

Graphite Miners News For The Month Of July 2019

Summary

China Graphite flake spot prices were lower in July.

Graphite market news - An oversupply of flake graphite is hurting prices.

Graphite company news - SRG Mining announces positive Feasibility Study results for its Lola Graphite Project pre-tax NPV of USD277m and IRR of 28%.

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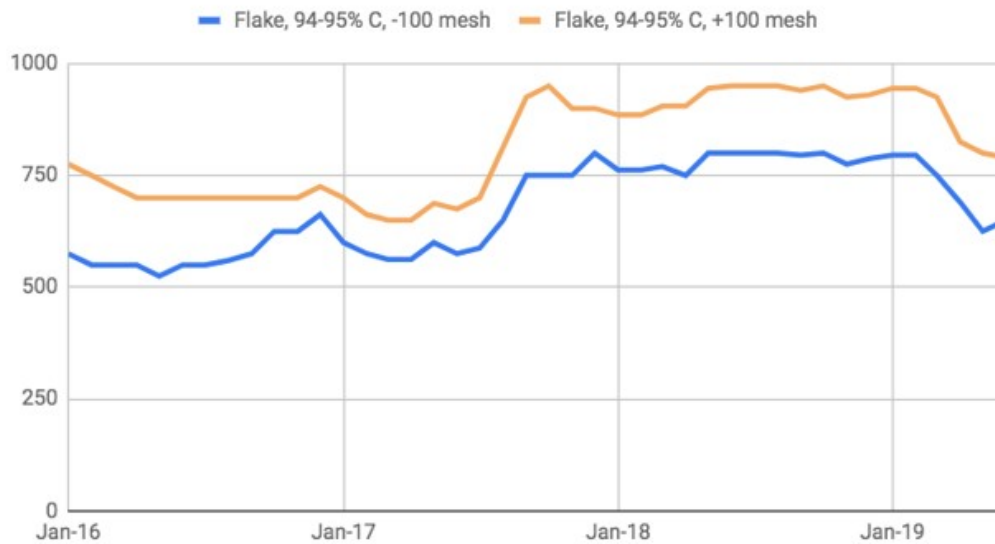
Welcome to the July edition of the graphite miners news. July saw graphite prices lower and a relatively quiet month of graphite miner news. Depressed flake graphite prices are hurting the sector.

Graphite price news

During July China graphite flake-194 EXW spot prices were down [2.58%](#) and are down [12.58%](#) over the past year.

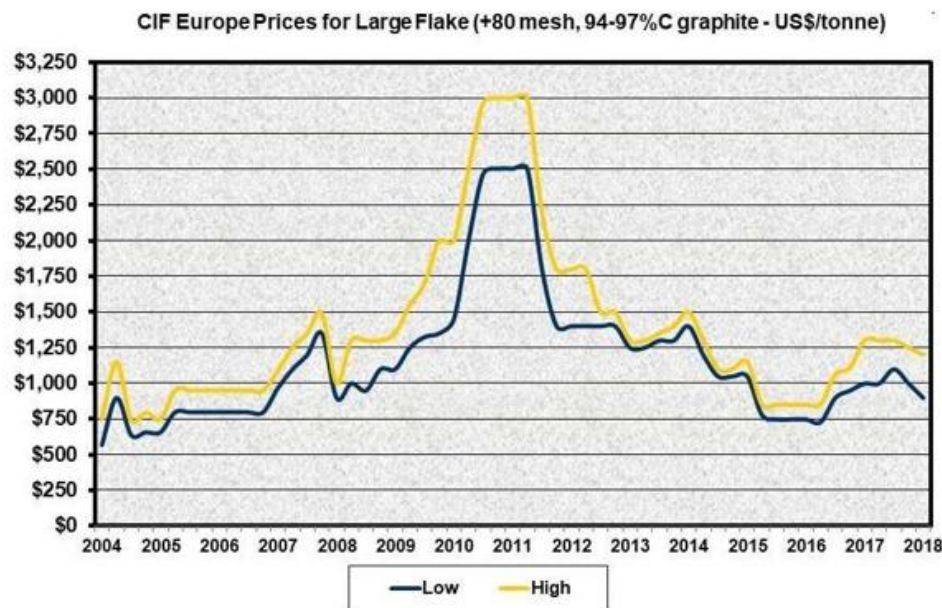
Graphite prices 2016 to ~May 2019

Graphite Prices



[Source](#): Investing News courtesy of Benchmark Intelligence

Graphite prices 2004 to end 2018



[Source](#): Northern Graphite

In my January 30, 2018, [Trend Investing Interview](#) with Benchmark Minerals Simon Moores said about graphite:

Spherical graphite anode plants, predominately based in China, were traditionally 5-10,000 tpa but now we are tacking four megafactories are looking to produce 60,000 to 100,000 tpa from 2020 onwards.

On July 15, Fastmarkets [reported](#):

Battery and Supply chain conf: Six things we learned in Qiandaohu. Fastmarkets assessed the graphite spherical 99.95% C, 15 microns, fob China, price at \$2,800-2,900 per tonne on Thursday, unchanged since May 24, 2018... Fastmarkets' graphite flake 94% C, -100 mesh, fob China price averaged \$623 per tonne so far this year, down by 5% from \$655 per tonne in the corresponding period of last year.

Graphite market news

On July 6, Kitco Media [reported](#) (audio): "Battery materials will bounce back - Benchmark Minerals (Andrew Miller)."

On July 15, Fastmarkets [reported](#):

Battery and Supply chain conf: Six things we learned in Qiandaohu. It is difficult to completely substitute spherical graphite due to its relative better lithium-storage capacity as a lithium-ion battery anode material, a China-based anode producer told Fastmarkets on

the sidelines of the conference. This means graphite demand from the downstream battery sector and spot prices are like to remain stable. Spherical graphite is mostly used in carbon anodes despite the emergence of silicon-based anodes as a potential substitute. Demand for flake graphite from the anode sector has been supported by rising anode production capacity in China. Shanshan Technology, one large anode materials producer in China, is building the first phase of a lithium-ion anode line in Inner Mongolia with capacity to produce 40,000 tonnes per year of anode. The line will start operations in the third quarter of this year, Xie Qiusheng, senior engineer from the Shanghai Shanshan told delegates... Yet demand from the traditional downstream consumer - aluminum-magnesium-carbon (al-mg-c) brick used as a refractory material - is falling due to reduced output of al-mg-c brick in China following environmental scrutiny. This drop in demand has put flake graphite prices under downward pressure.

On July 16, Investing News [reported](#):

Graphite Market Update: H1 2019 in Review... One of the main trends in the graphite sector during the first half of the year has been the continued growth of value-added applications, in particular from the battery sector, Benchmark Mineral Intelligence Head of Price Assessment Andrew Miller told the Investing News Network [INN]. "As with many battery raw materials, graphite finds itself in a tran-

sition period where new capacity has been installed but the real major changes in demand have not yet been felt," he said. However, he explained, there is still very good demand growth from the battery sector as well as from other value-added markets such as expandable graphite... However, looking specifically at 2019, the main news in the graphite space has been the introduction of new supply, with massive investment done in recent years on the synthetic side to establish graphitization and carbonization capacity to facilitate more output, according to Miller. Meanwhile, on the natural graphite side, major new volumes of feedstock have come from Africa, in particular Syrah Resources [ASX:SYR, OTC Pink:SYAAF]... According to the expert, prices for feedstock have certainly come down as the new supply hit the market, but not as much as some have indicated. "The major decreases some have reported are largely for fines or fake flake material which has become increasingly prominent with increased supplies," he said. Benchmark Mineral Intelligence expects prices to continue to decline into H2 as excess supplies remain in the market.

Graphite miner news

Graphite producers

I have not covered the following graphite producers as they are not accessible to most Western investors. They include - Aoyu Graphite Group, BTR New Energy Materials, Qingdao Black Dragon, National de Grafite, Shanshan Technology, and LuiMao Graphite.

