COUGAR
METALS NL

ASX Announcement

16 November 2016

Cougar Metals NL is a Perth based exploration company listed on the Australian Securities Exchange (ASX: CGM).

In August 2016, Cougar executed a LOI to acquire an 85% interest in the Ceara Lithium Project, located in north-eastern Brazil. The Project comprises 35 tenements (granted and applications) with an area of ~60,000Ha covering the historical lithium mining centre at Solonopole and an area encompassing the Cristal pegmatite swarm.

In addition, Cougar holds an option to acquire a 51% undivided interest in the Shoal Lake Gold East Project, located in the Shoal Lake region of Ontario, Canada; an area containing a number of past gold producers and significant exploration results. Work on the Project is suspended pending the Project vendor complying with arbitration orders.

The Company also operates a mineral drilling business in Brazil providing surface diamond, reverse circulation and RAB drilling services to the Brazilian mineral resource industry. The Company currently operates a fleet of 9 rigs.

In Australia, the Company holds the laterite nickel and cobalt mineral rights to the Pyke Hill prospect located 40km east of the Murrin Murrin Nickel operations in Western Australia. The prospect contains a Measured and Indicated Resources of 14.7mt @ 0.9% Ni and 0.06% Co. (March 2008).

Directors
Randal Swick – Executive Chairman
Michael Fry – Executive Director
David Symons – Non Executive Director

Senior Management
Randal Swick – Managing Director Michael Fry – CFO & Company Secretary

Capital Structure
Shares on Issue: 665,268,524 52 week range: $0.001 - $0.020
Last Price (15/11/16): $0.011
Market Capitalisation: $ 7.318 million

Substantial Shareholders
Marcia Swick – 41.5%
Savvy Capital Management – 20.8%

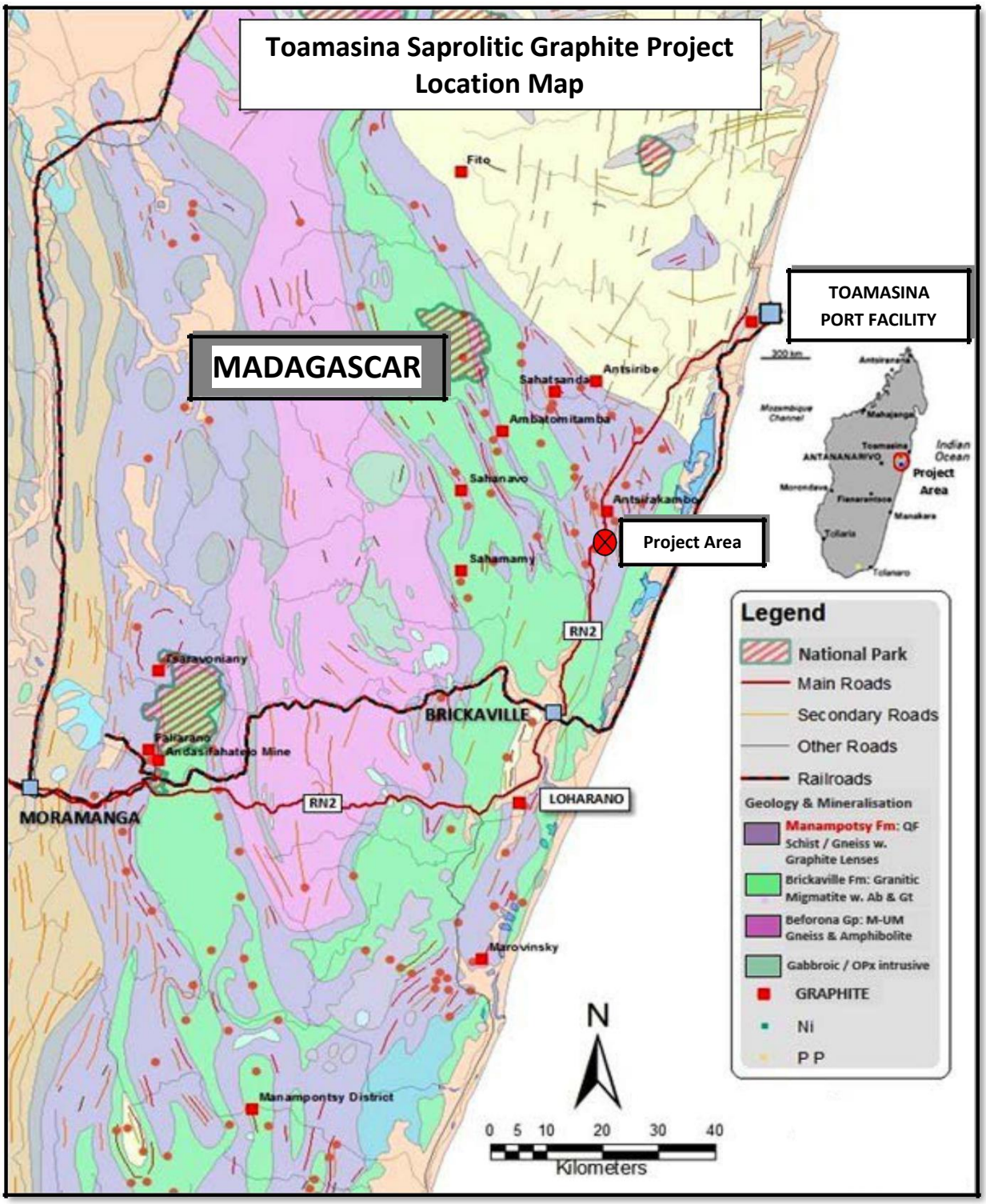
LOI EXECUTED OVER MADAGASCAR GRAPHITE PROJECT

