Resource for Nicanda Hill.

In the June quarter of 2014, hole GBNC0003 intercepted 78m grading 11.4% TGC, which included 20m grading 17.1% TGC. The geological unit which housed this intercept of 20m at 17.1% TGC has been designated HG1. Since that time, two other high grade zones have been discovered, HG2 and HG3.

Exhibit 3: Drill Rig at Nicanda Hill



Source: FDC

Ore Resources

During the quarter to March 2014, the Company confirmed the appointment of geological consultants “Optiro” to complete the maiden JORC 2012 Mineral Resource estimate at the Cobra Plains prospect and to assist with the refined scoping study which is due in the fourth quarter of 2014. Laboratory analysis continued on the RC and Diamond drill core samples obtained late 2013 from Cobra Plains.

In February 2014, the Company announced the maiden Inferred Mineral Resource Estimate comprising 103 Million Tonnes (Mt) at an average grade of 5.52% graphitic carbon, containing 5.7Mt of graphitic carbon, at the Cobra Plain’s deposit at the Balama North project. This resource is classified as Inferred in accordance with the guidelines of The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012).

Deposit	Tonnes (Mt)	Grade Graphitic Carbon	Category	Comments
Cobra Plains	103	5.52%	Inferred	Containing 5.7Mt TGC

At the time, the maiden Inferred Mineral Resource Estimate ranked Triton’s Cobra Plains deposit as the fourth largest graphite deposit in the world.

The latest drilling campaign commenced in April 2014 and on the 21st October 2014 Triton released its maiden JORC compliant resource for Nicanda Hill.

Deposit	Tonnes (Mt)	Total Graphitic Carbon	Vanadium as V_2O_5	Category	Comments
Nicanda Hill	328	11.0%	0.26%	Indicated	Containing 36.1Mt TGC
	1,129	10.6%	0.27%	Inferred	Containing 119.7Mt TGC

Total	1,457	10.7%	0.27%	Containing 155.9Mt TGC

This makes Nicanda Hill the world's largest graphite deposit and it remains open in all directions. Currently, the resources are based on only 50% of the assays obtained during the current drilling programme. The current plan is to only re-run the resource model once all outstanding assays are returned. We expect this to not only increase the overall size of the ore body but to significantly increase the Indicated portion of the total resource.

Another key point about the maiden JORC compliant ore resource at Nicanda Hill is that it is quoted at a zero cut-off grade, the thinking being that a grade of better than 10% TGC is economic. However, various cut-off grades were run through the ore resource model with the following results:

Exhibit 4: Nicanda Hill deposit & details of the graphite tonnage in the Indicated & Inferred classifications at various cut off grades

*Cut Off TGC %	Indicated Tonnes	TGC%	V_2O_5%	Inferred Tonnes	TGC%	V_2O_5%	Total Tonnes	TGC %	V_2O_5%
0	328,000,000	11.0	0.26	1,129,000,000	10.6	0.27	1,457,000,000	10.7	0.27
10	234,000,000	11.7	0.28	674,000,000	11.7	0.28	908,000,000	11.7	0.28
12.5	56,000,000	13.8	0.31	160,000,000	13.7	0.34	216,000,000	13.7	0.33
15	9,000,000	15.9	0.34	19,000,000	15.7	0.36	28,000,000	16.0	0.35

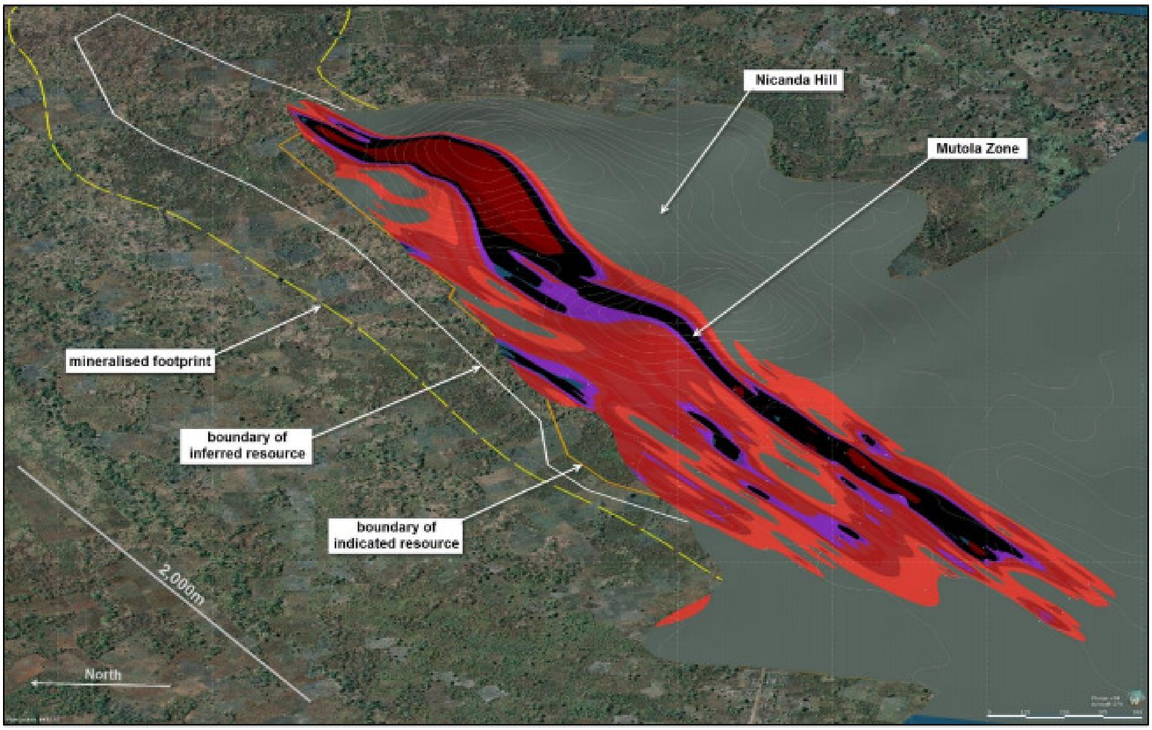
** Block model reporting cut off; numbers rounded to significant figures.*

Source: Triton

The primary focus for the Company going forward will be further definition of the high grade graphite zones and in particular the Mutola zone. This zone was originally called HG1. This graphite-enriched quartz + carbonate zone has now been identified along the entire strike length of the Nicanda Hill deposit, some 5.6kms and is readily identifiable in drill core and RC chips due to the textures and alteration.

Geological data obtained to date suggest that the hydrothermal Mutola Zone formed along either a primary sedimentological horizon or foliation plane leading to enrichment of graphite and vanadium. The average true thickness of the Mutola zone is about 30m and is clearly identifiable along the entire strike length of the mineralisation zone, either outcropping or extending to within 1-2m of the surface.

Exhibit 5: Nicanda Hill illustrative overview of graphite grade iso-surfaces



The high grade graphite of the Mutola zone is highlighted by the black colour in the image

Source: Triton

The Company confirms that, based on the drill data received to date, the Mutola Zone and parts of other northern prospects contain approximately 26 Mt of graphitic resource, at an average graphite grade of 15.8%. This zone extends from surface to a depth of about 200m.

On the 30th October 2014 further drilling results were released and they were very consistent with previous drilling results. However, the areas known as HG2 and HG3 were renamed Macico and Grande respectively. Using a cut-off grade of 5% TGC, approximately 52% of the Nicanda Hill deposit is contained within these three zones. This amounts to around 752Mt grading 11.5% TGC.

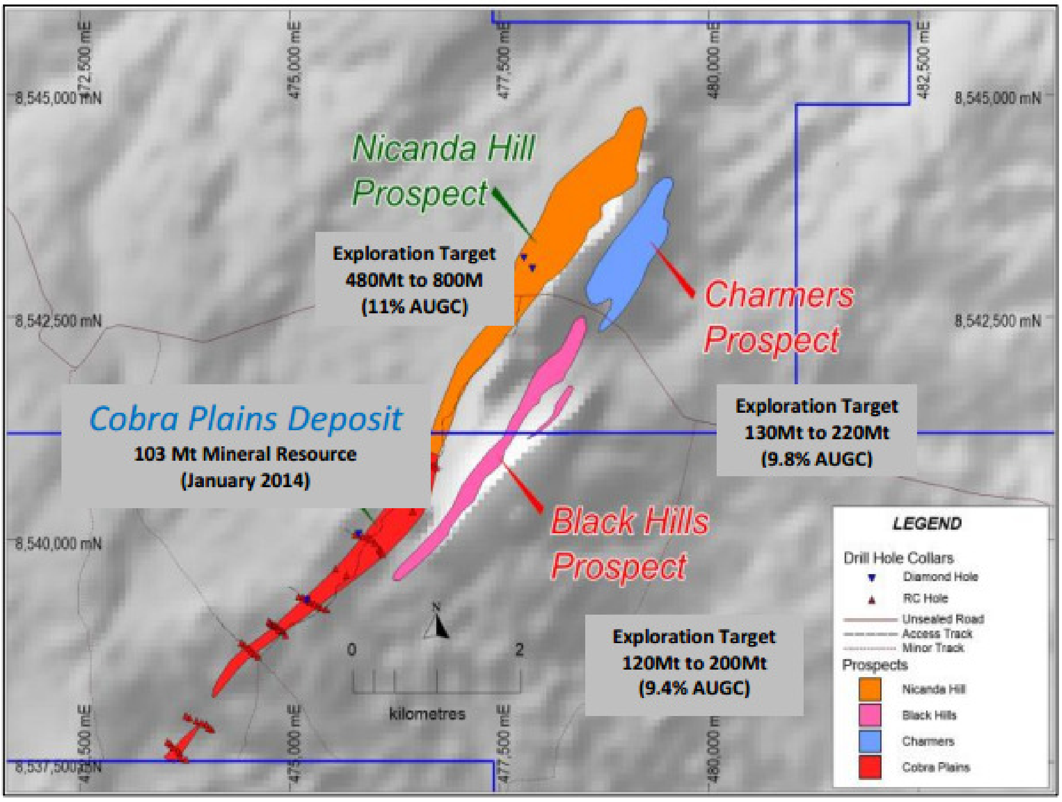
Further assays results are expected to upgrade this zone towards the north. Due to the consistency of tonnage and graphite grade both at and near the surface, the Mutola Zone is an attractive and immediate target for definition of early open pit resources.

Because of these features, the Mutola zone and adjacent better grade schist units have now become the primary focus for rapid development by the Company and are the most likely location for future mining development. Accordingly, in our financial analysis, we assumed that this zone would be mined first.

The other key point to make about the new resource figures is that since there is a JORC compliant Indicated Resource, a scoping study can now be conducted. This will enable discussions on offtake to take place and advance negotiations on the mining licence application process.

It is expected that the scoping study will be completed before the end of 2014 and the mining licence is anticipated before the middle of 2015. We anticipate that the infill drilling on the Mutola Zone will commence around April 2015 and be completed before the middle of 2015.

