CSPG: TV CSPGF: OTC 1AG: FWB

Alabama Graphite Corp.

RECENT DEVELOPMENTS

Graphite materials developer Alabama Graphite is the recipient of a buyout offer from Westwater Resources, a junior mining company with interests in uranium and lithium. The Company announced in mid-December 2017, that Westwater had offered 0.08 of a share of its own common stock to acquire 100% ownership of Alabama Graphite. On the date of the announcement the offer was equivalent to CA$0.11 (US$0.09) per share. Comparable options and warrants will be exchanged for Alabama Graphite's outstanding derivatives, with the exception of those held by insiders that are to be extinguished.

The proposed deal is subject to shareholder approval by both Westwater and Alabama Graphite shareholders. At least two-thirds of Alabama Graphite shareholders must approve the transaction. At the time of this report, no date has been set for either shareholder vote. However, April 2018 has already been cited by Westwater Resources management as a targeted closing time, suggesting shareholder votes will be scheduled in January or February 2018. As one of the deal terms, senior officers and directors of Alabama Graphite pledged to vote in favor of the proposal.

The deal would create a portfolio of graphite, lithium and uranium assets that Westwater has so far described as a 'green energy' mix. Westwater has under development three lithium assets in Nevada and Utah and a uranium project in Turkey, none of which have reach commercial stage. A uranium production facility in Texas has been shut down awaiting higher selling prices. The Alabama Graphite deal will add two developmental stage graphite assets in Alabama to the Westwater portfolio.

In the anticipated mix, Alabama Graphite's Coosa Project in Alabama appears to be the mostly likely to enter commercial production. In October 2017, the Company received a letter of intent from an unnamed battery manufacturer for 10 metric tons per year of Alabama Graphite's *Purified Micronized Graphite* (*PMG*) for use in enhancing battery performance. Interest from this customer was apparently triggered in part by test results completed earlier in 2017, by battery research and development company, RSR Technologies. The tests focused on Alabama Graphite's *Purified Micronized Graphite* (*PMG*) as an additive for lead-acid batteries. The test determined the addition of *PMG* to a proprietary formula increased battery capacity by 7%, from 87 to 92 mAh per milligram. Subsequent to the buyout offer, Alabama Graphite representatives remain in continued contact with both RSR Technologies and the unnamed customer, and are cooperating with ongoing testing.

MARKET DATA

Price:	$0.07 (1/12/18)
52 Wk Hi-Lo:	$0.17 - $0.07
Ave. Volume:	500K
Short Interest:	<1%
Beta:	NA