HIGHLIGHTS:

- Letter of Intent (LOI) executed to acquire up to a 100% interest in the "*Toamasina Saprolitic Graphite Project*" located in east central Madagascar.
- Project comprises a single mining lease covering 43 sq km in a district with a history of high quality graphite production.
- Graphite previously mined from Project
- Project has a mining permit.
- Project is extremely well located with a major highway traversing the property and only 50km south-west of the deep water port and city of Toamasina.
- Work performed to date has identified near-surface mineralisation extending over 3km.
- Trenching performed over an area of 900 metres x 300 metres has returned total graphitic carbon grades of up to 25%, and averaging approx. 7%.
- Preliminary metallurgical testwork has returned >60% Large and Jumbo Graphite Flake Distribution.
- Graphite mineralisation at the Project comprises disseminated crystalline graphite hosted within weathered low-silica meta-sediments.
- The weathered profile is expected to extend to an average depth of around 30 metres, based on known weathering profiles of the district and observed geology on-site.
- Saprolite hosted graphite deposits have significantly lower mining and processing costs. Reduced capital expenditure requirements, coupled with lower operating costs result in lower cost of production.
- The Toamasina Saprolitic Graphite Project has the potential for quick development into a low cost/high quality graphite producer.

Toamasina Saprolitic Graphite Project

The Project is located in east central Madagascar, approximately 50 km south-southwest of the deep-water port city of Toamasina and approximately 50km North of Bass Metals' (ASX code: BSM) operating Loharano graphite mine.



Location map of Toamasina Saprolitic Graphite Project

Access to the initial area of interest is by way of a 1.8km unsealed track leading from the main highway between the port city of Toamasina and the country's capital Antananarivo. The turn off is located 55km by road from the port city of Toamasina.

Madagascar has supplied high quality graphite for the international market for over 100 years. In particular, the Toamasina-Brickaville belt; in which the Toamasina project is centrally located, is well known for the high purity and larger flake-size distribution of its graphite concentrates.

The Project area has been subjected to historical artisanal mining in the period between WW2 and 1960 (i.e. end of French colonial rule). Visual estimates from site inspection and anecdotal reports from indigenous personnel put this production at just under 100,000T of material.