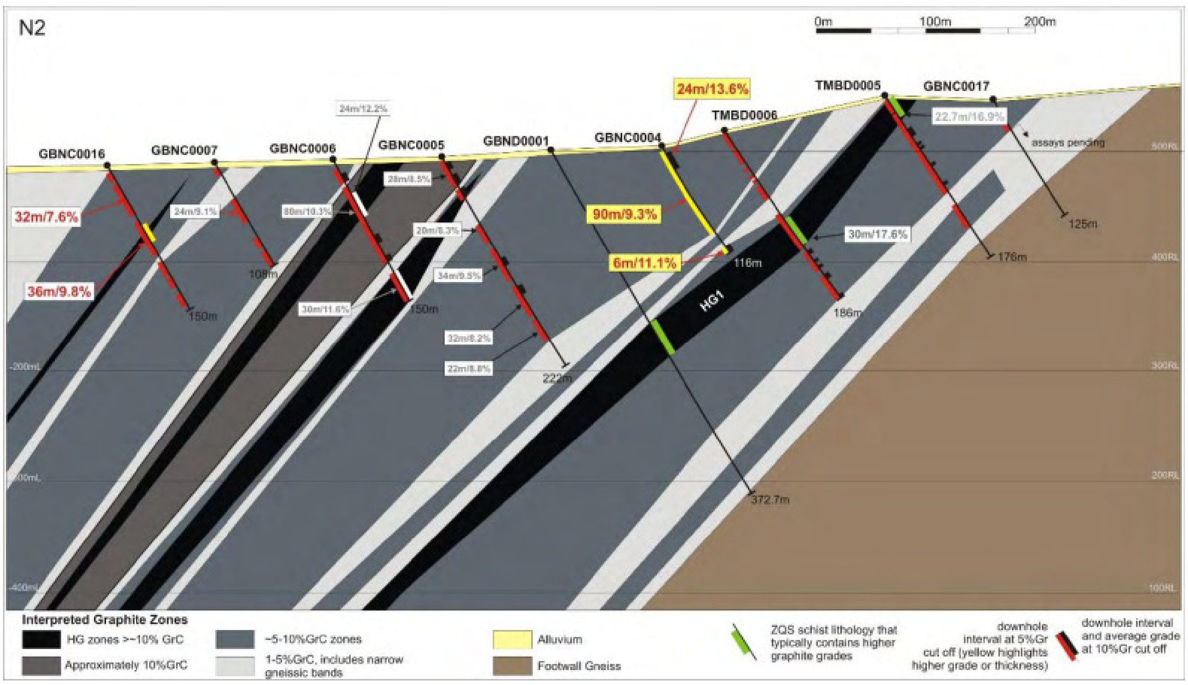
Exhibit 6: Location of the Cobra Plains and other prospects on the Balama North project



Source: Triton

In September 2013, Triton announced that high grade vanadium had been identified in conjunction with the high grade graphite at Cobra Plains. The drilling programme intersected numerous high and medium grade vanadium zones, extending over the 3km area. Vanadium can be economic to mine at a 0.05%, so intercepting numerous very high grades of vanadium mineralisation with grades of up to 0.36% is again an exceptional result.

Exhibit 7: Cross section for drilling completed on Drill Line N2 on the Nicanda Hill Prospect



Source: Triton

The Current Exploration Programme

The current exploration programme is focussed on proving up a high grade area of the Balama North deposit and converting it from the Inferred Category to the Indicated Category. This explains the closed space drilling, 100m, along the fences N2 to S2 and the importance of the Mutola, Macico and Grande zones of the ore body. Currently Triton is using both RC and diamond rigs for the drilling. The maximum depth for the RC holes with favourable conditions is around 220m. When drilling to the west of the ore body, it is not deep enough to reach the Mutola Zone vein and for that reason some of the RC holes are deepened with a diamond tail. The outlier fences of holes, N12 and N6 and S5 were predominantly to test the structure of the ore body along strike to the north and south, and determine its full extent.

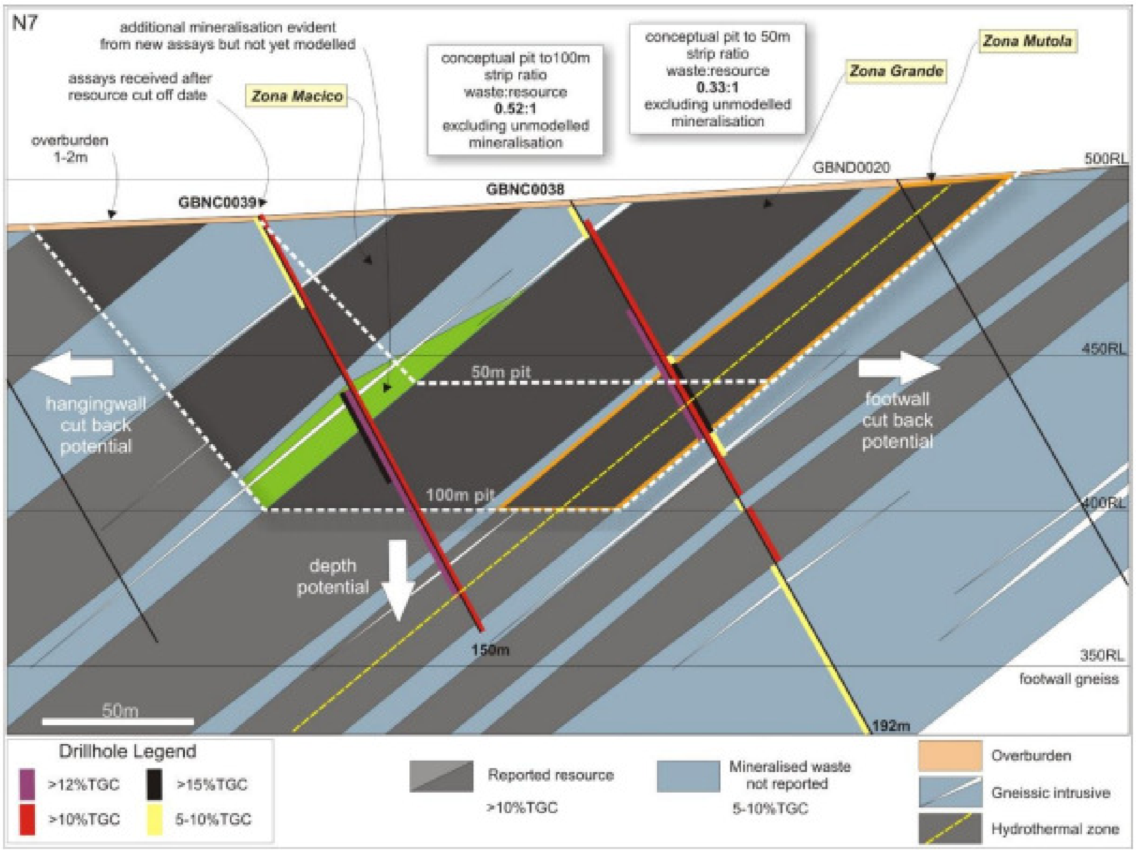
Going forward, Triton plans to continue drilling at Nicanda Hill and commence mapping, rock chip sampling and trenching at Chalmers and Black Hills.

Mining

We have assumed that mining will be by truck and shovel. The ore body is known to outcrop over a large area and in our modelling we have assumed a strip ratio of 0.5:1. The ore is known to be free digging and this could extend to a depth of several hundred metres. Since we have only modelled the processing of 20Mt of ore, we have assumed that all of this will not require drilling and blasting. Further, although in a proposed mine the movement of waste will be minimised, it should be noted that the graphitic waste material averages approximately 5% TGC.

We have not yet seen the full results of the drilling on Nicanda Hill. However, early indications are that there is plenty of high grade material in the Mutola, Grande and Macico Zones for at least 20 years of mining at one million tonnes per annum. The bulk of the near-surface higher grade graphite resource is located towards the north of the Nicanda Hill deposit, and that the number of gneissic intrusives (non-graphitic material) diminishes. However, in many cases the gneissic bands that are present are located within the mineralised waste sections of the mineral resource model, thus reducing the dilution/contamination of the resource material and keeping it to a minimal amount. Further, the weathering of the resource material extends from surface to a depth of up to 30m. Therefore, over the current extents of the mineral resource at Nicanda Hill, there is a very significant amount of the graphite resource that is located in this upper layer. This material is mostly free-dig (i.e., not requiring blasting) and thus should lower the cost to mine the graphitic material in the early phases of proposed mining operations. Proposed mining on Nicanda Hill deposit could encounter even lower waste: ore strip ratios as a substantial amount of waste material in the hanging wall has been already been stripped away by natural erosion.

Exhibit 8: Nicanda Hill Cross section N7 showing arrangement and geometry of resource model with conceptual open pit overlays



Source: Triton

Metallurgy

The preliminary metallurgical work, the results of which were released on April 15, 2014, yielded excellent results. The test work was conducted on a bulk sample of just over 100kgs was taken from the drill core of diamond drill hole TMBD0001, which is located in the northern section of the Cobra Plains deposit. The bulk sample was provided to ALS Metallurgy in Adelaide for the metallurgical analysis, which is ongoing.

The initial work showed a total carbon recovery of 96% with the weighted average TGC of 94.5%, including a high of 97.1%. This work has confirmed that a simple metallurgical flow sheet, consisting of crushing-grinding–rougher flotation and cleaner flotation with regrind is capable of producing high-grade graphite concentrates.

Further test work was conducted on a 200kg sample and the results were released on the 16th of September 2014. The results showed that a graphite concentrate grading 95% TGC could be obtained at a relatively coarse primary grind of 500μm. It also confirmed that a high grade graphite concentrate of up to 97.3% TGC could be obtained.

Triton believes that these liberation characteristics are a significant development as previously the high grade concentrate from the Cobra Plains deposit was only achievable from a finer grind size. Current metallurgical work is focused on refining the flotation methods for optimising the overall graphite recovery, final graphite concentrate grades and product size distribution.

Most of the vanadium assays were not available at that time, as the latest resource figures including vanadium were only released on the 21st of October. Triton was also pleased to verify that vanadium recovery test work has been initiated on the graphite flotation tailings. Initial analysis of the graphitic material shows that the vanadium is present in a flake form which may lend itself to being beneficiated through the standard flotation methods. As these results are yet to be released, we have not planned on a vanadium circuit to be included in the plant design. One option that did occur to us was that it would be possible to put a high intensive wet magnetic separator after the graphite flotation section. This would enable a coarse vanadium concentrate to be stockpiled in a separate dam to the tailings. This strategy has several advantages in that Triton would be able to access the vanadium at any time without having to process the tailings for a second time. It would also enable Triton to sell the vanadium concentrate to another company that specialised in vanadium.

Further mineralogical test work, released on the 21st October 2014 demonstrated that on average 23% of the graphite samples were very large flakes which are 212 microns or larger.

Exhibit 9: Mineralogical Flake size distribution of the graphite as obtained from samples at Nicanda Hill

Graphite Flake Sizes	Flake Distribution
+400µm	7.3%
+212µm	15.9%
+106µm	36%
+75µm	17.1%
-75µm	23.7%

Source: Triton

Logistics

The logistics of transporting graphite from Balama to any place globally should in theory be relatively easy and fairly inexpensive. Reality is naturally very different. There is a sealed road that with a minimum of work, could be made into an excellent highway.

At Pemba there is a magnificent natural harbour which is being developed as a base for the developing oil and gas industry. It is just 240km due east of the Balama, and much closer to Ancuabe. This port has deep water facilities and is capable of handling containers.

Exhibit 10: Pemba Port

Source: Google Earth

The expected mining area at Balama is close to the Chipembe Dam. This dam, which will also supply water to Syrah's Balama processing plant has sufficient capacity to also meet Triton's requirements.

The local electricity grid runs quite close to the Balama project and Triton expect that they will be able to run an interconnector and tap into the grid, although current thinking includes a back-up diesel source of electricity.

Balama South

The Balama South Project is located approximately 35 km south of the Balama township, in northern Mozambique, within the same north-east trending geological domain covered by the Balama North project which hosts the Cobra Plains deposit and the Nicanda Hill prospect. The Company currently has an 80% interest in the granted exploration license, 5304. Triton will increase this percentage ownership to 100% once the final payment to Grafex Ltd. is made.

An initial limited reconnaissance mapping programme conducted on Balama South, exploration license 5304, has located numerous occurrences of large flake graphite mineralisation and the presence of numerous occurrences vanadium hosting roscoellite.