All Market Data in USD$

VALUATION

Price/Sales:	na
Price/CFO:	neg
Price/EPS:	neg
Price/Book Value:	1.7 X

Based on TTM ending 8/31/17

Consensus EPS FY2018: NA

Forward PE: NA

Consensus EPS FY2019: NA

Forward PE: NA

EQUITY SECURITIES

Common Shares Out: 145.3 M

Insiders:	2.2%
Float:	142.1 M
Institutional:	1.0%
5% Holders:	na

Warrants and Options Outstanding: 45.0 M

As of 12/29/17

Source: Company Reports and Crystal Equity Research estimates

INVESTMENT HIGHLIGHTS

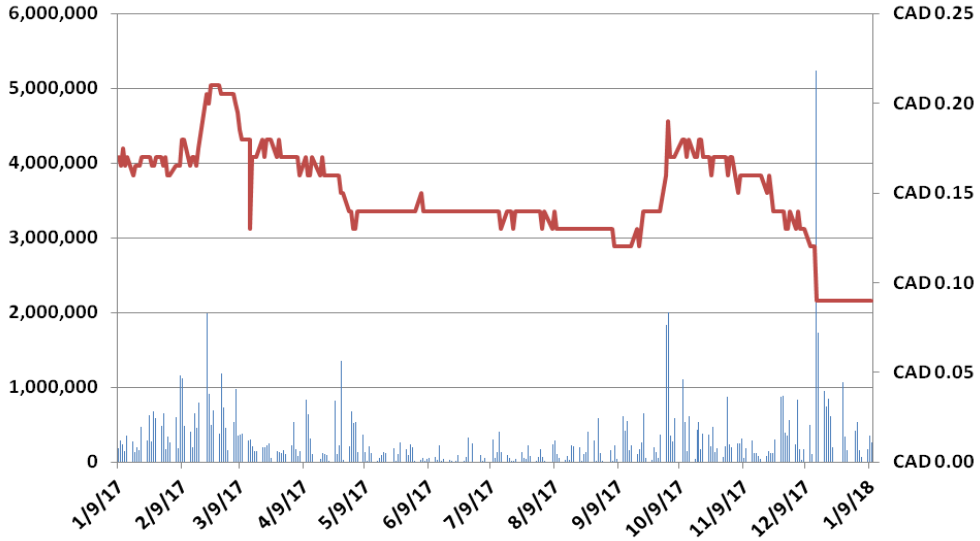
Positives

- Growing demand for high-purity graphite intended for lithium-ion batteries and other advanced technology applications in military and aerospace industries
- Exclusive ownership of previously proven natural flake graphite resource in Alabama; potentially first domestic U.S. graphite producer
- Positive preliminary economic assessment of primary mining and secondary processing of high-purity graphite material based on low capital requirements and economical operating structure
- Consistently positive tests of graphite material product confirming 99.9999% ultra high-purity required for battery-grade applications
- Bridge financing in form of convertible term loan provided by proposed acquirer in anticipation of all-stock buyout

Negatives

- Numerous competitors to supply high-purity graphite for advanced applications with frequent new declarations for graphite development
- Developmental stage company with no historic operations or revenue and expectations for continued net losses in near-term
- Limited financial resources and significant capital requirements to establish mining and processing operations; limited working capital
- Pending all-stock buyout offer cast in terms of share-for-share ratio; fluctuates in value with acquirer's common stock price
- Proposed acquisition subject to separate approval actions by shareholders of both the buyer and the Company
- Loan arrangement with proposed acquirer subject to near-term call provisions and collateralized by substantially all mineral assets

STOCK CHART



Source: Toronto Venture Exchange in Canadian Dollars

OUTLOOK

A pending all-stock buyout offer alters the investment scenario for Alabama Graphite (AGC). Since the proposal by Westwater Resources (WWR) was made public December 13, 2017, the trading price of AGC shares have adjusted to the offer price of 0.08 share of Westwater common stock for 1.0 share of Alabama Graphite common stock. Westwater shares faltered in the wake of the press release and have not recovered to preannouncement levels. We believe a trading range below the preannouncement price suggests concern among traders about either the merits of the transaction or the probability of successful closing.

The question for shareholders focuses on the advantages of Westwater control over AGC assets, including mineral asset leases, mine equipment and a pilot plant facility. Westwater has no commercially operating assets of its own and has no track record in graphite mining. Westwater has limited experience with an industrial materials business model as has been planned for AGC's battery-ready materials. Yet, Westwater appears to have greater financial resources than AGC could muster.

Shares of Alabama Graphite or the exchanged shares of Westwater are speculative and best suited for investors with high risk tolerance.

STRATEGIC VALUE

- Previously exploited high-quality flake graphite asset
- Extraction through low-cost surface mining method
- Proprietary, low-cost graphite purification process
- Low-cost standard mining and process equipment requirements
- Supportive community with well-qualified labor pool
- Availability of water, natural gas and electrical inputs required for processing steps
- Access to market through well maintained roads, ports

RESOURCE ASSETS

- **Coosa Property** - Coosa County, Alabama - 41,535 acres under renewable 5-year lease
- **Chestnut Creek Property** - Chilton County, Alabama - 1,160 acres under 5-year renewable lease
- **Bama Property** - Chilton County, Alabama - 200 acres under 5-year renewable lease

BUSINESS DESCRIPTION

Alabama Graphite Corporation (AGC) is a developer of graphite resources with plans to mine flake graphite and process it into spherical graphite material suitable for use in lithium ion and other batteries. AGC has exclusive control of qualified graphite feedstock resources located in central Alabama, which are among few natural flake graphite deposits in the United States.