Toamasina is the largest port in the country and is considered the commercial capital of Madagascar. The city and port have been developed extensively since 2008 as a result of major infrastructure investment on the part of Sherritt; who with its partners, have developed the U$8.0Billion Ambatovy HPAL lateritic nickel-cobalt mine 200km inland from Toamasina.

The Toamasina Lateritic Graphite Project is particularly well located, with access being just 55km from the major port city of Toamasina via a sealed road. This proximity to a port and the infrastructure of a major city, will result in significantly lower construction and operating costs than would otherwise be the case.

Work to Date

Mineralisation has been identified over a combined 3km strike length from visual examination of near surface samples (< 1m from surface). The mineralisation follows a distinct ridge in the area varying in elevation from 40m to 110m AMSL.

Small pits less than 2m in depth were dug to inspect for mineralisation, which is easily identified visually on account of the high % content of large flake graphite. This confirms the potential of the project to host a long-life / low-cost mining operation. Mineralisation most often occurs on topographic highs and generally within 1m of surface; significantly reducing costs associated with pre-stripping for mining.

A trenching and limited surface sampling and test pitting program was conducted on the Toamasina Project in 2015, with 4 trenches located within the identified corridor of mineralisation. Trenches were targeted from field observation in conjunction with man-portable ground EM and magnetics along cut lines (using GPS control).

Assay results are shown in Table 1 following:

Table 1: Sampling & assay data from the main trend at the Toamasina Graphite Project:

Trench ID	Sample Number	Easting (Laborde)	Northing (Laborde)	Depth (mBNS*)	% Graphitic C (RDL 0.01)
Trench A	E5203779	686,855	838,810	1.3	5.9
Trench A	E5203780	686,856	838,810	1.3	4.1
Trench A	E5203781	686,857	838,810	1.3	2.45
Trench A	E5203782	686,858	838,810	1.3	1.97
Trench A	E5203783	686,859	838,810	1.3	1.56
Trench A	E5203784	686,860	838,810	1.3	1.29
Trench A	E5203785	686,861	838,810	1.3	0.95
Trench A	E5203786	686,862	838,810	1.3	2.8
Trench A	E5203787	686,863	838,810	1.3	10.6
Trench A	E5203788	686,864	838,810	1.3	3.3
Trench A	E5203789	686,865	838,810	1.3	1.24
Trench A	E5203790	686,866	838,810	1.3	1.53
Trench A	E5203791	686,867	838,810	1.3	4.17
Trench A	E5203792	686,868	838,810	1.3	5
Trench A	E5203793	686,869	838,810	1.3	6.5
Trench A	E5203794	686,870	838,810	1.3	4.7
Trench A	E5203795	686,871	838,810	1.3	4.65
Trench A	E5203796	686,872	838,810	1.3	3.44
Trench A	E5203797	686,873	838,810	1.3	1.38
Trench A	E5203798	686,874	838,810	1.3	0.55
Trench A	E5203799	686,875	838,810	1.3	3.45
Trench B	E5203800	686,737	838,939	2	12.6
Trench B	E5203801	686,738	838,940	2	10.4
Trench B	E5203802	686,739	838,940	2	11
Trench B	E5203803	686,741	838,941	2	10.2
Trench B	E5203804	686,742	838,941	2	17.6
Trench B	E5203805	686,743	838,941	2	25.3
Trench B	E5203806	686,744	838,942	2	15.7
Trench B	E5203807	686,745	838,942	2	15.9
Trench B	E5203808	686,746	838,942	2	17.9
Trench B	E5203809	686,747	838,943	2	12.4
Trench B	E5203810	686,748	838,943	2	6.5
Trench B	E5203811	686,749	838,944	2	9
Trench B	E5203812	686,751	838,944	2	9.5
Trench B	E5203813	686,752	838,944	2	12.2
Trench B	E5203814	686,753	838,945	2	11.8
Trench B	E5203815	686,754	838,945	2	9.8
Trench B	E5203816	686,755	838,946	2	15
Trench B	E5203817	686,756	838,946	2	12.1
Trench B	E5203818	686,757	838,946	2	13.5
Trench B	E5203819	686,758	838,947	2	14.4
Trench C	E5203820	686,675	838,511	1	2.14
Trench C	E5203821	686,676	838,511	1	5.04
Trench C	E5203822	686,677	838,511	1	4.17
Trench C	E5203823	686,678	838,511	1	1.05
Trench C	E5203824	686,679	838,511	1	1.15
Trench C	E5203825	686,680	838,511	1.5	4.08
Trench C	E5203826	686,681	838,510	1.5	4.67
Trench C	E5203827	686,682	838,510	1.5	0.26
Trench C	E5203828	686,683	838,510	1.5	3.86
Trench D	E5203830	686,809	839,219	1.5	2.81
Trench D	E5203831	686,810	839,219	1.5	3.25
Trench D	E5203832	686,811	839,219	1.5	1.8
Trench D	E5203833	686,812	839,219	1.5	5.84
Trench D	E5203834	686,813	839,219	1.5	7.91
Trench D	E5203835	686,814	839,219	1.5	19.7
Trench D	E5203836	686,815	839,219	1.5	11.7
Trench D	E5203837	686,816	839,219	1.5	0.96