Note: Imerys Graphite and Carbon ([OTC:IMYSF](#)) and AMG Advanced Metallurgical Group NV [NA:AMG] [GR:ADG] ([OTCPK:AMVMF](#)) are also "diversified producers", producing graphite. SGL Carbon (ETR:[SGL](#)) is a synthetic graphite producer.

**Syrah Resources Limited [ASX:SYR][GR:3S7]([OTCPK:SYAAF](#))
([OTC:SRHYY](#))**

Syrah Resources Limited owns the Balama graphite mine in Mozambique.

On July 11, Syrah Resources [announced](#):

Syrah successfully completes entitlement offer. Syrah Resources Limited is pleased to announce the successful completion of its fully underwritten 1-for-5 pro rata accelerated non-renounceable entitlement offer (Entitlement Offer)... and represented the final stage of the approximately A\$55.8 million Entitlement Offer.

On July 17, Syrah Resources [announced](#): "Quarterly activities report - period ended 30 June 2019." Highlights include:

Balama Graphite Operation (Balama)

- "Produced 44kt natural flake graphite, 8% lower than Q1 due primarily to minor equipment issues.
- H1 2019 C1 operating cash cost of production US\$567/t. Higher than planned due to lower production volume.
- ISO:45001 certification and ISO:14001 re-certification achieved."

Sales and Marketing

- "Sold 53kt versus 48kt in Q1 2019 through continued improvement in contract volume and logistics.

- Weighted average graphite price achieved of US\$457/t [CIF], down from US\$469/t in Q1 2019 due primarily to Chinese fines pricing and lower than planned coarse flake production."

Battery Anode Material [BAM] Project

- "Unpurified spherical graphite customer qualification continues.
- Commissioning of purification circuit underway - first dispatch of purified spherical graphite planned in Q3 2019.
- Preliminary Feasibility Study of commercial scale plant provides attractive economics."

Finance and Corporate

- "Forecast cash balance at end of Q3 2019 ~ US\$64 million, exclusive of the potential proceeds from Convertible Note (ASX announcement 19 June 2019)."

Outlook

- "CY2019 production target 205kt - 245kt, dependent on ongoing assessment of sales volume against price, production performance and quality performance.
- C1 cash operating costs forecast to trend towards ~US\$400/t by the end of 2019, subject to recovery and production volume outcomes, with a major focus on structural cost management.
- Increases to weighted average CIF price sought through improved product mix, higher product grade skewed towards 96% and 97% fixed carbon, and geographic placement of sales.
- First BAM purified spherical graphite for customer qualification in Q3."

You can view the latest investor presentation [here](#).

Bass Metals [ASX:BSM] [GR:R2F] ([OTC:BSSMF](#))

On July 9, Bass Metals [announced](#): "Bass signs agency agreement for supply of graphite concentrates into the rapidly growing and key Indian market." Highlights include:

- "Over the last year, Bass has sold over 600mt into the Indian market and is experiencing growing and strong demand for all of its concentrate specifications in India.
- Supplies to India could exceed 3,000mt in 2020 with a significant portion of Company's schedules production increases planned for export to India."

On July 15, Bass Metals [announced](#): "Record graphite production, sales and revenue achieved at Graphmada Graphite Mine for the June quarter 2019." Highlights include:

- "Record 32,000 tonnes processed with 1,005 wet tonnes produced at the premium benchmark quality of >94% Fixed Carbon, an 80% increase on the previous quarter's wet tonne production.
- Record 1,096dry tonnes produced, an85% increase on the previous quarter's dry tonne production.
- Record 783 tonnes sold, a 94% increase in sales by revenue over the previous quarter.
- Record revenue received of \$A638,000 for the June quarter, continuing the quarter by quarter doubling of revenue since Bass re-commissioned Graphmada.
- Record 137,000 tonnes mined, at low strip ratios and declining cost.
- Recent agency agreement signed for key, high growth market of India."

Graphite developers

Battery Minerals [ASX:BAT] [GR:oFS]

Battery Minerals core commodity targets are graphite, zinc/lead, and copper. BAT is maintaining a focus on its two graphite development assets Montepuez and Balama which are located in Mozambique.