Battery-grade Graphite Material

AGC plans to use its mined graphite to produce ultra-high-purity material using a cost effective, environmentally-friendly process built on the Company's proprietary knowhow. The Company has named its planned final product *Coated Purified Spherical Graphite* or *CSPG*. Processed graphite materials that are not selected for coating will be marketed as *Purified Micronized Graphite* or *PMG*. Additional derivative products with enhanced conductivity characteristics are also planned.

A series of laboratory tests of AGC's *CPSG* material as well as initial testing by prospective customers indicate that AGC's proprietary process delivers a graphite material suitable for lithium ion batteries. Tests sponsored by the Company and conducted in early 2017, confirm AGC has a achieved a purity level of 99.99997% carbon by weight. In September 2017, the Company released results of tests completed by battery developer, RSR Technologies, using the Company's *PMG* materials in conjunction with RSR Technologies' proprietary additive for lead-acid batteries. Battery cell tests showed an improvement in three critical areas: capacity, +7%; start-stop situations, +63%; and dynamic charge acceptance, +194%.

Development Progress

AGC's initial project is located in central Alabama in Coosa in an area with historic graphite mining operations. The Company has leased resource mining rights to 41,535 acres in Coosa County, Alabama. The Coosa River forms the western boundary of the property. Testing of samples from pits and trenches in the property suggests 79.4 million metric tons of inferred graphite resource. The Company has invested CA$6.9 million (US$5.5 million) to develop the Coosa asset.

A preliminary economic assessment was completed in November 2015, on a primary mining operation at the Coosa site coupled with an adjacent secondary processing plant. In July 2017, AGC selected consultants for a final feasibility study and made plans to construct a second pilot plant in Alabama. Permits were received for additional trench work needed for environmental permitting. However, construction on the pilot plant and the technical study have not yet commenced. We believe capital constraints and the prioritization of business development activities impacted work on the feasibility study and pilot plant.

The Company also has plans for production of a stockpile of *CSPG* and *PMG* materials at its two pilot plants. The inventory of materials were planned for use by prospective customers in verification and qualification tests. While samples of both materials are apparently still available for customer testing from the Company's first pilot plant in Canada, the stockpile has not yet been brought to planned levels.

BUYOUT OFFER

On December 13, 2017, Alabama Graphite disclosed its board of directors had accepted an acquisition offer from Westwater Resources (WWR), a junior mining company with interests in lithium and uranium resources. AGC had previously revealed an indication of interest from a junior mining company but had not disclosed the company name. AGC's board of directors had formed a committee to consider the offer against alternatives.

The AGC board the decision requires approval by a two-thirds majority of Alabama Graphite shareholders. The transaction is also subject to approval by Westwater Resources shareholders, but only a majority vote is required. The respective shareholder voting events are expected to be scheduled in the coming weeks with a transaction closing date by April 2018.

Shareholder votes notwithstanding, it appears to be a foregone conclusion that the transaction will close successfully. AGC has already adjusted its management team to reflect the post acquisition structure. Both outgoing and remaining members of the management team as well as directors have pledged to vote in favor of the deal, representing 4.5% of total shares outstanding.

ACQUIRER FINANCIAL POSITION

At the end of September 2017, the most recently disclosed financial period, Westwater Resources reported US$10.9 million in total cash on its balance sheet. Notably $3.7 million of cash is restricted pursuant to financial surety arrangements with regulatory agencies in Texas where Westwater has uranium interests. Marketable securities represented another $1.1 million and notes receivable another $4.1 million, of which $1.5 million is expected within a year. Working capital at September 2017 end was $8.2 million. Westwater has no long-term debt.

