PRESS RELEASE

As Graphite Prices Stumble, Advanced Engineering, Integration and a Robust Business Model become Critical to Success for New Operations

TRU Group Inc, Tucson AZ Toronto ON release October 27, 2014 - Graphite consultants TRU Group Inc says that the latest China monthly graphite export data supports the idea of some graphite price stabilization. Natural graphite prices trending lower would bolster their competitiveness against synthetic graphite and accelerate demand. TRU president Edward Anderson says "Graphite prices have developed as earlier projected with natural flake graphite prices continuing their decline through 2014 heading for an average of US$840 per t. There is a tendency to stabilize but this is not to say that prices have bottomed out yet". (See TRU graphite price forecast chart 2009-2015 left). The moderation is more a function of Chinese government policy adjustments as they begin to realize that their attempts to control prices are damaging their own industry - notwithstanding the genuine environmental concerns. Growth of western supply means there are few underlying market forces to hold natural graphite prices at this level and the medium trend in the outlook through 2015 and beyond is negative for most graphite product prices - including prices for (coated) natural spherical flake graphite.

Weaker natural graphite prices are a challenge for the majority of the many new graphite projects under development by graphite mining juniors. Anderson says that "only a handful of the projects are potentially viable operations but even they cannot get needed financing because the owner-junior-miner business models are seen by investors as unsound. Many of the graphite juniors appear by industry specialists on the one hand to be preoccupied with geology and the other hand are caught up in the hype over the Tesla Motors Inc plan to build a lithium battery plant in Nevada, USA. Indeed, some claim to be near production but have not even properly scientifically characterized the graphite they
have." Anderson says that "they would do better to spend more effort on the critical operational success matters such as high-tech graphite science & engineering and (in parallel) building the essential distinctive strategic competitive posture." He added that "in reality both investors and Tesla most likely want the same: A technically robust operation with a leading-edge diversified end-product offering and a highly competitive American-centred business model."

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TRU Graphite-Graphene Team is a core of a dozen distinguished graphite-graphene experts including top management, and senior engineers who have each worked for more than a decade in management and R&D for existing high-tech graphite companies such as GrafTech USA, National de Grafite Brazil, POCO USA, Superior Graphite USA, and from China (especially for R&D). Our team has in-depth hands-on experience in the design & engineering of graphite-graphene processes, plants and products.

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