***BNS :** *"Below Natural Surface "*

Results delineated a mineralised zone approximately 700 metres strike and averaging 250-300m in width. Significant results included:

Tr.B – Hilltop – 86m AMSL:

21m averaging 3.41% Cgr:
Including 2m @ 6.95% Cgr & 3m @ 5.40% Cgr

Tr.C – Side-cut of local topographic high – 25m below peak and 66m AMSL:

21m averaging 13.14% Cgr;
Including 5m @ 18.48% Cgr (incl. 1m @ 25.3% Cgr) & 4m @ 13.75% Cgr

Flake Size distribution:

Initial screening testwork performed on selected grab and trench samples from the project area returned very encouraging results as shown in Table 2 below:

The graphitic carbon content is that of a simple concentration of graphite – prior to any secondary upgrading (re-grinding) of the graphite material.

Table 2: Summary of initial screening test work on graphite flake from the Toamasina Project

Flake Size	Flake Description	Flake Distribution %	Graphitic Carbon Content %
+20 Mesh /+ 841 Microns	Jumbo	13.70%	97.90%
+30 Mesh / +595 Microns	Jumbo	1.90%	n/a
+50 Mesh / +297 Microns	Jumbo	40.00%	96.70%
+70 Mesh / +210 Microns	Large	6.90%	91.30%
+100 Mesh / +149 Microns	Medium	12.90%	88.80%
+140 Mesh / +105 Microns	Small	4.20%	87.30%
-140 Mesh / -105 Microns	Small	20.40%	89.00%
Total		**100.00%**	

Graphite Industry and Demand

It is forecasted that the demand for graphite will increase on account of the adoption of energy storage systems, whether it be within automotive, home electrical systems or larger energy storage facilities.

However, rather than relying on increased demand for graphite, Cougar's directors believe the greatest strength of the Toamasina Saprolitic Graphite Project lies in its ability to deliver a high quality product with a low cost base into an existing market. With over a century of supply history, coarse flake graphite concentrates from the Toamasina area of Madagascar are well known in the global end-user market and the Toamasina project is ideally suited to capitalize on this existing 'brand awareness'.

It is expected that the Toamasina Saprolitic Graphite Project can be placed into production with modest capital costs and can cost effectively expand to meet the demand for its product.

Initial Exploration Program

A staged exploration program through to the end of FY17 will include:

- Auger drilling and trenching program to further understand the extent of mineralisation
- Metallurgical testwork of selected samples to confirm and refine extent of flake size and distribution, Graphite quality and contaminant levels.
- Resource definition drilling
- Preliminary economic assessment

Terms

A LOI has been executed between Cougar and the Vendor.

