

Oakdale Resources Limited  
currently trading as  
BKM Management Limited

# Investor Presentation

## Acquisition of the Oakdale Graphite Project

Targeting oxidised graphite bearing units with known recovery of coarse flake graphite

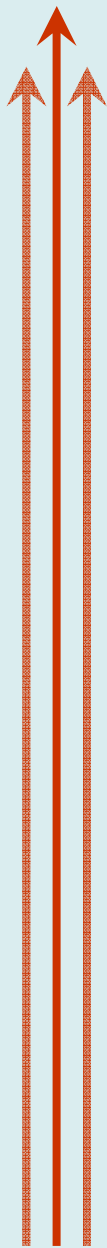
March 2013



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**COMPETENT PERSONS:** The information in this report that relates to Exploration Results is based on information compiled and/or reviewed by Mr. John Lynch, Member of the Australian Institute of Geoscientist, Fellow of the Australian Institute of Mining and Metallurgy and Managing Director of Lymex Limited. Mr Lynch has sufficient experience which is relevant to the activity being undertaken to qualify as a "Competent Person", as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion in this report of the matters reviewed by him in the form and context in which they appear.



## Introduction

- BKM Management Limited (ASX:BKM) to acquire the Oakdale Graphite Project and associated tenements from Lymex Limited (Lymex)
- Significant land-holding comprising 9 tenements covering ~ 2,480km<sup>2</sup> on central Eyre Peninsula, South Australia
- Potential large high grade near surface graphite occurrence
- Highly prospective for graphite and base metals
- BKM to change it's name to Oakdale Resources Limited (Oakdale)
- Current Lymex Managing Director John Lynch to become Managing Director
- Extensive exploration program to focus on known near surface oxidised graphite units

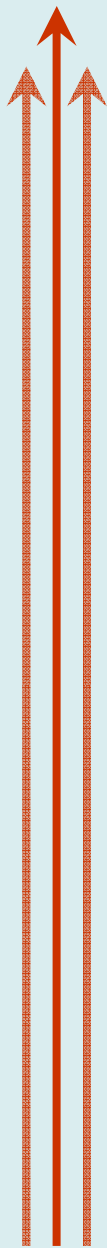
## Oakdale Graphite Project – Highlights

- High grade graphite project located on Eyre Peninsula in South Australia
- Extensive area of graphite bearing units > 200m thick.
- Graphitic units intersected over several kilometers.<sup>1</sup>
- Oxidised zone containing weathered graphitic units approximately 40m thick with large tonnage potential
- Grades >45% total graphitic carbon (TGC) in the oxide zone<sup>2</sup>
- Recovery of jumbo flake graphite >425µm in initial metallurgy<sup>2</sup>
- Carbon grade can be increased to +90%TGC by flotation and gravity methods. Potentially to 99% TGC with chemical treatment. <sup>3</sup>
- Intercepts up to 33.9m at up to 8.39% TGC from diamond drilling in primary zone with encouraging metallurgical recoveries
- Excellent location near accessible infrastructure

1. Refer slide 10

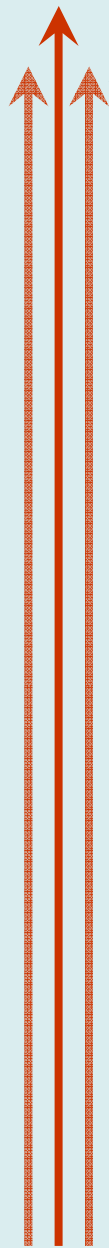
2. Metallurgical test results carried out at ALS/AMMTEC Laboratories, Burnie, Tasmania

