

Flash Note – Ardiden Limited (ASX: ADV)

On the Trail of a Potential New Graphite Discovery in Canada: Drilling Underway at Manitouwadge Flake Graphite Project, Ontario

March 9, 2015

EVENT

- Drilling commenced this week at the Manitouwadge Flake Graphite Project, Ontario:
 - \$300,000 raised to fund an initial 1,000m diamond core drilling programme;
 - No previous drilling on the property;
 - Initial metallurgical testwork of trench samples indicates a high proportion (55%) of large and jumbo flake with high concentrate purity;
 - EM surveys indicate six target zones; three graphitic horizons identified thus far;
 - Expected completion of drilling in 3 weeks, assays and beneficiation results in 4-6 weeks.

BREAKAWAY COMMENTS

Following a strategic review and name change, Ardiden has commenced a drilling programme on their recently acquired Manitouwadge project, located in Ontario Canada. There has been no previous drilling on this property.

As part of Ardiden's reinvigorated growth strategy of acquiring projects in tier one jurisdictions, the option to acquire 100% of Manitouwadge was exercised in early February, for a total consideration of C\$159,000 and a 2% gross production royalty.

The Project covers 17 staked claims for 3,400ha located 30km NE of the town of Manitouwadge. It is readily accessible along logging roads and within 50km of the Trans-Canada Highway in a historic mining district. A number of other graphite projects are located in the region, including Zenyatta Venture's Albany deposit, ~100km from the Manitouwadge Project.

Previous work has included airborne and ground electromagnetic ("EM") surveying by Noranda, which identified six conductors up to 1.6km in strike length during exploration for massive sulphide base metal mineralisation. Follow-up work has so far identified three graphitic zones up to 12m thick coincident with the EM anomalies.

A report by the Ontario Geological Survey indicates graphite contents of up to 20% locally (generally around 5%) at the Thomas Lake Road graphite occurrence, located in high grade metamorphic rocks (a suitable geological environment for large flake graphite) within the claims.

The key here is the encouraging preliminary metallurgical testwork results, carried out on trenching samples by both the vendor and by Ardiden as part of the project due diligence.

Initial flake size analyses indicates that the higher value large and jumbo components comprise up to 55% of the graphite content, including 26.5% for the >300µm jumbo flake.

Graphite market analysts forecast a shortage of jumbo size flake going forward, with concomitant significant price increases, with some forecasts indicating a jumbo flake price as high as US\$6,175/tonne in 2020 (compared to the current price of around US\$2,300/tonne).

In addition, initial simple gravity and flotation concentration yielded a 94.8% purity product for the jumbo fraction.

Albeit early stage, these results from surface channel sampling, are comparable to those from the better quality projects held by companies in our universe of ASX and TSX listed graphite explorers and developers.

In our view they are very encouraging, and indicate the potential for high in-ground value mineralisation to be present. Positive drilling results may well give rise to a substantial re-rating of the stock.

Given the above we rate ADV a Speculative Buy.

Company Information

ASX Code:	ADV
Share Price:	A\$0.007
MCAP:	A\$2.6m
Cash:	~A\$0.3m
Debt:	A\$0.0m
EV:	A\$2.3m

<http://www.breakawayresearch.com>

Analyst Verification

We, Grant Craighead and Mark Gordon, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Ardiden Limited and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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