Cash resources were boosted in January 2017, by the sale of two uranium properties in Texas for a mix of cash and stock that included $2.5 million in cash upfront. WestWater also raised a total of $16.25 million over the last two years from a mix of investors through the sale of common stock.

Additionally, Westwater can raise capital pursuant to two separate agreements through the sale of its common stock at prevailing market prices. Venture capital firm Aspire Capital and brokerage firm Cantor Fitzgerald have together agreed to purchase shares valued up to $52 million. As of November 9, 2017, a total of $48.9 million remained available under the plans.

Westwater does not specify total capital required to develop its own mineral asset portfolio, including three lithium projects in the U.S. and a uranium project in Turkey. Acquiring Alabama Graphite could add as much as US$50 million to the capital budget to reach commercial stage at the Coosa graphite project.

OFFER TERMS

Westwater Resources has offered to exchange 0.08 shares of its own stock for each common share of Alabama Graphite. The offer represents 11.6 million shares of Westwater common stock in exchange for the 145.3 million shares of Alabama Graphite's currently outstanding common stock. No cash has been offered by Westwater other than a US$2.0 million bridge loan facility to support operations before closing.

Alabama Graphite's outstanding options and warrants will be exchanged for comparable derivatives of Westwater Resources common stock. Options and warrants held by AGC management will be cancelled.

The common stock of Westwater Resources is fully registered and publicly traded on the Nasdaq exchange under the symbol WWR. There are currently 27.6 million shares outstanding. Upon closing of the proposed transaction, Westwater would have 39.3 million shares outstanding. The existing Westwater shareholders would own 70.4% of the combination and Alabama Graphite shareholders 29.6%.

Expressed in terms of dollars, the offer fluctuates with the value of WWR shares. At the time of the announcement, WWR had most recently closed at US$1.10 (CA$1.41). At the time, the implied offer per share was US$0.09 (CA$0.11).

Since the deal announcement, Westwater shares have traded as low as US$0.95 and as high as US$1.15 under lower-than-average trading volume. The 52-week trading range is between US$3.94 and US$0.76.

PLANNED PRODUCTS

Coated Spherical Purified Graphite (CSPG)

Purity: 99.9999% wt% C

Conductivity Enhanced Graphite

- Purified Micronized Graphite (PMG)
- Expanded Graphite (EXDG)
- Delaminated Expanded Graphite (DEXDG)

MARKETS

- Battery components
- Fuel cell components
- Aerospace, defense electronics
- Nuclear reactor components

GROWTH DRIVERS

- Electric vehicle adoption using lithium ion batteries with high graphite content
- Expanding use of graphite in fuel cells
- Adoption of nuclear reactor design with high-purity graphite in 'pebble-bed'
- New applications for graphite in defense technology using advanced metal allows
- Intensifying applications in wind energy technology

BATTERY GRAPHITE

Large electric vehicle batteries require as much as 25 kilograms (55 pounds) of graphite material for the anode battery component. The materials need to have excellent porosity and conductivity, which is why graphite is the go-to material used by battery producers. Graphite is also compatible with common cathode materials.

BUYOUT OFFER - STRATEGIC POSITIVES

- Pledge of US$2.0 million in cash through convertible note provides at least a temporary fix for capital deficiency at Alabama Graphite at a time when customer interest in its planned products is building.
- Combination will have access to over US$50 million in capital resources based on current unrestricted cash and two common stock placement arrangements.
- With a least one customer letter of interest in hand for ACG's planned *CSPG* and *PMG* products and other customer testing plans underway, graphite could become most salient story for combination of Westwater Resources and Alabama Graphite.
- Potential for improved stock valuation as Westwater senior officers, with their lengthy track record of capital market transactions and relationships, begin relating near-term commercial prospects of graphite battery materials to investors.
- Continuity in nascent customer relationships with battery manufacturers as Westwater signals intention to retain at least some members of Alabama Graphite leadership team.