Due to the Company's current focus on advancing the Balama North project, limited exploration activities were completed on the Balama South project during 2013. The Company knows that this project is highly prospective for graphitic mineralisation so further exploration mapping, trenching and sampling programme are planned for the Balama South project during late 2014.

In a press release dated 31 July 2014, Triton announced that an initial limited reconnaissance exploration programme had located graphitic mineralisation outcropping in a number of locations over a distance of approximately 2km in the central section of Licence 5304. Included in the outcropping mineralisation were numerous occurrences of large flake graphite mineralisation and the presence of vanadium hosting roscoellite. This mineralisation shows a number of similar characteristics to the graphitic outcrops at the company's Balama North project.

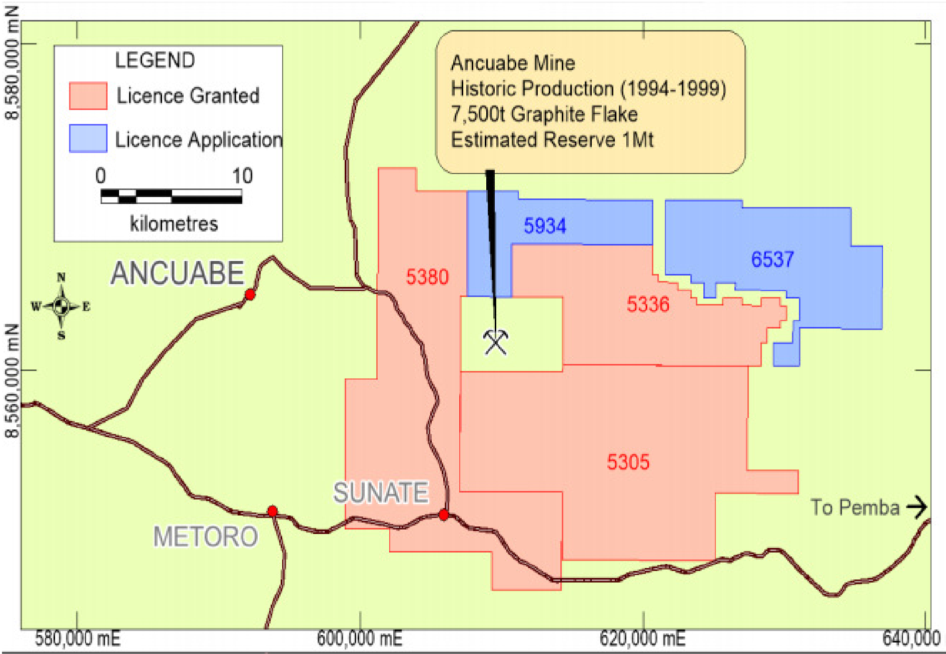
A contract has been awarded for an airborne geophysical (VTEM) survey over the Balama South project. This early stage exploration technique has been very successful in delineating graphite mineralisation.

Ancuabe

The Ancuabe leases were visited but no drilling was being conducted at the time of the visit. However, the Triton leases surround the old Ancuabe Mine, which is now owned by AMG Mining, part of the AMG Advanced Metallurgical Company, a Dutch speciality metals company. We visited the plant which we believe was mothballed in the late 1990's and is now in the process of being made ready for recommissioning. The reason for this is that in November 2013, AMG were granted a new 15 year mining licence. Historically, the mine produced 7,500t of graphite flake between 1994 and 1999 when it was shut down due to low graphite prices caused by Chinese exports.

It was announced on 31st July 2014 that a contract has been awarded for an airborne geophysical (VTEM) survey over the Ancuabe project.

Exhibit 11: Overview of the Ancuabe project exploration license areas



Source: Triton

By the end of the 2014 exploration season, this survey had been completed and multiple target areas identified. Further, high grade large flake graphite has been identified across the project, with numerous flake graphite exposures located in the north-west of the leases.

Exhibit 12: The AMG processing plant

Source: FDC

AMG believes that at full capacity the plant will be able to produce 6,000tpa of graphite concentrate per year. Triton estimates that the AMG resources are only sufficient for a mine life of around 6 years, thereupon AMG will be looking for feed for its mill.

High grade large flake graphite has been identified across the project area and Triton has or has applied for licences totally surrounding the Ancuabe Mine. Numerous flake graphite exposures have been located in the north-west sector, constituting high quality targets to be drill tested. These targets have been defined and drilling is expected to commence after the completion of the VTEM survey.

One of the major advantages of a potential mine in this area is that it has excellent logistics, being only approximately 60km from the port of Pemba along an excellent road.

The Graphite Market

Graphite

Graphite is an allotrope of carbon. Graphite, meaning "writing stone", was named by Abraham Gottlob Werner in 1789 from the Ancient Greek γράφω (graphō), "to draw/write", for its use in pencils, where it is known as lead (not to be confused with the metallic element lead).

Graphite is the most stable form of carbon under standard conditions. Graphite occurs in metamorphic rocks as a result of the reduction of sedimentary carbon compounds during metamorphism. It also occurs in igneous rocks and in meteorites. Minerals associated with graphite include quartz, calcite, micas and tourmaline. In meteorites it occurs with troilite and silicate minerals. Small graphitic crystals in meteoritic iron are called cliftonite.

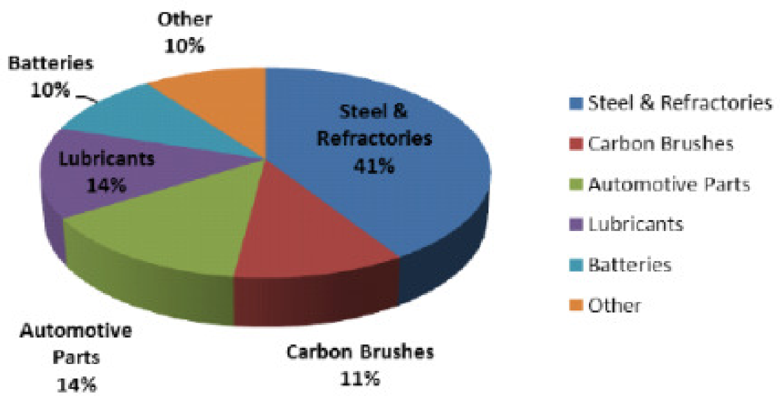
Graphite has a layered, planar structure. In each layer, the carbon atoms are arranged in a honeycomb lattice with separation of 0.142 nm, and the distance between planes is 0.335 nm. The two known forms of graphite, alpha (hexagonal) and beta (rhombohedral), have very similar physical properties, except that the graphene layers stack slightly differently. The alpha form can be converted to the beta form through mechanical treatment and the beta form reverts to the alpha form when it is heated above 1300 °C.

Graphite is one of the most stable forms of carbon. Its four main properties are:

- It is an excellent electrical conductor
- It forms extremely strong cohesive bonds
- It is heat resistant to 3,000 ^{0}C
- It is resistant to solvents, dilute acids and fused alkalis.

These widespread properties have seen demand increasing rapidly, with the major uses being refractories, batteries, steelmaking, expanded graphite, brake linings, foundry facings and lubricants.

Exhibit 13: Common uses for Graphite



Source: Triton, quoted from Mackie Research Capital 2011

Today 95 % of the EU's graphite is imported from China who currently accounts for almost three quarters of world graphite production. Only one of the reasons why the EU raw materials initiative identified graphite as a critical high tech raw material. China's raw material export restrictions and a graphite industry that experiences high growth rates with the lithium battery industry and electromobility being the main drivers in need have fostered the development of numerous graphite projects outside China.

Graphite consists of a stack of individual carbon layers in which the carbon atoms are arranged in a honeycomb structure, individual layers being weakly held together. This structure results in very good heat and electrical conductance within the layers, flexibility, high resistance to chemical attack and its highly refractory character.

These unique properties make natural graphite the material of choice for a wide variety of applications including steel manufacturing, refractories, lubricants, automotive parts, carbon brushes, batteries and a variety of other applications. Besides these rather traditional uses there is a wealth of emerging applications including lithium ion batteries, fuel cells, pebble bed nuclear reactors, ceramic armour tiles and a variety of special applications of graphene in the high-tech industry which will lead to a greatly increased demand.

Graphite is traded in amorphous (70-85% C), flake (85-90% C), vein (90-96% C) and synthetic (97-99% C) grade. Prices achieved for the grades are dependent on carbon content, flake size, ash levels, impurity levels and impurity types. Flake or vein graphite can be processed to the high value expandable graphite or spherical graphite qualities which are obtained by a sequence of processing steps ending up with a high purity product. Flake graphite is playing a key role in the green energy revolution since electromobility and energy storage solutions rely on spherical graphite as anode material in Lithium ("Li") ion battery technology offering higher power densities, being lighter and more compact than conventional batteries. Graphite consumption in Li ion batteries is more than 20 times that of Li. Amorphous graphite is used in applications such as brake linings, refractories and steelmaking.

Graphene, a material consisting of just one single carbon layer, is of considerable interest and holds tremendous potential for many emerging and highly advanced technical applications since it combines the favorable physical properties of graphite such as superior strength and flexibility compared to steel and extremely good heat and electrical conducting properties with transparency making it a superior material.

Natural and Synthetic Graphite

There are two separate forms of graphite, synthetic graphite and natural graphite.

Synthetic graphite is manufactured from petroleum coke. This is a long, expensive and energy intensive process. It has different physical properties from natural graphite and the two types of graphite only compete in very small, speciality niches which does include lithium ion batteries. The total market for synthetic graphite is approximately US$12B, with three major components. These are carbon electrodes for electric arc furnaces, US$5.5B, carbon fibre including composite materials, US$4B and shapes and others US$2.5B.

The natural graphite market in 2012 was 710kt pa, split between amorphous graphite with a demand of 290kt and flake graphite with demand of 420kt pa. There is also a small market for vein graphite of around 10kt pa. This hides a growing divergence in the markets for flake and amorphous graphite. Between 2004 and 2012 the CAGR for amorphous graphite declined at 8.3% and the CAGR for flake graphite was 3.1%.

There is a posted price for graphite which provides a guideline with respect to longer term trends but transactions are largely based on direct negotiations between the buyer and seller. Graphite prices are also a function of flake size and purity with large flake (+80 mesh), 94% carbon varieties commanding premium pricing. Prices exceeded US$1,300/t in the late 80's but crashed to US$600-750/t in the 90's as Chinese producer's dumped product on the market. During this period there was essentially no exploration and no new mines have been built in the west for over 20 years.

Graphite prices did not start to recover until 2005 and surpassed US$1,300/t with premium product selling at up to $3,000/t as the supply of large flake, high carbon graphite was tight in early 2012. Price appreciation was largely a function of the commodity super cycle and the industrialization of emerging economies as new, high growth applications such as Li ion batteries are only beginning to have an impact on demand and consumption. Graphite prices have since declined to the $1,300/t area for large flake graphite due to the slowdown in China and the lack of growth in the global economy generally.

Three types of natural graphite

Graphite Type	Description
Natural flake	Typically found as discrete flakes ranging in size from 50-800 micrometers in diameter and 1-150 micrometers thick. Normally sold by size and flake size.
Natural amorphous graphite	Most abundant form of graphite, occurring in veins. Typically higher in ash than other forms of natural graphite, since it is deposited contemporaneously with other mineral matter that flows into swamps, bogs, deltas, and other "coal producing" environments. Therefore requires extensive processing for higher value applications.
Natural vein/crystalline graphite	Only produced in Sri Lanka. Asmined material is available in seizes ranging from fine powder to 10cm lumps.
Synthetic graphite	Produced by a long. Expensive and energy intensive process and is therefore very expensive, between US$10K and 20K/t. Global market is just over 1Mt pa

Vein

Vein graphite, also known as crystalline vein graphite, Sri Lankan graphite, or Celyon graphite, is a naturally occurring form of pyrolitic carbon (solid carbon deposited from a fluid phase). Vein graphite has a morphology that ranges from flake-like for fine particles, needle or acicular for medium sized particles, and grains or lumps for very coarse particles. As the name implies, this form of graphite occurs as a vein material. Vein fillings range in size from 1-150 cm. "As mined" material is available in sizes ranging from fine powder to 10 cm lumps.