3. Metallurgical Consultant, Nick Mooney Summary Report on metallurgical testwork



## Experienced Team

<p><b>John Lynch</b>  <i>Managing Director</i>  <i>(to be appointed)</i></p>	<p>Significant exploration and development experience and has successfully delivered a number of mining projects into production. Previously the founding Director, President and CEO of Weda Bay Minerals Inc the founder and MD of Werrie Gold Limited, General Manager, Director and Co-founder of Pan Australian Mining Limited, Exploration Manager of Marathon Petroleum Australia Ltd, Exploration Manager and Chief Geologist of Metals Exploration Limited and Assistant Exploration Manager of North Broken Hill Limited.</p>
<p><b>Rob Clifton-Steele</b>  <i>Non Executive Director</i>  <i>(to be appointed)</i></p>	<p>Rob has more than 35 years' board or management consulting experience in a wide range of industries and organisations in Australia South East Asia. These have included information technology, agriculture, government services, education, manufacturing, tourism, legal services, professional associations, and Indigenous business and employment development. A company director since 1976, he is presently a director and CEO of Bizcaps Software, a non-executive Director of Lymex Limited and Lymex Tenements Pty Ltd, a director of the Acteum Group and a board member of a number of non-profit organisations.</p>
<p><b>Graham S White</b>  <i>Non Executive Director</i>  <i>(to be appointed)</i></p>	<p>Graham has extensive experience in investor and media relations with companies and organisations in the mining sector over more than 25 years. He has consulted to industry groups including the Minerals Council, The AusIMM and AMIRA International on communications issues, handled investor and media relations for a range of minerals companies and developed and managed community relations programs for mining projects and for other sensitive industries</p>
<p><b>Evan McGregor</b>  <i>Non Executive Director</i></p>	<p>Evan has a wide range and depth of business development skills from his many years of involvement with small emerging listed companies. He has worked at a senior level in large organisations and his specialties include strategic analysis, negotiations and corporate and financial management.</p>
<p><b>Alvin Tan</b>  <i>Non Executive Director</i></p>	<p>Mr Tan is also a director of Coral Sea Petroleum Limited (formally Orchid Capital Limited since 2000) and Advanced Share Registry Limited (since 2007). Former directorships in other listed entities in past 3 years are: Alloy Steel International Inc (USA listed, 6 April 2010 to 4 August 2010)</p>



## What is Graphite?

- Crystalline form of carbon - non toxic and chemically inert
- Key properties include very high melting point, high resistance to corrosion, very high electrical conductivity, natural strength and good lubrication (dry)
- Uses can be broadly split into categories as follows:
  1. Base Market (~ 32% of current production)

Includes brake linings, lubricants, electric motor brushes, foundry facing mold wash and various specialised applications
  2. Mid Growth Market (~ 64% of current production)

Includes manufacturing of primary battery products such as zinc-carbon batteries, refractories, crucibles and carbon raiser in steel making
  3. High Growth Market (~ 4% of current production)

Lithium-ion batteries, fuel cells, pebble bed nuclear reactors and vanadium redox batteries. Growth potential for graphite in lithium ion batteries most exciting area

## Graphite Grades and Prices

- Carbon content and flake size are the main parameters controlling price of graphite
- Flake distribution, iron, silicon and ash content will also impact prices
- Flake graphite has the advantage of being sold into a wider range of markets and enjoys higher prices than amorphous graphite
- As a general rule the larger the flake the higher the price

### Graphite Properties and Prices

Graphite Product	Carbon Content	Mesh Size	Graphite Size	Price (US\$/t)	Comparable Grain Size
<b>Jumbo Flake</b>	94-97%	+48	>297µm	>\$1,800	Beach Sand
<b>Large Flake</b>	94-97%	-48 to +80	177 - 297µm	\$1,400 - \$1,800	Sugar, fine sand
<b>Medium Flake</b>	94-97%	-80 to +100	149 - 177µm	\$1,050 - \$1,400	
<b>Fine Flake</b>	94-97%	-100 to +200	74 - 149µm	\$900 - \$1200	Portland Cement
<b>Amorphous</b>	80-85%	-200	<74µm	\$500 - \$850	Silt, plant pollen
<b>Synthetic</b>	99.95%				