BUYOUT OFFER - STRATEGIC NEGATIVES

- Westwater has not recorded revenue since 2009, and reported only two years of positive net income in 2006 and 2007. In 2009, as selling prices declined, Westwater ceased operations at its uranium operation in Texas.
- The most advanced minerals development project in Westwater's portfolio is a uranium project in Turkey using the *in situ* recovery method. Construction and permitting of the Temrezli project in Turkey has been put on hold, awaiting improvements in uranium prices to a level that supports anticipated costs.
- To support operations Westwater used approximately US$986,000 in cash per month during the first nine months of 2017. As a separate entity Alabama Graphite used approximately US$219,000 per month to pay for its activities. We estimate the combination could require US$1.0 million in cash per month to support operations.
- Alabama Graphite is a developmental stage company and has not yet recorded revenue from its planned graphite materials. The time line to commercial stage may be shorter than Westwater's projects, there is no assurance that revenue from graphite materials sales will achieve profitability for the combination.
- A series of three separate private placements of common stock and one registered offering completed by Westwater were successively 'down' rounds with the selling share price declining from $2.82 in a private placement in February 2016, to $1.58 in a round completed in February 2017.
- Westwater management team has little direct experience in graphite materials secondary processing, a critical capability to achieve profitability from the small-flake graphite ore at the Coosa property.

GRAPHITE INDUSTRY PEERS

- **Bass Metals** (formerly Stratmin; BSM: ASX)
- **Eagle Graphite** (EGA: TSX)
- **First Graphite Ltd.** (FGR: ASX)
- **Focus Graphite** (FMS.T)
- **Global Li-Ion Graphite** (LION: CSE)
- **Graphit Kropfmuhl** (AMG: GK)
- **Graphite India** (GRAPHITE.BO)
- **Graphite One** (GPH.T)
- **Great Lakes Graphite** (GLK.T)
- **Imerys Graphite & Carbon** (NK.PA)
- **Kibaran Resources** (KNL: ASX)
- **Leading Edge Materials** (LEM: TSX.V)
- **Lincoln Materials** (LML: ASK)
- **Lomiko Metals** (LMR.T)
- **Magnis Resources** (MNS: ASX)
- **Mason Graphite** (LLC.T)
- **NextSource Materials** (formerly Energizer Resources, NEXT: TSX)
- **Northern Graphite** (NGC.T)
- **Nouveau Monde** (NOU.V)
- **SGL Carbon SE** (SGL.GR)
- **Sovereign Metals** (SVM: ASX)
- **Syrah Resources** (SYR.AX)
- **Talga Resources** (TLG: ASX)
- **Triton Minerals** (TON: ASX)
- **Valence Industries** (VXL: ASX)
- **Zenyatta Ventures** (ZEN: TSX.V)

COMPETITIVE POSITION

Alabama Graphite has chosen an integrated production model, encompassing secondary processing of refined materials as well as conventional extraction and primary processing steps. Imerys Graphite & Carbon is the only other graphite producer that has elected to integrate forward into finished graphite products. While the Company is thus not unique in the graphite industry, the integrated business model sets AGC apart from the majority of competitors in the graphite mining industry.

The plan to process further is a key element in AGC's competitive position and its future success is highly dependent upon successful execution. The quality and character of graphite is measured by flake size and carbon intensity, which are key determinants of value for graphite concentrate. Flake graphite from the Coosa project was estimated to have 2.56% graphitic carbon. Distribution of Coosa flake size is skewed to lower value medium and fine mesh grades. While Alabama might not command the highest prices for graphite concentrate, the Coosa graphite is particularly well suited for the Company's proprietary secondary process. Resulting yields through the purification process yields better than 99.9999% graphitic content.