Vein graphite has the highest "degree of crystalline" perfection of all conventional graphite materials. As a result of its high degree of crystallinity, vein graphite is utilised extensively in "formed" graphite products that are used in electrical applications. Many of the highest quality electrical motor brushes and other current-carrying carbons are based on formulations using vein graphite.

In friction applications, vein graphite is used in advanced brake and clutch applications. Other applications include most of those that can utilise flake graphite.

Flake

Flake graphite is a naturally occurring form of graphite with graphite crystals present in the form of discrete flakes. Individual flakes can be easily recognized by naked eye with typical sizes ranging from fine (<150 µm or 100 mesh) to coarse (>150 µm). Typically graphite occurs as disseminated flakes in metamorphic rocks (e.g gneisses) displaying carbon grades ranging from 5 to 30 wt.-%. Such can be concentrated by physical processing and purified by advanced thermal technology and chemical purification techniques into high purity products +99.9 wt.%. Specifically large flake sizes are sought after since they are needed for high purity, technology grade graphite applications such as the production of spherical graphite used in Li-ion batteries. Graphite flakes are made up of parallel sheets of carbon atoms in a hexagonal arrangement. It is possible to insert other chemical species between the sheets, a process termed intercalation, thereby modifying its structure and tuning its physical and chemical properties. Graphite can be intercalated with sulfuric and nitric acids which will serve as a feed material for production of expanded graphite from which foils are formed that are used in seals, gaskets, and fuel cells.

Large flake grades make just over 20% of total flake graphite output of 375,000 tonnes in 2013, and with competition for these grades from other traditional markets (i.e. the refractories sector), new projects are likely to be required to meet the battery market demand.

Flake graphite deposits are generally found at or near surface and are therefore amenable to open-pit mining. There are significant flake graphite deposits in China, India, Brazil, Germany, Canada, Mozambique and North Korea with recent production dominated by China (60%) and Brazil (23%).

It is normally sold in three different sizes, -100mesh (-150 microns), +100 mesh (150 microns) and +50 mesh (300 microns). Buyers tend to prefer high-grade, large-flake graphite for their products, with the coarser material being used in lithium-ion batteries and commanding a premium price.

Amorphous

Amorphous graphite is a term used for microcrystalline graphite occurring in masses that consist of individual very fine graphite crystals at the µm-scale that cannot be resolved by naked eye or optical microscopy. It is the most abundant form of graphite. It is typically formed from anthracite, i.e. thermally metamorphosed coal seams during a metamorphic event, i.e. the action of temperature or pressure due to intrusion of a magmatic body or a tectonic event. Amorphous graphite deposits typically show total graphitic carbon contents (TGC) ranging from 20 to 40 wt.%, while amorphous graphite products will be in the range 70 to 85 wt.%. Therefore, amorphous graphite is typically lower in purity than other natural graphite. This is due to an intimate contact between graphite micro crystals and the mineral impurity phases with which it is associated. This close graphite/impurities association makes flotation and other density and chemical based separation techniques inefficient if not impossible.

Due to its limited purity and flake size amorphous graphite is mainly used in standard commodities (lubricants, brake linings, refractories, steelmaking where higher ash contents are acceptable) and is the lowest priced graphite. Major deposits of amorphous graphite are found in China and Mexico; there are also deposits in the United States and in Europe.

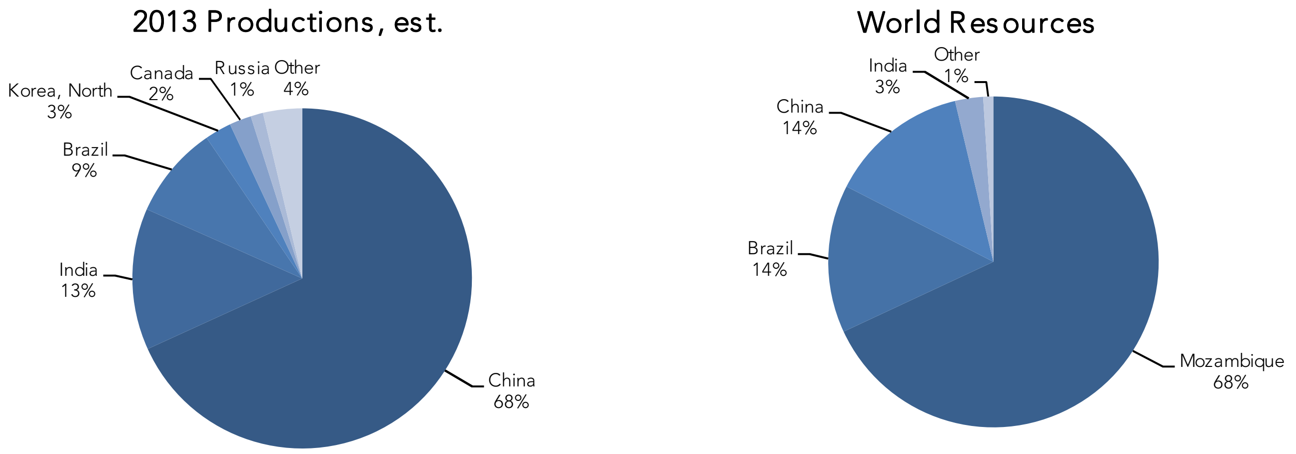
The term "amorphous graphite" is a contradiction in terms. All graphite is crystalline by definition, therefore it is impossible for graphite to be amorphous. However, the term was applied due the anhedral (no visible crystallinity) morphology of this form of graphite. To the untrained eye a piece of amorphous graphite simply looks like a lump of anthracite coal. However, it is much denser than anthracite, 2.2g/cc vs. 1.7g/cc, and is soft and lubricious. Amorphous graphite is a seam mineral. It is formed by the metamorphism of previously existing anthracite coal seams. It is typically higher in ash than other forms of natural graphite, since it is deposited contemporaneously with other mineral matter that flows into swamps, bogs, deltas, and other "coal producing" environments.

Amorphous graphite is the least "graphitic" of the natural graphite types. It is extracted using conventional coal-type mining techniques. Most of the current supply of amorphous graphite available in the United States is imported from Mexico and China. Amorphous graphite is used in many lubricant products especially greases, forging lubricants, etc. In applications where higher ash contents are acceptable or preferred this type of graphite is a good choice.

Supply

China accounts for 68% of the world's supply and 45% of the world graphite reserves according to the 2013 United States Geological Survey. However, the survey did not include any resources in Mozambique and the World Resources chart in Exhibit 14 has been adjusted for this admission.

Exhibit 14: Graphite Production and Resources Distribution



Source: U.S. Geological Survey, Mineral Commodity Summaries, February 2014; Triton; Syrah Resources

Note: Mozambique resources are those published by Syrah Resources and Triton Minerals

A further 42kt is produced in Northern Korea, Zimbabwe and Ukraine which is probably best described as unreliable production and which represents a further 3.5%. Although we have only produced the figures for 2013, they were not significantly different in 2012 and China has dominated the natural graphite market for at least the past 20 years. Its production is mainly in the amorphous and flake graphite categories, whereas Canada and Brazil are predominantly flake graphite producers.

These figures were published in February 2014 and it clearly takes some time for the quoted resources to make their way into the United States Geological Survey, and we would expect Mozambique to make the list next year.

Potential for Production Issues in China

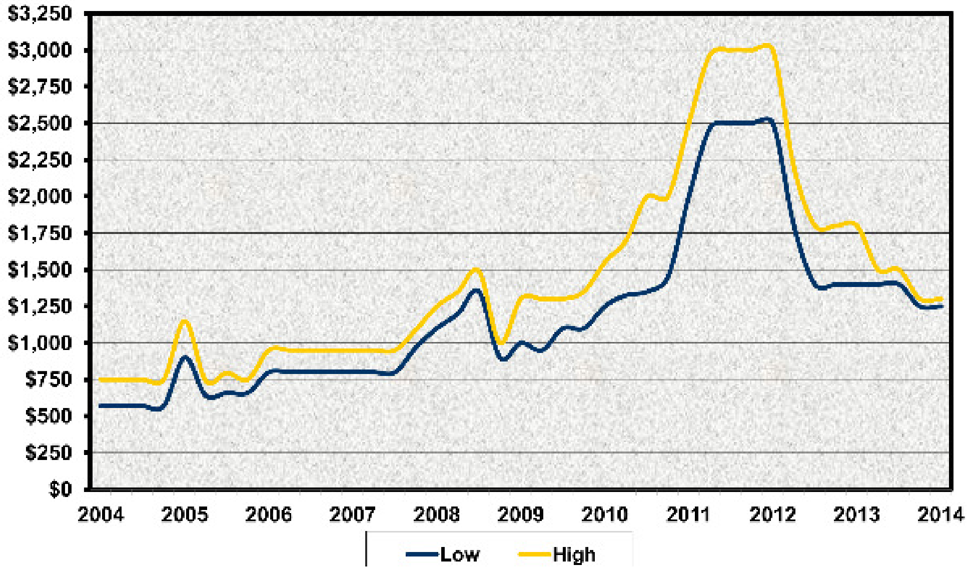
There is a high probability that graphite prices are about to strengthen. There is a major push on reducing pollution in China. This has had a significant impact on graphite production in the country, with China announcing that it is cracking down on polluting mines in 2014 and intends to consolidate mining operations in 2015. More specifically, after a number of years of speculation, it was reported on the 16th of April 2014 that Heilongjiang province in China has officially announced plans to crack down on polluting flake graphite operations and start consolidation of the mines within the next 18 months.

This has put a question mark over the future of the world's largest flake graphite producing region, with the province accounting for 45% of Chinese production and 29% of global output in 2013. It will also come as a major boost to every new graphite exploration project looking to enter the market in the next three years. The potential impact on graphite supply and prices was compounded in early July 2014, when China's second largest flake graphite producing province, Shandong, imposed strict environmental regulations in Laixi county, with over 50% of all companies ordered to stop production on waste water grounds. This impacts 31 flake graphite producers. The Chinese authorities have also been discouraging exports with the introduction of a 20% export tax, the inclusion of 17% VAT and an export licencing system.

This is not the first time that Shandong province has had waste water problems. The mines are centred on Pingdu City and in December 2013 had an ongoing blanket closure of all the processing operations due to graphite dust and waste water pollution.

China currently produces 90% of global graphite production. These moves, plus the announced plans to consolidate the industry in Heilongjiang Province are expected to see 36 mining rights consolidated into 30 by 2015 and 25 by 2020. The seriousness of the situation will only be revealed post September when the Heilongjiang Government begins its inspections.

Exhibit 15: Price Range for +80 mesh, 94-97% graphite (US$/tonne)



Source: Northern Graphite

It is estimated that these moves by the two Chinese state governments could put at least 50% of the flake graphite production under threat throughout 2014. This equates to 24% or 90,000 tonnes of global flake graphite output in 2013. Supply and demand for flake graphite is finely balanced. The last time demand rebounded from a slump was in 2010-2011 when prices rocketed to all-time highs off the back of limited supply and an unforeseen demand surge.

At that time there were no real supply restrictions in place. We could be entering a similar period for the industry now. Demand has been low for the last 18 months which has seen prices erode and capacity come off-stream around the world. We are yet to see any significant demand upturn, but should any rebound coincide with supply cuts in China, then prices could once again increase significantly.