Source: *Industrial Minerals Magazine* (Feb 2013)

## Location and Infrastructure

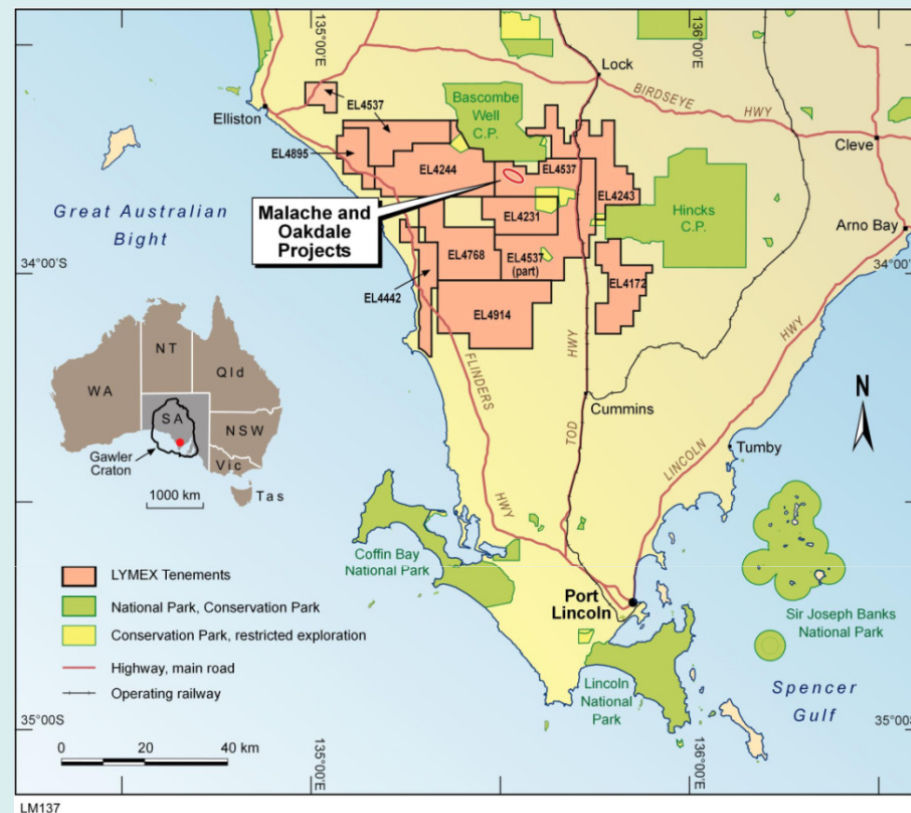
- Tenements located between 120km and 160km north of Port Lincoln on the Eyre Peninsula
- Excellent accessible infrastructure to support large scale production
  - 120 km from active port
  - Available source of electricity (grid)
  - Good network of near project sealed and all weather roads
- Tenements all located on freehold land





## The Tenement Package

- Acquisition comprises 9 tenements:
  - EL4537 (Brimpton Lake)
  - EL4895 (Tungketta Hill)
  - EL4244 (Sheringa)
  - EL4442 (Mt Hope)
  - EL4243 (Lock)
  - EL4231 (Kapinnie)
  - EL4172 (Brooker)
  - EL 4768 (Hillside)
  - EL 4914 (Lake Malata)
  
- EL4537 hosts Oakdale Graphite project
- Oakdale to have the rights to explore and exploit graphite and base metals prospects (copper, nickel, lead and zinc)





## Oxide Zone – Development Focus

- Drilling (BLDD025, BLDD026 and BLDD027) focused on obtaining samples for metallurgical testing of the oxide zone potential of the project
- Results indicate oxidised graphite mineralisation is potentially large
  - Inter-collated graphite units are > 200m wide within a 40m thick oxidised zone
- Graphite-bearing zone observed in drill holes over several kilometres.
- Studies undertaken show potentially high value premium graphite project with:
  - grades >45%TGC<sup>5</sup>
  - excellent recovery of coarse flake and flake carbon including the presence of ‘jumbo’ flake graphite >425µm<sup>5</sup>
  - fine carbon recovered is higher value microcrystalline not amorphous<sup>5</sup>
  - Carbon grade can be increased to +90%TGC by flotation and gravity methods.  
Potentially to 99%TGC with chemical treatment <sup>6</sup>