We had anticipated that other graphite asset developers might move in the same direction of integration. That outcome could still transpire, but thus far all have elected to continue along the road of conventional graphite ore production. Accordingly, competition among the majority of graphite producers will hinge on flake characteristics and resource size, with graphite materials performance a consideration for concentrate refiners.

The ability to demonstrate performance of battery-ready materials should be a plus for Alabama Graphite's representatives when calling on battery manufacturers. Yet, the Company will remain something of an exotic animal in the graphite market. That unique profile will extend to the stock market as well where investors may struggle to place fair value on Alabama Graphite as the early stage company with the unusual business model. Should its proposed buyer choose to move forward with Alabama Graphite's integrated business model, it is not certain that Westwater will have any greater success with branding issues.

Alabama Graphite has one additional competitive ace up its corporate sleeve. As the exclusive domestic producer in the United States, the Company will command a strong competitive position in the graphite materials sector. The DOD has declared graphite a critical material for military and defense use. Graphite has taken on more strategic value as the country shifts to fossil fuel alternatives such as electric power stored in high-capacity lithium ion batteries. DOD leaders are keen to support domestic producers to avoid reliance of foreign suppliers. AGC was assigned a Commercial and Government Entry (CAGE) code to directly pursue funding and business with the U.S. Departments of Defense and Energy.

OPERATING COMPARISONS

Canadian Dollars

As Reported

	FY2016	FY2017
Sales	$ -0-	$ -0-
Oper. Loss	($1.753)	($3.211)
Net Loss	($1.310)	($2.584)
CFO	($1.176)	($2.368)
LPS	($0.01)	($0.02)

As Adjusted for Non-cash Charges*

	FY2016	FY2017
Sales	$ -0-	$ -0-
Oper. Loss	($1.531)	($2.411)
Net Loss	($1.506)	($2.411)
CFO	($0.945)	($1.968)
EPS	($0.01)	($0.02)

Dollars in millions; Fiscal year end 8/31

**Crystal Equity Research estimates*

CASH USAGE

Still in developmental stage, Alabama Graphite is a net user of cash resources. In fiscal year ending August 2017, the Company used CA$2.4 million (US$1.9 million) or average of CA$200,000 (US$158,000) per months. Operating expenses were the primary use of operating cash.

Cash operating expenses totaled CA$2.4 million (US$1.9 million) in the 2017 fiscal year, representing a 60% increase over the prior year. Payments under consulting contracts, which includes compensation for members of senior management represented the single largest category at 58% of cash operating expenses in FY2017. Cash consulting expenses increased CA$654,645 (US$523,716) or 86.4% year-over-year, due largely to increases in compensation for the CEO Baxter and CFO Bolton and the addition of Dinwoodie as a executive vice president for business development. Additionally, spending on travel increased 103.1% year-over-year to CA$577,329 (US$461,863) as management increased business development activities and engaged in capital raising efforts.

Cash used for operating expenses were partially offset by increases in accounts payable and other current liabilities, which increased by CA$26,709 (US$21,367). The Company also tapped prepaid assets by CA$21,262 (US$21,810).

BALANCES

Canadian Dollars	8/31/16	8/31/17
Cash	$ 0.096	$0.509
Current assets	$ 0.315	$0.652
Exploration assets	$ 6.866	$7.563
Equipment	$ 0.002	$0.002
Total assets	$ 7.184	$8.217
Accts. Payable	$ 0.521	$0.496
Current Liabilities	$ 0.521	$0.392
Notes Payable	$ -0-	$ -0-
Deficit	($10.174)	($13.381)
Total Equity	$ 6.663	$ 7.721
Shares Outstanding	119.3	145.3
Warrants/Options	24.8	45.0

Dollars, shares and derivatives in millions

Sources: Company Reports and Crystal Equity Research estimates

ASSETS AND LIABILITIES

In addition to the support of operations, the Company used CA$706,656 (US$565,325) in cash for further development of its graphite resource in Coosa County. This compares to investment of CA$1.4 million (US$1.1 million) in the prior fiscal year. The majority of the investment related to metallurgical work and assays as well as payments to geologists. A minor investment was made in environmental and reclamation improvements. Another CA$41,795 (US$33,360) was used for an option payment on the Coosa County graphite project.