Besides poor environmental practices, the Chinese graphite industry is beset with a number of other problems. Perhaps the most important of these is that it produces material which combines a poor and inconsistent quality with unreliable delivery. These problems, combined with increasing costs, resource nationalism and export restrictions are creating an interesting market for potential new entrants.

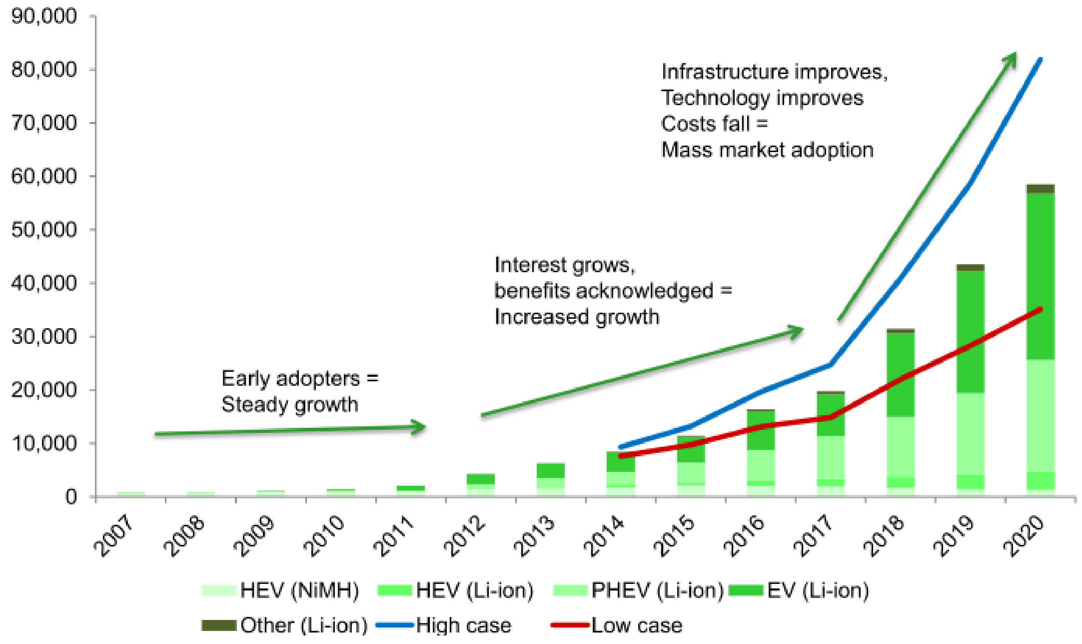
In 2013, Chinese flake graphite production dropped by an estimated 25-30% due to graphite prices declining to US$1,300/t, indicating that the Chinese producers were near the marginal cost of production which should limit further price declines. In a sign that the Chinese are concerned about ongoing supply, Lamboo Resources has agreed to merge with China Sciences Hengda Company Limited ("Hengda"). This will create the first vertically-integrated, stock exchange listed, upstream flake graphite resource company with a down-stream state-of-the-art processing and production facility, which includes spherical anodes and graphene production. On the 18th June 2014, Lamboo Resources signed a binding offtake agreement with Hengda to supply 50,000 tonnes of 90% TGC flake graphite concentrate per annum from its McIntosh mine in Australia.

Both the United States and the European Union have declared graphite a critical supply material.

Demand

The demand for lithium batteries to power automobiles is likely to be one of the biggest growth areas for graphite. It is well known that Tesla has plans to build a new US$5B lithium-ion battery that could potentially increase natural graphite demand by 37% by 2020. The planned output from the new factory, commencing production in 2017, is 35 gWh/year by as early as 2020, which would more than double the size of the current market.

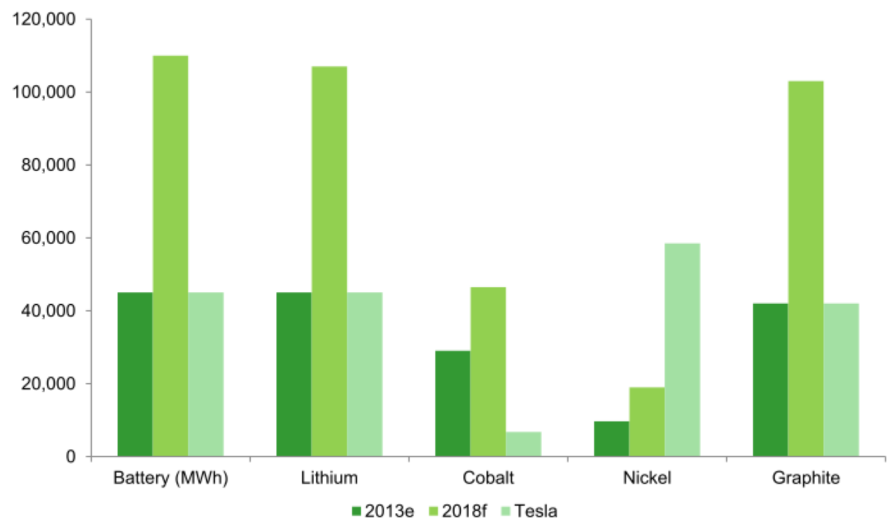
Exhibit 16: Forecast E-car Sales by Type, by Battery Capacity (MWh)



Source: Roskill (2014)

It has been calculated that that this plant alone will consume 28,000tpa of spherical graphite when operating at full capacity. This equates to 93,000 tonnes of flake graphite if produced to today's standards which sees raw material wastage of up to 70%.

Exhibit 17: Impact of the Telsa "Gigafactory"



Source: Navigant Research (2014)

If achieved, battery demand for natural graphite will increase 112% from today's levels of 83,000 tpa. This is assuming no other growth in regions such as Asia which is today's primary consuming region. Depending on one's assumptions as to whether a new, more economical processing technique for producing spherical graphite from medium and large flake graphite will take off over the next two years, then between 6 and 9 new graphite mines will be required just to supply the Tesla battery plant.

An article in the UK Daily Telegraph on the 10th July 2014, entitled "Shale could meet 41% of the UK's gas needs" by the National Grid, stated "Transport is also likely to be affected by the changing energy landscape". The majority of vehicles on UK roads are currently powered by petrol or diesel, and transport is responsible for 23% of UK consumer's greenhouse gas emissions in 2012, almost entirely through carbon dioxide emissions.

While there are just 9,000 electric cars on the road today, government promotion of electrification of transport could see this number soar to 5.4m by 2035. This suggests than an average of 257,000 electric cars will be added to the British roads every year for the next twenty years.

Spherical Graphite

Spherical graphite is the product that most graphite companies are hoping they will be economically able to produce in line with an expected battery demand boom from portable devices and, more importantly, electric vehicles. The process is well known now, but only China produces spherical graphite in commercial volumes. Due to economics, major processing companies located in Germany, Switzerland, Brazil and the US, have not lead the push towards the next generation material. Turning flat flakes of natural graphite into spherical shapes and purifying it increases the surface area and conductivity which creates an enhanced battery anode product. Only flake graphite which can be economically rounded and upgraded to 99.9% purity can be used to make the spherical graphite ("SPG") used in Li ion batteries. The process is expensive and wastes 70% of the feedstock flake graphite. As a result, spherical graphite currently sells for between $3,000-4,000/tonne or three times the price of high quality flake graphite. Although the process for achieving this was developed in Germany it was not patented, leaving the Asians free to commercialise the product. As a consequence, China is the only significant producer today, exporting to partners in Japan and South Korea where the finished coatings are applied.

The skill set to produce spherical graphite is chemical processing, not mining. As we mentioned above, the process methods in place already result in huge amounts of raw material wastage (anything from 60-70%) and rely intensively upon the use of acid which carries environmental implications that many companies want to minimise.

Graphene

Graphene is a nearly pure form of carbon in the form of a very thin sheet, one atom thick. It is remarkably strong for its very low weight and it conducts heat and electricity with great efficiency. While scientists had theorized about graphene for decades, it was first produced in the lab in 2004. Because it is virtually two-dimensional, it interacts oddly with light and with other materials. Researchers have identified the bipolar transistor effect, ballistic transport of charges and large quantum oscillations. It is 200 times stronger than steel and the thinnest material on earth.

Graphene research has expanded quickly since its discovery with high quality graphene proving to be surprisingly easy to isolate. Both the EU and the UK are investing heavily in graphene research. Since its properties were uncovered, more and more scientists have been keen to work on projects. About 200 companies and start-ups are now involved in research relating to graphene. In 2010, it was the subject of approximately 3,000 research papers.

The benefits to both businesses and to the consumer are obvious - faster and cheaper devices which are thinner and flexible. Proposed uses vary from 25 inch flexible touch screens using graphite to adding it to tyres to make them stronger. Samsung, which runs its own research programme with graphite, believe that there will be a dozen products on the commercial market in the next five years. Companies such as IBM and Nokia have also been involved in research. IBM has created a 150 gigahertz (GHz) transistor - the quickest comparable silicon device runs at about 40 GHz.

New applications are being discovered continually, varying from filtration of water, manipulating light for super-fast, sub wavelength optics and in making the world a safer place through its use in aircraft and tyre technology and clothing for defence purposes.

In the short term, the main driver of graphene commoditisation may be additives. Small amounts of graphene platelets (0.05-2%) added to common bulk materials can impart exponential increases in strength e.g. cement (global consumption 3,300Mt/ann), and aluminium (50Mt) allowing less material/lighter builds. Similar additions of graphene to steel (1,606Mt) can impart anti-corrosion properties and plastics (288Mt) can become conductive. Conductive inks and 3-D inks are similarly productive applications.

Currently, the biggest problem for graphene is on the supply side. Most production methods are not scalable to the large quantities required to guarantee supply and drive uptake. Further, the platelets are very expensive when compared to most other materials and the lower cost production techniques that are scalable produce lower quality material that limits its applications.

Vanadium

Triton has said very little about vanadium so far. It was first mentioned in a press release on the 17th September 2013 when some intersections at Cobra Plains were mentioned. The assays were quoted over 2m intervals, but in actual fact the vanadium intersections were up to 16m wide with the grades over the 2m intervals being between 0.1%V and 0.36% V. There are various methods of assaying for vanadium, some reporting vanadium or V and others reporting vanadium pentoxide or V_2O_5. More positively, there was a correlation between the high grade graphite assays and the high grade vanadium.

The second mention of vanadium was on the 4th of August 2014. The initial analytical results returned an average vanadium grade of 0.13% V, equivalent to 0.23% V_2O_5. This hid the fact that there were some very good intersections, including 2m at 0.36%V, 2m at 0.31%V and 2m at 0.32% V. In the appendix to the announcement where the vanadium assays were reported in more detail and using a 0.05%V cut-off grade, the figures showed vanadium intercepts of up to 82m at mineable grades.

Triton have highlighted the fact that vanadium can economically be mined at grades as low as 0.05%. It must also be remembered that the vanadium is extracted after the graphite. The graphite grades are now being quoted with a 10% TGC cut-off, so that by the time the vanadium ore reaches the vanadium extraction plant, the feed grade will have increased by approximately 10%. There are indications that the vanadium occurs in large flakes up to 400microns in size, and this would be ideal for recovery by flotation.

Other minerals

In the Triton press releases there have been repeated references to multi- element mineralisation. No mention of anything other than graphite and vanadium have been made to date, but we are aware that there is zinc in the ore body. We are not aware of any metallurgical test work having been conducted on zinc.

Future Work Programme

The phase one drilling programme was designed to delineate the overall width of the graphite mineralisation and has identified several high grade zones. The phase two drilling is now focused on testing the continuity of the multitudes of interpreted high grade zones along the entire strike length which now extends for more than 3.2km and with a width of 1km and includes an Indicated Resource. This is important since Triton requires an Indicated or Measured Resource before a Scoping Study with financial forecasts can be made public.