5. Metallurgical test results carried out at ALS/AMMTEC Laboratories, Burnie, Tasmania

6. Metallurgical Consultant Nick Moony Summary Report on ALS/AMMTEC metallurgical testwork

## Metallurgical Results

- Highly encouraging metallurgical results show good recovery of higher value jumbo and large flake graphite – positive for economic potential of project

- Preliminary results include<sup>7</sup>:

### Oxide Zone

- ~ 2% to 10% Jumbo flake graphite > 425  $\mu\text{m}$
- ~ 30% Large and medium flake graphite <425  $\mu\text{m}$  >75 $\mu\text{m}$
- ~ 30% Fine flake graphite <75  $\mu\text{m}$  >38 $\mu\text{m}$
- ~ 20% Amorphous (crystalline) graphite <38 $\mu\text{m}$

### Primary Zone

- ~ 30% fine flake graphite <106  $\mu\text{m}$  >38 $\mu\text{m}$
- ~ 70% Amorphous (crystalline) graphite <38 $\mu\text{m}$

7. Consultant Metallurgist, Nick Moony Summary Report on ALS/AMMTEC metallurgical results

# Primary Zone Results – Large Graphite System

- Best results from diamond drilling and EM anomaly included:

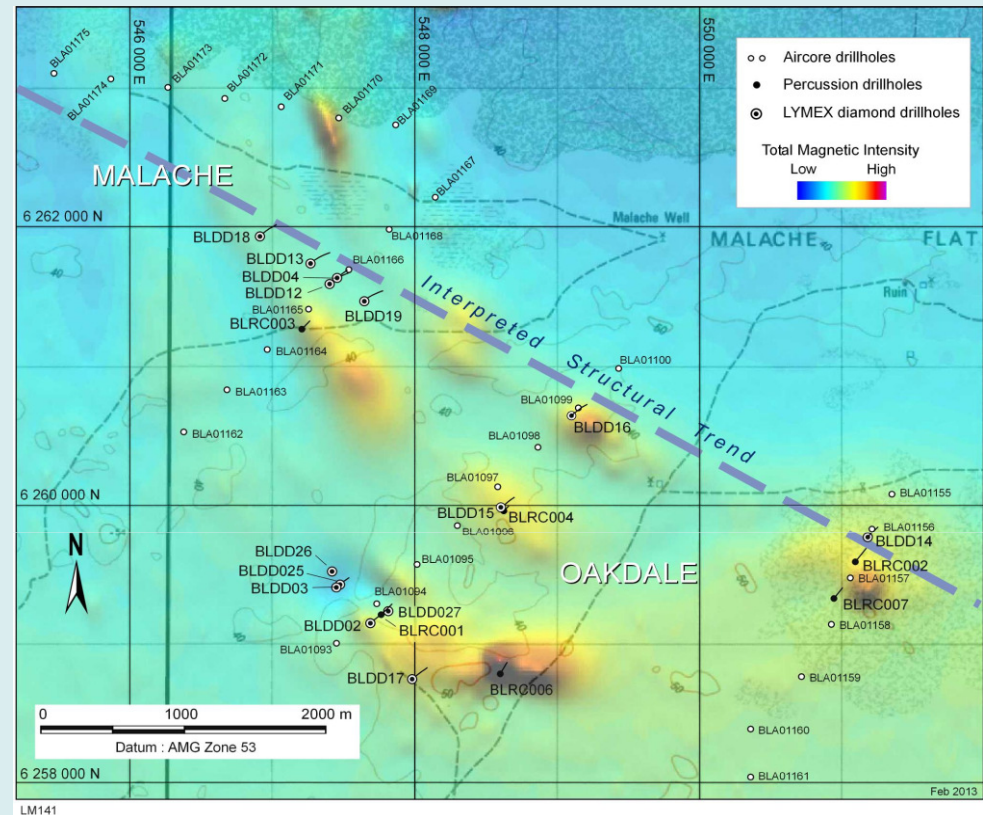
## BLDD02

- 39.3m at 3.87% TGC from 166m (inc. 30.6m at 4.75% TGC);
- 18.5m at 5.38% TGC from 222 (inc. 16.4m at 6.2% TGC)

## BLDD03

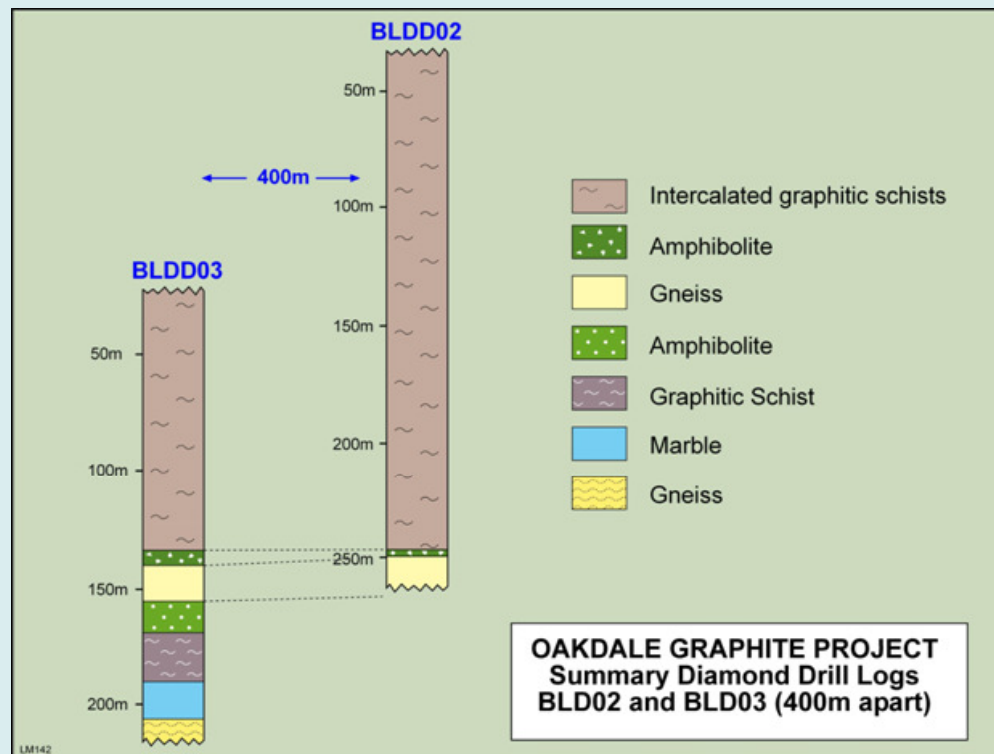
- 57m at 4.9% TGC from 63m (inc. 33.9m at 8.39% TGC)

- Graphite also intersected in holes BLDD014, BLDD015, BLDD016, BLDD017, BLRC006 and BLRC007.
- Graphitic schist units can be projected up dip into the oxidised zone



## Correlation of Graphitic Units

- Geological correlation between BLDD02 and BLDD03 indicates the inter-collated graphitic schist units have a thickness of approx. 240m
- Both BLDD02 and BLDD03 intersected graphite from the start of the hole – indicates potential for graphitic units to be even thicker