The key the terms of the LOI are:

- Payment of AUD $100,000 within 45 days.
- Subject to the preparation of a Definitive Agreement
- Payment of AUD$200,000 following conclusion of 500m of drilling or within 3 months of execution of definitive agreement, whichever the earlier
- Complete a Preliminary Economic Assessment (PEA) in accordance with NI 43-101 by June 30, 2017
- Cougar to make payment on behalf of the vendor of USD 150,000 on June 12, 2017 unless Cougar has withdrawn from the agreement by April 12, 2017.
- Upon the conclusion of the PEA one of the four following scenarios will eventuate -
    - A 50/50 Joint Venture shall be formed should the Vendor secure offtake agreements allowing the construction of a 10,000 tpa plant through debt funding failing which
    - Cougar shall acquire 100% of the Project by payment of AUD 2.5M to the vendor failing which
    - The Vendor shall acquire Cougar's interest by payment to Cougar of AUD 2.5M or
    - Cougar shall retain a 49% interest in the project.

A formal agreement will be prepared to document the terms of the LOI.

Message from the Managing Director

"The directors of Cougar are excited to secure the Toamasina Saprolitic Graphite Project in Madagascar. We acknowledge that the graphite industry is a complicated one; however we believe this project will be able to produce a high quality product well below the cost of its hard rock counterparts giving us a competitive advantage. Weathered material containing a high quality product from a known graphite producing area, coupled with good logistics and a low cost environment are the ingredients of a successful project. The nature of the mineralisation at this project allows us to commence a modestly sized high quality/low cost operation and efficiently expand in accordance with our clients demands."

We welcome enquiries for further information. Please contact the undersigned via email at r.swick@cgm.com.au or alternatively contact Michael Fry (CFO & Company Secretary) on +61 8 9381 1755.

Yours sincerely
COUGAR METALS NL

RANDAL SWICK
Executive Chairman

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Cougar Metals NL, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Competent Persons Statement

The information in this report that relates to Exploration Results or Minerals Resources is based on information compiled by Mr Steven Goertz, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Goertz is a Director of Hendry Consulting Sarl and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Goertz consents to the inclusion in the release of the statements based on the information in the form and context in which they appear.

JORC TABLE 1

Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Surface samples were collected from areas of observed prospectivity. Samples comprised 3-5kg of representative material collected from at least 0.5m below natural surface ('BNS'). • Trenches were installed over targeted zones based on observed surface prospectivity & ground EM anomalism. EM results have not been subjected to interpretation. Areas of relatively stronger responses were selected in conjunction with direct surface observations and geomorphology. • Trench sampling procedures comprised channel samples along faces/walls of trenches at 1m intervals. Samples averaged 4-5kg when complete. • Samples were collected on measured intervals of 1m. No site preparation was undertaken. Samples were placed in sealed plastic bags and sent intact to the consulting laboratory.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• Not Applicable
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximize sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not Applicable
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Trenches were logged vertically and horizontally on 1m intervals. Data have not been geocoded at this point. Mineralised horizons are strongly homogenous – varying essentially in observed graphitic carbon content.
Sub-sampling	• *If core, whether cut or sawn and whether*	• No core Sampling completed to date