The drilling will also expand the current resource which is known to be open to the north, south and west. Finally, a systematic multi-element assaying programme is now underway to assess the potential for economic concentrations of vanadium as is suggested by the vanadium assays.

Exhibit 18: Work Programme for 2014-2015

Proposed Exploration Plan	2014			2015	
	Q2	Q3	Q4	Q1	Q2
Metallurgical and Petrographic test work					
Phase 3 RC and Diamond Drilling Nicanda Hill					
Mapping, Rock Chip Sampling, Trenching Charmers and Black Hills					
Scoping Study (extended to include Nicanda Hill)					
VTEM Survey at Balama South and Ancuabe					
Inferred and Indicated JORC Resource for Nicanda Hill					
Reconnaissance drilling Charmers and Black Hills					
Reconnaissance mapping and rock chip sampling Balama South and Ancuabe					
Feasibility and Development work					

Source: Triton

Note: the above programmes only indicative and timing subject to change depending on exploration results and funding; Red – work completed; Yellow – proposed work.

Valuation

Background

Triton Minerals has been valued on the basis of its advanced Balama North project and we have applied a number of scenarios that will assist with understanding the value inherent in the this project.

We have not attributed any value to Ancuabe and Balama South given they are early stage exploration projects, with little or no drilling, resulting in a maiden resource being currently unachievable. However, following our site visit, we believe that eventually these will be viable mines.

Finally, we have not attributed any value to the other projects in the Company portfolio and we note that several have effectively been "for sale" for a period of time. We understand that a number are subject to discussions which are underway and may result in cash inflows to the Company.

Valuation Technique

We have valued the Balama North Graphite Project using Net Present Values. Our valuation is based only on the Nicanda Hill deposit. We have modelled the operation on a quarterly basis for the proposed life of mine as determined by the FDC mining plan, with the mine starting in late 2017. As no scoping study currently exists, we have had to formulate our own. This plan is based very much on mining the shallow portions of the Macico, Grande and Mutola zones. The mine life extends until the end of the December quarter 2037. At that time we believe that there would be in excess of a billion tonnes of ore remaining, but it would not significantly impact on a net present value calculation. For the base case valuation we have assumed that only the current high grade ore is mined, with a cut-off grade of 14% TGC. All this material is assumed to be open pittable with a strip ratio of 0.5:1. Since the ore body outcrops we believe that this is very achievable. The ore body is known to extend at depth but any underground potential has been ignored. Although the grade of the Mutola zone is 15.2% TGC, we have allowed for some dilution during mining.

The assumptions used are:

Graphite Price	US$967/t
Graphite grade	14%
A$:US$ Exchange rate	0.81
Mining Rate	1Mtpa
Strip ratio	0.5:1
Discount rate	15%
Mining cost	A$3/t
Processing cost	A$30/t
G&A costs	A$1.5/t
Government Royalty	3.0%
Tax	32%
Government Free Carry	NA
Initial Capex	US$110M
Sustaining capex	US$1M pa

Fox-Davis has constructed its own model, using an average graphite price of US$967/t across the life of the mine but significantly lower exchange rates, the A$ buying around US$0.81 and derived a net present value of A$189M. This figure is based on a mine life of 20 years and 100% ownership of the Balama North ore body, a 3% royalty rate and a 32% tax rate. We have allowed for US$40/t for transport from the mine to the port and for port duties with a further US$60/t for sea freight. We have further assumed there are no tax losses that can be written off against income once the mine starts production. We have not given any value to Balama South or Ancuabe.

Potential Upside

There is significant upside to Triton. Apart from Ancuabe and Balama South, both of which we have not considered in the above valuation. There is also significant potential to increase the value of Balama North. Triton believe that there is upwards of 3Bt of inferred resources and our modelling only includes the mining of 20Mt of ore. Therefore there is significant upside to extending the mine life and/or increasing production, with a 2Mt pa plant seen as very achievable. This would realise economies of scale.

No vanadium has been included in our model. It is known that there is vanadium in the ore body, but much more work needs to be conducted before we include it. There may also be the potential to produce a zinc concentrate. It is known that zinc exists in the ore body but we have not seen any zinc assays and are therefore unable to include it in the valuations.

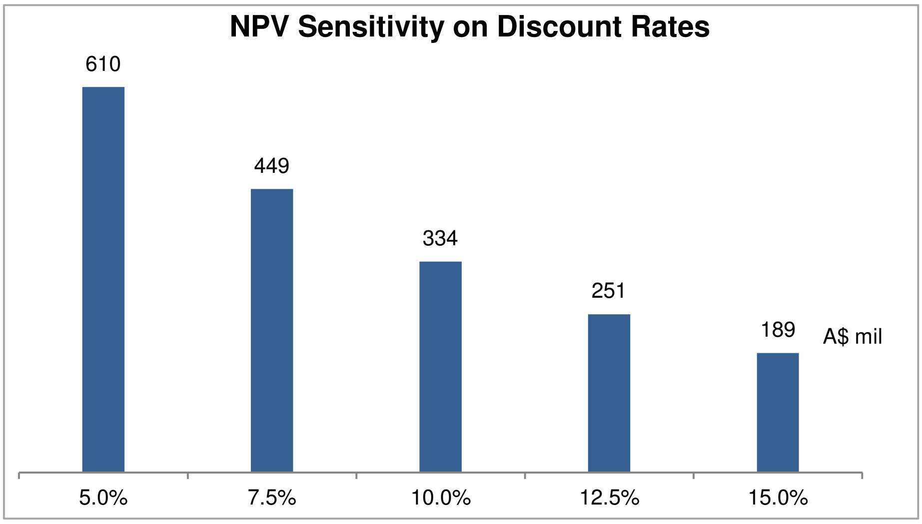
Triton has discovered three high grade seams of graphite at Balama North. Using a 5% TGC reporting cut off, approximately 52% of the Nicanda Hill deposit is contained within the combined, Mutola, Macico and Grande zones, which is approximately 756 Mt of graphitic material at an average grade of 11.5% TGC. Triton verifies using a 12.5% TGC reporting cut off, these three high grade zones contain 213.6 Mt of graphitic material at an average grade of 13.7% TGC. Finally, Triton notes at a 15% TGC cut off, 100% of the very high grade mineral resource, namely 28.1 Mt of graphitic material at an average grade of 15.8% TGC is completely contained within these three high grade zones. We have run our model at 14% TGC, but there is obviously the opportunity to commence operations at higher grades.

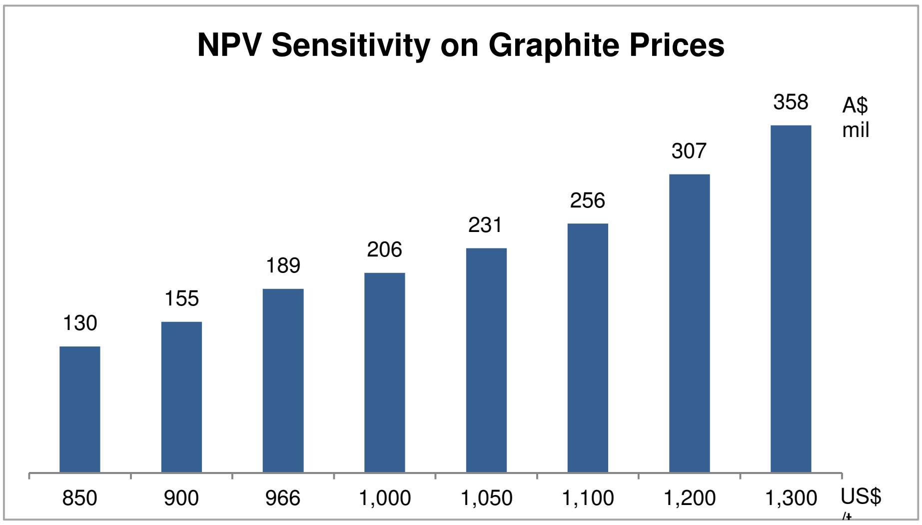
Flake size is very important in valuing graphite, the larger the flake size the higher the price. There are only preliminary estimates of the flakes sizes that will be produced from Balama North at the moment. This problem is being addressed with the current metallurgical testing, the results of which should be available in the December quarter 2014. To demonstrate the sensitivity of the project to the average graphite price received we have included a sensitivity table below.

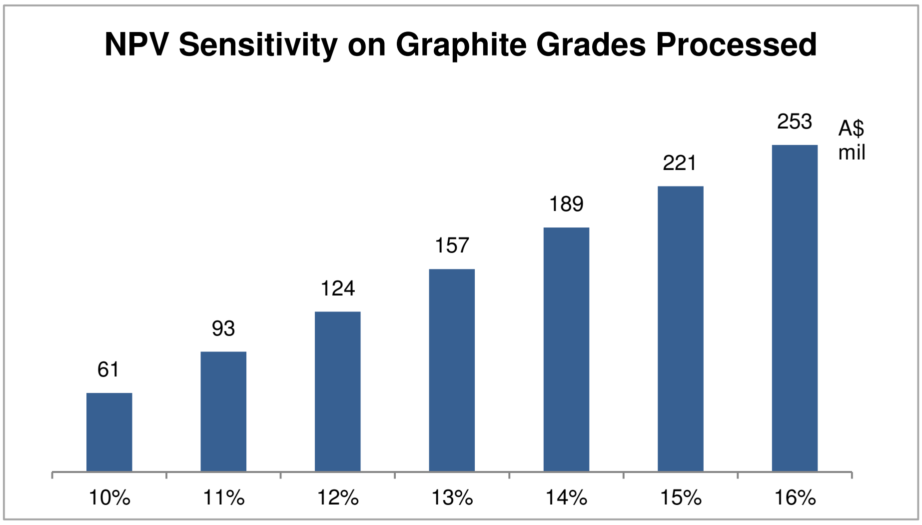
We have also run the sensitivity of the Balama North Project to the discount rate. Our base case has been run at 15% to reflect that there are only indicated and inferred resources and the metallurgy is current uncertain, as is the graphite grade that will initially be fed through the mill. As these issues are resolved, and off-take agreements are signed, and the project effectively de-risked, there will be significant scope to lower the discount rate and the sensitivity table demonstrates the impact to the net present value of lowering the discount rates.

Lastly, we believe that the US$30/t processing cost forecast is significantly too high. Accordingly, we have run the model at US$20/t and this boosts the base case NPV of US$189.1M up to US$290.9M.