**Correlation of graphitic rich units**  
(24 metres to 240 metres BLDD02 and 24 metres to 130 metres BLDD03)

## Exploration and Development Programme – 2013

- Exploration and development activities to commence immediately upon completion of acquisition and capital raising
- Activities to focus on the delineation of an oxide zone JORC compliant resource at the Oakdale Graphite Project.
- Programme to include:
  - detailed electromagnetic survey to further define extent of graphite
  - 30,000m drilling program focus on the lateral extent of the known graphitic units in BLDD02 and BLDD03
  - further metallurgical studies to refine treatment options, recoveries and grade
  - Mining, development and environmental studies

## Attractive Acquisition Terms

- Acquiring the tenements for the following consideration:

### Initial consideration:

- 25 million ordinary shares (at a deemed price of \$0.20) plus 12.5 million options exercisable at \$0.25 per option within 18 months of ASX re-listing of the Company; and

### Deferred consideration:

- 7.5 million ordinary fully paid BKM shares to be issued upon delineation of 10mt JORC compliant Inferred Graphite Resource grading no less than 7% total graphitic carbon (“**TGC**”); and
  - 7.5 million ordinary fully paid BKM shares to be issued upon delineation of a JORC compliant measured and indicated resource of 10mt of 7% TCG
- Acquisition is conditional upon completion of due diligence by BKM and receiving all necessary approvals to complete the acquisition and achieve an ASX listing



## Equity Raising and Use of Funds

- Raising up to \$6 million through the issue of circa 30.0 million shares at \$0.20 (post 1:67 consolidation) via a Prospectus (Placement)
- Subscribers to receive 1:2 free attaching option exercisable at \$0.25 per option within 18 months of the company's readmission to trading on the ASX
- The Placement is to include a priority offer to existing BKM shareholders of up to 5.0 million shares at \$0.20 per share for \$1.0 million
- Prospectus expected to be lodged mid April
- Proceeds of the Placement will be used to fund
  - Oakdale Graphite project drilling and JORC oxide resource definition studies;
  - Metallurgy and feasibility studies;
  - Working capital requirements and corporate overheads; and
  - ASX re-compliance costs and transaction costs associated with the acquisition

## Capital Structure

- Upon completion of the consolidation, acquisition and Placement the Company's capital structure is expected to be as follows:

Description	Shares (m)	Listed Options (m)	Amount Raised
Existing Pre-Consolidation	989.62	-	-
<b>Existing Post 1:67 Consolidation</b>	<b>14.77</b>	-	-
Initial consideration for acquisition	25.00	12.50	-
Issue of shares pursuant to placement (up to)	30.00	15.00	\$6.00
<b>Total (post listing)</b>	<b>69.77*</b>	<b>27.50</b>	<b>\$6.00**</b>

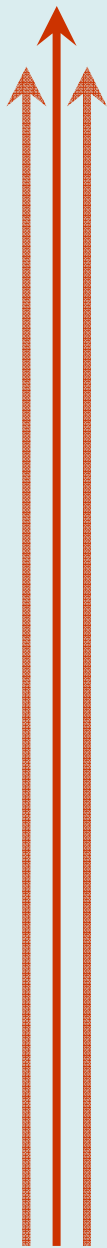
\*Does not include any of the deferred consideration payable upon achieving development milestones

\*\*Assuming full \$6 million is raised through the Placement

- Initial consideration shares to be subject to up to 24 months escrow

## Why Oakdale Resources Limited?

- Large prospective land holding with significant known graphite occurrences in highly prospective graphite bearing region in Australia
- Strong commercial potential – drilling and metallurgy indicate high quality large flake graphite project
- Aggressive development timetable – extensive drilling program to commence upon completion of acquisition and capital raising
- Accessible infrastructure to support large scale production of high grade graphite
- Highly experienced team with a record of past mining success and capability to build on results



## Contacts

John Lynch	Evan McGregor
Oakdale Resources Limited Managing Director	BKM Management Limited Non-Executive Director
+61 418 183 819 jlynch@lynchmining.com.au	+61 412 325 567 emcg@ozemail.com.au

