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Dear Reader

**Welcome to the Alba Minerals Newsletter**

This is the first Alba newsletter, through which means we intend to give a regular overview of our activities for the benefit of Alba shareholders.

We hope you will have had a chance to visit our recently revamped website in which you will find summaries of our projects and access to a lot of our corporate documentation including all our announcements, annual reports and so on. There is also now a link on the homepage so you can submit your email address and be added to our circulation list, so that we can keep shareholders and other interested parties abreast of all relevant developments. See [www.albamineralresources.com](http://www.albamineralresources.com).



It has been a busy year so far at Alba. At Horse Hill, the oil and gas project in the Weald Basin in Surrey, back in March the consortium of which we are a member had fantastic results from the flow tests at the Horse Hill-1 discovery well, which flowed at close to 1700 barrels a day. A huge amount of work goes on behind the scenes at Horse Hill, as each stage of work requires us to ensure the necessary regulatory approvals are obtained. The effort has been led by the Horse Hill Developments Limited (“HHDL”) management team, and we are pleased that Alba’s role as second largest shareholder in the HHDL consortium is reflected in the fact that the Alba Chairman, George Frangeskides, was invited to join the HHDL Board this year. HHDL are currently in the detailed regulatory approval phase so that we can be in a position to return to site early next year and commence longer-term flow testing of the different layers of oil that were found during the drilling last year of the Horse Hill-1 discovery well.

**Photo (left) taken at Horse Hill site, Alba site visit March 2016**

This longer-term flow testing will hopefully go a long way to establishing the commerciality of the Horse Hill project.

More recently, in August we consolidated our interests in the Weald Basin by exercising the option we had acquired from Angus Energy to earn a five per cent interest in the Brockham oil and gas project, which is situated just five miles or so from Horse Hill.

Although the Horse Hill and Brockham projects are geographically close to one another, their profiles are quite different in that Brockham was until early this year a producing oil field, production having been halted temporarily while the operator, Angus Energy, prepared certain site upgrades and prepared to drill a side-track well targeting the Portland sandstones as well as the Kimmeridge limestones.

The objective is to restart production at Brockham at improved flow rates.

**Photo (right) taken during Alba site visit to Brockham, August 2016**



We are excited by the opportunity at Brockham to enter into a mature project on the cusp of a potentially significant drilling event which could produce revenues for all the Brockham participants including Alba.

Alba has also made significant progress on the mining side of our operations. Late last year, we acquired the right to earn up to a 70 per cent interest in the Amitsoq graphite project in southern Greenland, which includes a former producing graphite mine. Our work at Amitsoq to date has been very encouraging. Analysis of samples taken from Amitsoq confirm the very high grade of the ore at Amitsoq, reaching average grades of 28.7 per cent graphitic carbon, which is higher than most advanced graphite projects worldwide. The test work also found that the mean size of the graphite flakes are Jumbo flakes, with the most common flake size being Super-Jumbo. The significance of this is that the market places a premium on the larger graphite flake sizes. These results indicate that some of the key components for a successful graphite deposit are present at Amitsoq and have spurred us on to push forward our work on the project.



With that in mind, we have just announced this week that we are about to carry out an extensive airborne electromagnetic (“EM”) survey at Amitsoq. This is aimed at assessing the continuity of the known graphite deposit at the former graphite mine, but is also targeting other non-graphite anomalies. Greenland has a huge array of mineral wealth, and it is not surprising that the Amitsoq licence contains not only graphite but also previously discovered nickel and platinum group element anomalies.

**Photo (left) taken from bulk-sampling exercise at Amitsoq, September 2016 (view north-north west along strike)**

In addition, as we are in very close proximity to the previously producing Nalunaq gold mine (340,000 ounces of gold produced), it is also not surprising that, through our review of all historical data as well as the remote sensing study we carried out late last year, we have identified two possible gold anomalies in the southern portion of the licence area. The EM survey will target all of these areas. The use of these high-tech modern

exploration techniques – the survey equipment we are using affords deep penetration up to 400 metres into the ground – enables us to fast-track our understanding of the potential of the Amitsoq licence. By using a helicopter-borne system, we will be able to cover several hundred kilometres of survey lines in a matter of a few days, which would take weeks if we were carrying out a ground-based electromagnetic survey.

In terms of why we have made a move into the graphite sector, it is worth recalling the many uses of this mineral. Although a non-metal element, graphite is a good conductor of electricity (hence why it is should be an excellent target for our electromagnetic survey). Natural graphite is used mostly in what are called refractory applications, which are those that involve extremely high heat and therefore require materials that will not melt or disintegrate under extreme conditions. For those reasons, it is used in the crucibles within the steel industry but also to make brake linings, lubricants and moulds in foundries.

However, one further use of graphite is that it is a key component in lithium-ion batteries. The electric vehicle sector has developed significantly in recent years. Lithium-ion batteries, which are used in most of the plug-in hybrid electric vehicles and all-electric vehicles on the market, in fact contain more graphite than they do lithium. As Roskill, who provide research into the international metals and minerals sector, have commented:

*“Tesla CEO Elon Musk’s throwaway comment in June 2016 that “our cells should be called nickel-graphite because primarily the cathode is nickel and the anode side is graphite with silicon oxide” appears to have concentrated minds in the graphite investment community over the summer. Despite their name, lithium-ion batteries are, of course, heavier consumers of graphite than lithium. Roskill notes that the average monthly price for 94-97% C large flake graphite moved higher for the first time in July 2016 since late 2014.”*

*“Roskill notes that in 2016, existing world demand for graphite in all batteries is estimated to just exceed 125,000t. Of this total, natural graphite accounts for around 90,000t (70-75%) and synthetic graphite 35,000t (25-30%). Batteries are an application where natural and synthetic graphite are truly in competition. There will be a continued shift in world graphite markets away from amorphous natural graphite towards flake and synthetic graphite as emerging applications like batteries typically require large flake and/or high-purity grades.” (Roskill Weekly Round-up, 7 September 2016)*

At Alba, early indications are encouraging that the graphite at Amitsoq may be able to provide the kind of large flake, high purity graphite that will be sought after in lithium-ion batteries, or should we say nickel-graphite batteries!

Aside from Amitsoq, we have also made significant progress in securing an extension to the duration of our base metals and gold project at Limerick in Ireland. We will be carrying out further field work at Limerick in the coming weeks, which we will report on in due course. And we continue to await the renewal of our uranium licence in Mauritania, which will be on reduced acreage but retain the key uranium targets discovered in our previous work.

It continues to be a busy time at Alba. We look forward to reporting further on our work, both as we are required to do in the form of our formal regulatory news service (RNS) announcements, but also through these newsletters and other means.

Yours faithfully

**Michael Nott**  
**Chief Executive Officer**

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