Sensitivities







Financial Summary

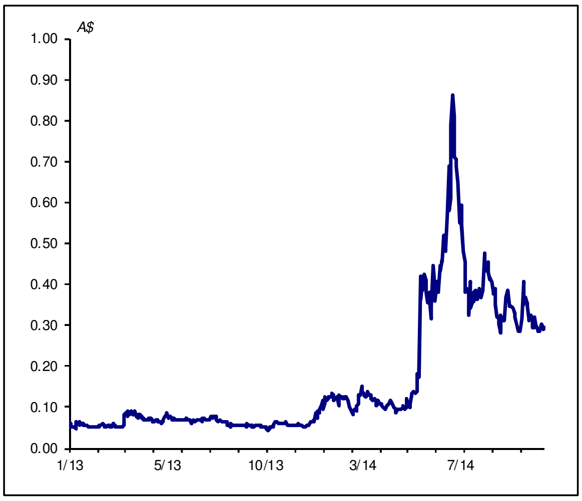
Company Name

Current: A$0.295 (£0.16) Recommendation: BUY (Target: A$0.52 / £0.29)

Triton Minerals (ASX)

December year-end		2013	2014F	2015F	2016F	2017F	2018F	2019F
PROFIT & LOSS (A$ M)								
Sales revenue		0.0	0.0	0.0	0.0	52.0	121.6	130.9
Dividends received		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating costs		1.8	2.3	2.2	2.2	29.7	62.7	65.0
Exploration write off		0.1	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation/amortisation		0.0	0.0	0.0	0.0	3.5	7.7	8.0
Other expenses		0.0	1.0	0.0	0.0	0.0	0.0	0.0
EBIT		(1.9)	(3.3)	(2.2)	(2.2)	18.8	51.1	57.9
Net interest expense		(0.0)	(0.1)	0.2	0.9	4.3	4.7	3.7
Pre-tax profit		(1.8)	(3.2)	(2.4)	(3.1)	14.5	46.4	54.2
Income tax expense		0.0	(0.4)	(0.7)	(0.9)	4.3	13.9	16.3
Minorities, pref divs		0.0	0.0	0.0	0.0	0.0	0.0	0.0
NPAT (inc significant items)		(1.8)	(2.8)	(1.7)	(2.2)	10.1	32.5	37.9
NPAT (equity)		(1.8)	(2.8)	(1.7)	(2.2)	10.1	32.5	37.9
Significant Items (post tax)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
NPAT (exc significant items)		(2)	(3)	(2)	(2)	10	32	38
DIVISIONAL EBIT (A$ M)								
Balama		0.0	0.0	0.0	0.0	21.0	53.4	60.1
Total Divisional EBIT		(2)	(3)	(2)	(2)	19	51	58
CASHFLOW (A$ M)								
EBITDA		(1.9)	(3.2)	(2.2)	(2.2)	22.3	58.9	65.9
Exploration write off		0.1	0.0	0.0	0.0	0.0	0.0	0.0
Tax paid		0.0	0.2	0.7	0.9	(4.3)	(13.9)	(16.3)
Working capital / other		0.3	0.9	(0.1)	(0.3)	(4.3)	(5.4)	(4.1)
Gross operating cash flow		(1.4)	(2.2)	(1.6)	(1.6)	13.7	39.5	45.5
Capex / exploration		(1.5)	(5.2)	(8.2)	(70.6)	(58.7)	(1.1)	(1.2)
Net investments		(0.0)	(6.1)	0.0	0.0	0.0	0.0	0.0
Other investing		(0.2)	(0.0)	0.0	0.0	0.0	0.0	0.0
Free cash flows		(3.2)	(13.5)	(9.7)	(72.2)	(45.1)	38.4	44.3
Change in net debt		(1.4)	(0.1)	9.9	72.8	48.1	(35.1)	(41.7)
Equity raised		3.0	13.5	0.0	0.0	0.0	0.0	0.0
Dividends paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financing		1.5	0.1	(0.1)	(0.6)	(3.0)	(3.3)	(2.6)
Financing cash flows		3.2	13.5	9.7	72.2	45.1	(38.4)	(44.3)
BALANCE SHEET (A$ M)								
Cash & deposits		1.6	1.8	1.9	9.2	21.1	36.1	37.9
Trade debtors		0.1	0.0	0.0	0.0	3.0	3.3	4.0
PPE		0.1	0.1	6.0	76.5	131.8	125.2	118.4
Exploration		1.6	6.6	8.9	8.9	8.9	8.9	8.9
Other assets		1.7	7.9	7.9	7.9	10.9	14.9	17.9
Total assets		5.0	16.4	24.7	102.5	175.7	188.4	187.1
Current borrowings		0.0	0.0	0.0	0.0	0.0	30.0	20.0
Non-current borrowings		0.0	0.0	10.0	90.0	150.0	130.0	50.0
Other liabilities		0.0	(7.0)	(7.0)	(7.0)	(4.0)	(33.8)	17.0
Total liabilities		1.8	(7.0)	3.0	83.0	146.0	126.2	87.0
Total shareholders' equity		3.2	23.4	21.7	19.5	29.7	62.2	100.1
EQUITY PRODUCTION								
Balama	Kt	0.0	0.0	0.0	0.0	60.5	134.4	134.4
CASH COSTS								
Balama	(A$/t)	0.0	0.0	0.0	0.0	390.0	391.5	392.4
ASSUMPTIONS		**2013**	**2014F**	**2015F**	**2016F**	**2017F**	**2018F**	**2019F**
Graphite price	US$/t	N/A	808.0	819.0	776.0	739.0	787.0	818.0
Australian Dollar	USDAUD	0.97	0.91	0.86	0.85	0.86	0.87	0.84
British Pound	USDGBP	1.56	1.66	1.62	1.61	1.59	1.59	1.63

SHARE PRICE PERFORMANCE



52-week low/high	A¢		5 / 90	
Market value	(A$ M)		91.5	
Valuation	**HJ15**	**NPV**	**@%**	**value**
Balama	(A$ M)	189.1	15%	189.10
Hedging	(A$ M)			0.0
Exploration	(A$ M)			0.0
Corporate/Other	(A$ M)			-6.4
Total	(A$ M)			182.7
Less net debt (cash)	(A$ M)			-1.8
Valuation	(A$ M)			184.5
Total diluted shares	(M)			354.2
Valuation per share	(A¢)			52.1

SENSITIVITY	**-10%**	**-5%**	**+5%**	**+10%**
valuation (A¢) for % change in				
Capex	5.3%	2.3%	-2.6%	-5.1%
Operating costs	11.3%	5.7%	-5.7%	-11.3%
Graphite price	-25.6%	-12.9%	12.9%	25.9%
Australian Dollar	11.1	5.3	-4.8	-9.1

	2013	**2014F**	**2015F**	**2016F**
Diluted shares on issue	86.8	285.8	316.1	316.1
EPS pre amortisation (c)	(2.1)	(1.0)	(0.5)	(0.7)
EPS growth (%)	NA	(0.5)	(0.5)	0.3
PER (x)	(2.8)	(35.7)	(65.3)	(50.3)
Enterprise value (A$ M) *	89.9	89.7	99.6	172.3
EV*/EBITDA (x)	(40.1)	5.9	2.3	3.5
ROA (%)	-55.2%	-22.4%	-9.8%	-2.4%
ROE (%)	-449.8%	-26.1%	-7.5%	-10.6%
Effective tax rate (%)	30.0%	30.0%	30.0%	30.0%
Net debt/equity (%)	-51.0%	-7.8%	37.0%	413.6%
Net debt/net debt+equity (%)	-104.2%	-8.4%	27.0%	80.5%
Net interest cover (x)	60.7	48.3	-12.5	-2.5

* forecasts based on current market cap

Comparison with Syrah

No report on Triton without a comparison with Syrah Resources would be complete. They are both Australian companies successfully exploring for graphite in Mozambique. The major ore bodies of both companies contain the word Balama, the nearest large town. In all probability the two companies own parts of the same ore body.

Timing Difference

The key difference between the two companies is the date that they started exploring in Mozambique. Syrah started in early 2012, having announced a new business focus on Africa on the 25th October 2011. Graphite was first mentioned on the 11th of November 2012, when a press release stated that the initial planned exploration focus would be in Mozambique and more explicitly, looking for graphite and vanadium in the Balama area. Oddly, the next reference to Balama on the Syrah website is the December 2012 quarterly report which details the maiden mineral resource for Balama West. Chronologically, the website then goes back to the 1st March 2012 and details initial metallurgical test work from a bulk sample obtained from trenching which also revealed vanadium. The first drill interceptions at Balama were reported on the 23rd May 2012. These were only visual observations of graphite, albeit over an excellent length of 287.5m. On the 5th of June 2012, the vanadium potential of the ore body became apparent when the assay results for vanadium from trenching samples were released. The first drill hole results were released on the 30th August 2012 when high grade graphite and vanadium were confirmed. It was only on the 20th August 2013 that the vanadium metallurgical results were announced and were soon followed by several sets of infill drill results from the Ativa zone as the ore body was drilled out to take it from the inferred to the indicated category.

Triton is approximately 12 months behind Syrah, the rights to the graphite deposits being acquired in June 2012. After completing due diligence, Triton committed to the graphite deposits in October 2012 but exploration did not really commence until Jigsaw Geoscience were engaged to start the first phase of graphite exploration at both Balama and Ancuabe in February 2013. Similarly, Syrah's maiden ore resource was released in January 2013 for Balama West which was followed by the maiden resource for Balama East in May 2013. Tritons maiden ore resource was releases in March 2014. Triton, whilst recognising that their ore contained vanadium, concentrated their efforts on the graphite component. The maiden resource figure for Nicanda Hill was released at the end of October 2014 and this did include vanadium assays. However, it was only based on approximately 50% of the drill hole results. Once all the assays have been received, a new resource figure will be released and the indicated resource content is expected to increase.

Syrah delivered a scoping study in late 2013 and the Bankable Feasibility Study is due any time now, whereas Triton's scoping study is due late this month, November 2014. On the subject of off-take agreements, Syrah has signed two, one for between 80 and 100ktpa with Chinalco which was announced in March 2014 and the second with Asmet for between 100 and 150ktpa which was signed in late April 2014. Lastly, the Syrah vanadium study was published in late July 2014, whereas Triton focused on the graphite assays first and only now is work being conducted on vanadium.

Other Graphite Projects

There are many graphite projects located around the world. We have focused our attention on those which currently have resources, as opposed to being exploration companies. One of the most surprising aspects of this table, is that most of the graphite deposits are small and low grade. There are only four deposits that are in excess of 100Mt, and with the exception of Syrah all grade below 10%TGC. This quick review of the potential graphite producers does not include by-products, which certainly has a large impact of the valuation of Syrah and most likely in the future, Triton, nor does it include an analysis of the size distribution of the graphite to be produced. This s extremely important since large sized flaked graphite can enjoy a premium of up to 50% on the finer material.

Due to the high grades of some of the deposits, such as Vittangi in Sweden, where there is currently a Measured and Indicated Resource of 5.6Mt grading 24.6% TGC, it could easily produce an output of 100,000tpa of graphite over an extended period. This ore body is still open in several directions and there are also high grade Inferred resources.