techniques and sample preparation	*quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sampled in-situ and placed in plastic bags for shipment. • Sampling was designed to be representative of the actual in-situ material. Samples sizes were appropriate to the style of mineralisation under investigation. • Minimal handling, drying or splitting of the samples prior to dispatch ensured that the samples arrived at the selected laboratory in as close to in-situ condition as possible. • All sampling was conducted and dispatched under the supervision of Hendry Consulting at site.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Assay samples from the Vohitsara project were dispatched via secure courier ex-Antananarivo Madagascar to AGAT Laboratory in Ontario Canada. AGAT are accredited ISO/IEC 17025:2005 by the Standards Council of Canada, but not for the method used to assay graphite. • The survey was completed using a GDD Instruments BM8 'Beep Mat' sled that can measure Mag/EM to 10 metres BNS with simultaneous GPS location. The instrument operates via drag harness trailing behind the operator; who wears the data collection / control unit on a frontal pouch. Sampling rate was set to six (6) readings per second. Approximately 1,800 metres of surveying was completed along six (6) cross lines at 100 m to 250 m intervals along the strike of the Main Zone. A considerably larger amount of surveying was completed in an unstructured manner by dragging the instrument along various access trails as reconnaissance sampling. • The survey data have not been formally interpreted by a geophysicist. It is planned to do this exercise in conjunction with a drilling programme planned for early-2017. • Samples submitted to AGAT were analysed for graphitic carbon with infrared analysis to a detection limit of 0.01 percent; plus total carbon with infrared analysis and detection limit of 0.01 percent (method code 201-109). For graphitic carbon, the sample is subjected to a multistage furnace treatment to remove all forms of carbon with the exception of graphitic carbon; and for total carbon a procedure that determines the most volatile organic carbon species (Bernier et al, 2015).

		• Results were delivered electronically by the laboratory direct to DNI via spreadsheet and PDF Certificate of Analysis files. Check assaying and standards were utilised internally by AGAT as standard procedure. • No additional data verification beyond that detailed above has been completed. The project is at an early stage of development. It is intended that a comprehensive Quality Assurance / Quality Control ('QA-QC') regime will be implemented from commencement of drilling at the project.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All work was completed by Vendor personnel under supervision of Hendry Consulting. • All data was initially collected on field note books and transferred to Excel spreadsheets. • All data has been backed up to an external hard drive. • No material errors in data have been detected to date.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Use of hand-held Garmin GPS units. Accuracy of +/-4m on average. • WGS84 UTM (Zone 39S) projection. • Topographical control is considered sufficient for the stage of project development to date.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• A total of five (5) trenches totalling 75 line meters of trenching were completed. • Strike length covered was 900m • Trenches were hand-dug and averaged 2-3m BNS final depth. A total of 73 samples were collected and submitted to AGAT Laboratory as per surface sample protocols.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Trenches were spaced an average of 180m apart and extended for an average 20m across strike.
Sample security	• *The measures taken to ensure sample security.*	• Samples were kept in sealed bags under QP supervision until collection by secure courier.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No systematic data audits have been completed. The project is at an early stage with a comparatively simple database.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