The investments resulted in an increase of CA$696,389 (US$557,111) in the exploration and evaluation assets on the Company's balance sheet, bringing the total to CA$7.2 million (US$6.1 million).

Exploration and evaluation assets are by far the most significant asset for the Company, representing 93% of total assets. The only other significant asset on the balance sheet is cash, which totaled CA$508,993 (US$407,194) in August 2017.

Working capital at the end of August 2017, was CA$156,299 (US$125,039). This compares to negative working capital at the end of the previous fiscal year.

EARNINGS COMPARISONS

US Dollars

As Reported

	FY2016	FY2017
Sales	$ -0-	$ -0-
Oper. Loss	($1.306)	($2.565)
Net Loss	($0.976)	($2.064)
CFO	($0.876)	($1.892)
LPS	($0.01)	($0.02)

As Adjusted for Non-cash Charges*

	FY2016	FY2017
Sales	$ -0-	$ -0-
Oper. Loss	($1.140)	($1.926)
Net Loss	($1.122)	($1.926)
CFO	($0.704)	($1.572)
EPS	($0.01)	($0.02)

Dollars in millions; Fiscal year end 8/31

**Crystal Equity Research Estimates*

BALANCES

US Dollars	8/31/16	8/31/17
Cash	$0.072	$0.407
Current assets	$0.235	$0.521
Exploration assets	$6.114	$6.041
Equipment	$0.001	$0.002
Total assets	$5.351	$6.564
Accts. Payable	$0.388	$0.396
Current Liabilities	$0.388	$0.396
Notes Payable	$ -0-	$ -0-
Deficit	($7.579)	($10.689)
Total Equity	$4.963	$ 6.168
Shares Outstanding	119.3	145.3
Warrants/Options	24.8	45.0

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

CAPITAL REQUIREMENTS

Alabama Graphite's announcement of the buyout offer from Westwater Resources, suggested that the directors' acceptance had in part been triggered by a deteriorating financial condition. At the time of the deal announcement AGC's shareholders had not been provided a financial report since the period ending May 2017. Increasing liabilities and limited success in raising capital at an acceptable valuation was leading to increased financial risk. AGC's financial filings have for several years included a note related to the ability of the Company to continue as a going concern due to an accumulated deficit in shareholder capital and limited working capital.

However, the tone of the buyout announcement suggested a more acute situation had developed. This was underscored with even stronger language during a conference call with analysts and investors conducted by the management of Westwater Resources in the week following the deal announcement. Shareholders were given an insight into AGC's financial requirements by one of the terms of the buyout offer. Beginning immediately and up through the anticipated closing date in April 2018, Westwater agreed to lend up to CA$2.5 million (US$2.0 million). The loan is secured by AGC's assets and is convertible into its shares.

While the loan was described by Westwater management as a generous effort to help the a beleaguered Alabama Graphite, the loan also serves as 'handcuffs' on Alabama Graphite leadership. Should AGC directors or management withdraw support for the deal, the loan becomes payable immediately. If the agreement is terminated the loan becomes payable at the end of June 2018. Westwater is also using the loan as a means to influence operations prior to the transaction closing. Each borrowing request by AGC pursuant to the loan must be reviewed and approved by Westwater management.

Given the recent rate of cash usage by AGC, the loan facility could support operations for approximately one year. We estimate that with the reduction in force in AGC's management team, operating cash need may have been reduced by 20%, suggesting the loan facility could be stretched to sixteen months. That said, the Company's cash requirements also include accelerated spending on a final technical study, environmental permitting and a second pilot plant, which have an estimated price tag near US$6.5 million.