	Triton Minerals	Syrah Resources	Graphite One	Talga Resources	Mason Graphite	Lincoln Minerals	Focus Graphite	Archer Exploration	Kibaran Resources	Flinders Resources
Project	Balama	Balama / Balama East	Graphite Creek	Nunasvaara	Lac Guéret	Kookaburra Gully	Lac Knife	Campoona	Epanko	Woxna
Country	Mozambique	Mozambique	USA	Sweden	Canada	Australia	Canada	Australia	Tanzania	Sweden
Ticker	TON ASX	SYR ASX	GPH TSX-V	TLG ASX	LLG TSX	LML ASX	FMS TSX	AXE ASX	KNL ASX	FDR TSX
Market Cap (US$m)	82.8	502.8	17.7	42.5	35.7	9.6	42.2	11.4	23.2	18.8
Cash (US$m)	1.4	25.0	1.3	0.5	12.7	2.5	10.8	4.9	1.2	10.1
EV (US$m)	78.9	477.8	17.5	42.1	31.2	7.1	40.4	6.6	22.6	12.4
Stage	Exploration	Scoping		Scoping (on Vittangi)	Scoping	Scoping complete	Feasibility	Exploration	Feasibility Underway	Re-opening mine
Measured (Mt / %)		37.5 / 17.5%			4.5 / 15.5%		0.43 / 23.66%	0.32 / 12.7%		1 / 10.7%
Indicated (Mt / %)	3.28 / 11%	30.4 / 16.4%		5.6 / 24.6%	45.5 / 15.6%	1.5 / 13.9%	9.14 / 14.35%	1 / 9.1%	12.8 / 10.6%	1.8 / 10.7%
Inferred (Mt / %)	1.129 / 10.6%	197.73 / 16.7%	284.7 / 4.5%	2.0 / 24.0%	11.8 / 17.1%	0.73 / 17.3%	3.10 / 13.25%	7.2 / 8.9%	9.9 / 9.6%	
Cut-Off (%)	0%	13%	2.0%	10%	5% TGC	5% TGC	3% TGC	5% TGC	8% TGC	7% TGC
Flake Sizing Distribution Summary										
Large Flake % (>75 micron)	76%	66%	N/A	N/A	43%	21%	67%	N/A	85%	68%
Fine Flake % (<75 micron)	24%	34%	N/A	N/A	N/A	79%	33%	N/A	15%	32%
Strip Ratio				4:1	0.76:1		1.7:1		2.2:1	5.3:1
Mine Life	Infinite	Infinite			22 yrs	5 - 7.5 yrs	25 yrs		27 yrs	12 yrs
Operation Costs		$102 / t		A$84 /t	$390 /t	±A$300 /t concentrate	US$458 /t concentrate			$71 / t ore $662 /t graphite
Capex				A$29m	$89.8m	A$48.5m	$166m		A$56m	$5m to restart
Off-take Agreement		100-150 Kt pa. @ $1000 /t				400 Kt pa.	Yes		LOI with ThyssenKrupp 20 Kt pa.	LOI with ThyssenKrupp 2.5 Kt pa.
Production		2016			50 Kt pa; late 2015	25-55 Kt pa; late 2015	44.2 Kt pa	40 Kt pa.	40 Kt pa.	20-30 Kt pa.
High Grade Flake						Yes				
Notes	Contains V_2O_5	Contains V_2O_5, high grade zone only; total resource is 1.15 Bt @ 10.2%	Iron ore and other graphite projects			Several other non-Graphite projects	Proven & Probable Reserves 7.8 Mt / 15.1%	Manganese, magnesite		

Mozambique

The Republic of Mozambique is located in south-eastern Africa, stretching for 1,535 miles along the southeast coast. It is bordered by Indian Ocean to the east, Malawi, and Zambia to the northwest, Tanzania to the north, Zimbabwe to the west, and Swaziland and South Africa to the southwest. The capital is Maputo. It was formerly known as Lourenco Marques before Mozambique achieved independence from the Portuguese. It is located near the Estuario do Espirito Santo, on the west side of Maputo Bay. It is a port city on the Indian Ocean.

Exhibit 19: Map of Mozambique

Source: Geology.com

Mozambique covers an area of 309,496 square miles and has an estimated population of 22,894,000. Bantu speakers migrated to Mozambique in the first millennium, and Arab and Swahili traders settled the region thereafter. It was explored by Vasco da Gama in 1498 and first colonized by Portugal in 1505. By 1510, the Portuguese had control of all of the former Arab sultanates on the east African coast. Portuguese colonial rule was repressive.

Portuguese is the official language of Mozambique. It is spoken by 50.3% of the population. 10.7% of the population speaks it as their first language, while the remaining 39.7% speaks it as their second language. The country is also home to a number of indigenous languages, including dialect of Swahili, Makonde, and XiTswa.

In 2012, the GDP of Mozambique was US$14.6 billion, based on the official exchange rate. At purchasing power parity, this estimate rises to US$26.7 billion while the per capita income was $1,200. It is one of the poorest and most underdeveloped countries in the world. The economy of the country is largely based on agriculture and manufacturing industries. Services accounts for 45.4% of the GDP, followed by industries (29%), and agriculture (25.6%). The unemployment rate stands at 14%. Major industries include food, beverages, chemicals, petroleum products, textiles, cement, glass, and tobacco. Major trade flows are with Netherlands, South Africa, India, and China. It exports aluminium, prawns, cashews, cotton, sugar, citrus, and timber, while it imports machinery and equipment, vehicles, fuel, chemical, foodstuffs, and textiles.

One of the mainstays of the economy has been the Cahora Bassa Dam, a substantial provider of hydroelectricity in Southern Africa. The government has plans to expand the Cahora Bassa Dam and build additional dams to increase its electricity exports and fulfil the needs of its burgeoning domestic industries. The country has 13 major rivers which flow from the central African Highland, giving ample scope for increasing hydroelectric power generation. Mozambique's GDP grew at an average annual rate of 6%-8% in the decade up to 2012, one of Africa's strongest performances. Mozambique's ability to attract large investment projects in natural resources is expected to fuel continued high growth in coming years. Revenues from these vast resources, including natural gas, coal, titanium and hydroelectric capacity, could overtake donor assistance within five years.

There are three major coal projects, each supported by a multi-national corporations being developed currently. These are RIO's 65% owned Benga Project, the Moatize Project operated by Vale and Jindal's Chriodzi project. RIO also owned and managed three other projects in Mozambique. These were the Zambeze Project (100%); Tete East Project (100%); and the Zululand Anthracite Colliery (74%). On the 30th July 2014 RIO announced the sales of Rio Tinto Coal Mozambique to International Coal Ventures Private Limited for US$50M.

The Mozambique Ministry of Oil and Gas has stated that offshore reserves north of Maputo and east of Penda total 104Tcf, mainly located in the Rovuma Basin. However, discoveries continue to be made, with the most recent being the appraisal campaign for the Agulha discovery in Area 4 offshore Mozambique which occurred late in May 2014. Mozambique is also expected to become an oil producer in 2014, albeit on a very modest scale. Longer term, at least two major oil companies are performing scoping studies for gas to oil plants.

A review by the World Bank and SPTEC has estimated that the impact of natural gas and coal on the gross domestic product of the country could see it grow by a factor of 9 between 2010 and 2020.

Investment Risks

Graphite Price

There is a risk relating to the graphite price. Increasing demand and the potential for reduced output and exports from China should in theory provide a buoyant market for graphite price wise. However, there are a raft of new projects globally. To put this into perspective, not many of these projects are anywhere near the size and grade of Triton's Balama North deposit and some are in remote locations and/or where labour costs are significantly higher than Mozambique and the infrastructure leaves much to be desired. Further, not all the projects have the benefits of other commodities that can be economically produced as co-products. On the basis that the better projects get developed, we believe that Triton will be at the forefront of graphite production

Geological

We have no concerns over geological risk. The current strike length, down dip extensions and width of the ore body suggest that there are several billion tonnes within an open pittable scenario. Current grades are high, the cut-off grade now being quoted at 10% total graphite rather than the initial 5%. Added to this is the potential for a vanadium by-product.

Political

There is a distinct political risk developing in Mozambique since the wealth being realised from the developing oil and gas industry failing to be felt beyond the capital, Maputo. There are also tensions building between Frelimo, the ruling party since independence and Renamo, its enemy in the deadly civil war that ended in 1992. Despite the election process being peaceful so far, some feel unrest after the polls close, warning of disputes if Frelimo fail dominate, as the party expects, or if Renamo feels slighted.

Funding

The development cost for a one million tonnes per year plant is estimated at US$100M. This is not a big ask, and Triton has plans for a smaller and less expensive start-up plant which could later be moved to one of its other exploration areas. The expected increase in demand for graphite may result in off-take agreements, such as those signed by Syrah, which would greatly facilitate funding.

Timing

Timing is always a risk with any project, but Triton is moving fast. The new ore resources are due within the next few months, the metallurgical testwork should be completed in the December quarter of 2014, and a scoping study is expected before the end of 2014. This should enable a definitive, bankable feasibility study to be completed by the end of 2015, with production commencing in 2017.

Operational

The proposed material to be mined is free digging, and the metallurgy is very simple. There should be no significant problems with the mining and processing operations, especially since the ore and the waste rock are different colours that can easily be differentiated with the naked eye. The addition of a vanadium extraction plant after the carbon flotation section could potentially complicate matters but not to a great extent.

Technology

One of the fastest growing markets for graphite has been as an anode in lithium batteries. There is a potential risk that battery technology will change and that the market for graphite in lithium based batteries will plateau in time or even fall. Newer technologies are using higher capacity anodes which allow for greater charge storage, and some applications just simply require better power capacity that that which can be achieved with a graphite anode. Materials that are potential rivals to graphite include silicon, lithium titanate and copper stannate.

On the positive side, the market for graphene is in its infancy at the moment and many applications for this material are under investigation. Once these become commercialised, the graphene market could provide a significant growth market for graphite.

Appendix A – Directors & Management

Alan Jenks — Non-executive Chairman

Mr. Alan Jenks has over 20 years' experience in early stage investments in the junior resource sector. Mr. Jenks's has predominantly focused on companies which have key projects located in the Australian and African continents. Mr. Jenks obtained a vast knowledge of South African PGM exploration companies in and around the Bushveld complex. Subsequent to this Mr. Jenks in 2001 had the oversight to successfully build a platinum group metals recycling company, Catalytic Converters Recycling Services Ltd. of which he is now the Managing Director.

Brad Boyle — Chief Executive Officer

Mr Boyle is the founder of Monolithic Corporate Group which is a Legal and Corporate Compliance Service Company, based in West Perth. Mr Boyle has extensive experience as legal counsel and company secretary. Previously, Mr Boyle acquired a diverse range of corporate and private practice experience acting for mining, commercial and government clients across a broad range of sectors. He also has extensive litigation experience including representing clients in mediations, Federal, Supreme, District and Magistrates Courts.

Mr Boyle is a Director of two Not-For-Profit organizations. Mr Boyle is a Chartered Company Secretary, having obtained a Graduate Diploma in Corporate Governance and a Graduate Diploma in Business Administration and is a member of the Australian Institute of Company Directors, WA Law Society and the Australian Corporate Lawyers Association.

Alfred Gillman — Executive Technical Director

Mr Gillman has over 30 years of experience as a geologist in gold, base metals and uranium. He has extensive experience in exploration and project development in various parts of the world including Australia, Papua New Guinea, Africa, the United States, Russia and Central Asia.

For most of Mr Gillman's career, he has held senior management positions, including Group Exploration Manager of Harmony Gold and he is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy. Mr Gillman currently serves as Technical Director for Peninsula Energy Ltd (ASX: PEN), Managing Director of the geological consulting firm Odessa Resources Pty Ltd and is Managing Director of the private exploration company, Dakar Gold Pty Ltd.

Michael Brady — General Council and Company Secretary

Michael is a commercial lawyer admitted to the Supreme Court of Western Australia and the High Court of Australia. Michael has worked as a senior lawyer at an Australian top tier international law firm where he principally practised in commercial and corporate law, focussing on advising participants on transactions relating to the energy and resources sector, major projects and infrastructure matters, within Australia and overseas.

Michael has acted on a number of complex transactions which have provided him with extensive experience and understanding of the commercial aspects of resources and energy companies. These transactions range from the negotiation of farmins and joint ventures in both the mineral and oil and gas sectors, to advising on public and private mergers, acquisitions, debt and equity raisings.

Michael holds undergraduate degrees in Law and Psychology (Murdoch), a postgraduate qualification in Applied Finance (Kaplan) and is a graduate of the Australian Institute of Company Directors (AICD). Additionally, Michael is undertaking a Masters of Laws (Corporate, Energy & Resources) at the University of Melbourne.

Paige Exley — Chief Financial Officer & Company Secretary

Paige holds a Bachelor of Commerce, with a double major in Accounting and Business Law from Curtin University and a Post-Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia. Paige is currently completing a Chartered Accountants qualification. Paige has over 10 years of experience in financial and management accounting roles with ASX listed companies and more recently has held company secretarial roles for ASX listed and unlisted companies.

Peter Rose

Peter has 27 years' experience in equities as a resources analyst; he has been at Fox-Davies Capital for 7 years, after most recently having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 8 years in the uranium industry, 5 of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 18 November 2014

Company Name	Disclosure
Triton Minerals Ltd	2, 7

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