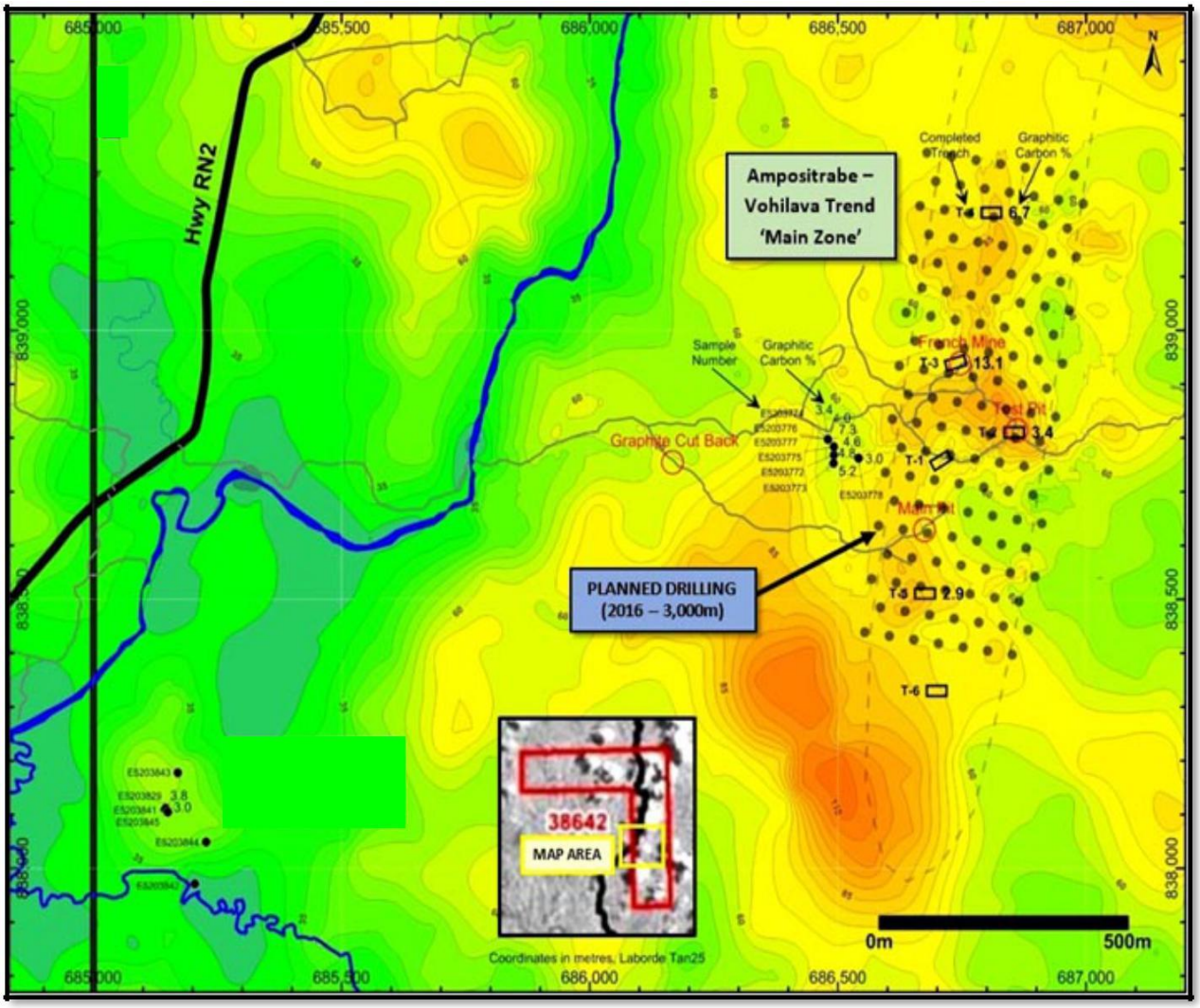
Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Exploitation Permit 38642 is located in the Toamasina Region of Madagascar. It is granted and in good standing (July 2015 – 40-year term). • All licensing and permitting is current to allow development of the project.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Madagascar consultancy Vato Consulting conducted limited surface assessment of the property in 2014. •
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Graphite mineralisation at the Project comprises disseminated crystalline graphite flake, hosted within low-silica meta-sediments. • The targeted mineralisation occurs within saprolitic clays representing weathered bedrock.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  • *easting and northing of the drill hole collar*
	  • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  • *dip and azimuth of the hole*
	  • *down hole length and interception depth*
	  • *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling completed to date.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of*	• Channel samples from trenches have been reported on a length-weighted basis. Higher grade portions if present are quoted to be part of the length of the entire section. • No cut-off grades have been applied. • No metal equivalents have been applied or stated.

	metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• The Toamasina graphite project mineralisation is hosted within weathered residual material and the principal mineralised horizons occur disseminated within this horizon (5-7 wt %); with 'bonanza' lenses of up to 35 wt % that can occur sub-horizontally at irregular intervals. • Deeper parts of the mineralised zones have yet to be tested therefore no information is available past 3m BNS.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Plan of the mineralised areas; inclusive of trench locations is appended overleaf.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The information contained within the announcement contains the relevant sampling and analytical data over the project.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• None to report.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Follow-up auger drilling as a precursor to pattern core drilling for resource delineation purposes is the next planned stage for the project. The latter programme is designed in the first instance to test 700 strike metres of the Main Zone across a width of 300 metres, using a 50m x 50m offset collar pattern

Addendum: Trenching and follow-up drilling (proposed) – Toamasina Graphite Project



Trench locations, average graphitic carbon grades and proposed follow-up drilling collar plan for the Toamasina Saprolite Graphite Project.