Westwater appears to have sufficient capital available to support operations and cover investment requirements for the final development steps. However, even with current cash resources and available credit lines, Westwater would likely need to raise capital itself to fund the estimated US$43 million needed to complete construction and acquire equipment for commercial mining and processing facilities in Coosa County.

LEADERSHIP CHANGES

Concurrent with announcing the buyout offer from Westwater Resources, the Alabama Graphite board of directors accepted the resignation of Donald Baxter as chief executive officer. The seats in the boardroom were then shuffled around to fill the executive responsibilities.

Dr. Gareth Hatch, a current director of the Company, was named as **Interim Chief Executive Officer**. Hatch was originally appointed to the board of directors in 2016. He has advanced degrees in metallurgy and minerals and has focused much of his professional life on rare earth minerals and applications. Hatch is a principal of Technology Metals Research, a consulting firm focused on the critical materials sector, and is founder of Innovations Metals Corporation, a developer of processing solutions for metals used in technology and renewable energy. Hatch is now a member of the audit committee with Daniel Goffaux and Jean Depatie.

Tyler Dinwoodie has been elevated from his previous position as executive vice president to **President**. He continues as corporation secretary. Dinwoodie has been focused on corporate development and raising capital and is now instrumental in the pending buyout transaction. His experience includes marketing and communications at Focus Graphite and Potash Corporation.

Douglas Bolton continues as the Company's **Chief Financial Officer**. Bolton has experience in accounting, tax and audit functions for public companies. Bolton graduated from York University and holds both the certified public accountant and chartered accountant designations.

The Company's independent directors are **Daniel Goffaux** and **Jean Depatie**, who is also the board chairman. The two men worked together as senior managers of Stratmin's Lac-des-Iles Graphite mine in Quebec. Depatie is largely credited with having put the mine, now called Timcal by the current owner Imerys SA, into production. In addition to the Stratmin graphite mine success, Depatie has had extensive experience in gold and base metals exploration and extraction, serving in both engineering and executive positions. In addition to the Stratmin graphite mine success, Goffaux served in senior engineering positions in gold, zinc and copper mining operations around the world.

RELATIONSHIPS

- **KLM Geoscience** - geophysical survey and engineering services
- **ActLabs** - mineral assay services
- **SGS Labs** - engineering services, including pilot plant design, construction and operation in Lakefield, Ontario
- **AGP Mining Consultants, Inc. and Metal Mining Consultants** - economic feasibility study and assessment of graphite resources
- **Thomson Engineering** - environmental permitting

CAPITALIZATION

Recent Price:	$0.07
Shares Out:	145.3 M
Market Capital:	$10.2 M
+ Preferred Stock	-0- M
+ Debt	-0- M
- Cash	0.4 M
Enterprise Val:	$ 9.8 M
Book Value:	$ 6.1 M
Working Capital:	$ 0.1 M

Balances as of 8/31/17

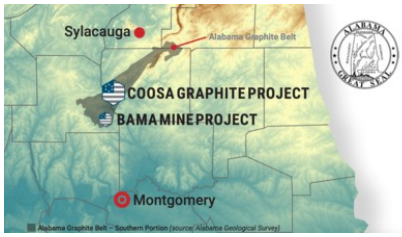
All figures in US Dollars

OWNERSHIP

	Common Stock (in Millions)
Insiders:	
Hatch, Interim CEO	0.1
Bolton, CFO	0.1
Dinwoodie, President	1.9
Edmundson, SG	0.2
Pamplin, VP	0.2
Depatie, Chairman	0.6
Goffaux, Director	0.1
Total Insiders*	3.2 M
As % of Shares Outstanding	2.2%

**Insiders hold warrants and options for an additional 6.6 million shares*

Source: Company Reports and Crystal Equity Research Estimates



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