On July 9, Battery Minerals [announced](#): "June quarterly activities report." Highlights include:

- "Global trade tensions are driving increased uncertainty around supply of strategic minerals like graphite. The Company is receiving increased levels of inquiry from graphite customers across the battery supply chain in major growing markets including Japan, Korea, United States (US), and Europe.

- Project funding discussions continued against a backdrop of challenging short-term graphite prices and the prospect of strong long-term prices.
- Positive test-work results achieved as part of Battery Minerals' examination of downstream processing options, which has the potential to assist the Company to access additional markets to China.
- Interim fundraising completed for \$5.11M (before costs).
- Cash on hand of \$6.7M on 30 June 2019, with monthly cash spend significantly reduced, pending completion of project finance.
- Balama Central Graphite Project-Mining Licence Application submitted to Government.
- Montepuez-Maiden vanadium Mineral Resource of 34.6Mt at 0.25% V₂O₅."

You can view the latest investor presentation [here](#).

Magnis Energy Technologies Ltd [ASX:MNS] ([OTC:URNXF](#)) (formerly Magnis Resources)

Magnis is an Australian based company that has rapidly moved into battery technology and is planning to become one of the world's largest manufacturers of lithium-ion battery cells. Magnis has a world-class graphite deposit in Tanzania known as the Nachu Graphite Project with high distribution towards natural flake graphite in the Super Jumbo, Jumbo and Large flake categories.

No news for the month.

Mason Graphite [TSXV:LLG] [GR:Mo1] ([OTCQX:MGPHF](#))

Mason Graphite is a Canadian graphite mining and processing company focused on the development of the Lac Guéret project located in northeastern Quebec, where the graphite grade is believed by management to be among the highest in the world.

No news for the month.

You can view the latest investor presentation [here](#).

NextSource Materials Inc. [TSX:NEXT] [GR:1JW] ([OTCQB:NSRCF](#))

NextSource Materials Inc. is a mine development company based in Toronto, Canada, that's developing its 100%-owned, Feasibility-Stage Molo Graphite Project in Madagascar. The Company also has the Green Giant Vanadium Project on the same property.

No news for the month.

Investors can view the latest company presentation [here](#). You can watch the company's Senior Vice President Brent Nykoliation video interview [here](#).

Northern Graphite [TSXV:NGC][GR:ONG] ([OTCQX:NGPHF](#))

Northern's principal asset is the Bissett Creek graphite project located 100km east of North Bay, Ontario, Canada and close to major roads and infrastructure. The Company has completed an NI 43-101 Bankable final Feasibility Study and received its major environmental permit.

No news for the month.

You can view the latest investor presentation [here](#).

Talga Resources [ASX:TLG] [GR:TGX] ([OTCPK:TLGRF](#))

Talga Resources Ltd is a technology minerals company enabling stronger, lighter and more functional materials for the multi-billion dollar global coatings, battery, construction and carbon composites markets using graphene and graphite. Talga has significant advantages owing to its 100% owned graphite deposits in Sweden, proprietary process test facility in Germany and in-house graphene product technology.

On July 3, Talga Resources [announced](#): "Spectacular graphite drill results expand Vittangi potential." Highlights include:

"Balance of drillhole graphite assay results received from Niska prospect of Vittangi project includes the following highlights:

- "72.0m @ 29.9% graphite ("Cg") from 105.5m in NUN19023 Inc. 32.0m @ 41.9% Cg from 127.5m.
- 73.0m @ 29.7% Cg from 112.1m in NUN19026 Inc. 18.0m @ 41.4% Cg from 145.1m.
- 106.4m @ 25.5% Cg from 24.8m in NUN19015..."

You can view the latest investor presentation [here](#).

SRG Mining Inc. [TSXV:SRG] [GR:18Y] [Formerly SRG Graphite Inc.]

SRG is focused on developing the Lola graphite deposit, which is located in the Republic of Guinea, West Africa. The Lola Graphite occurrence has a prospective surface outline of 3.22 km² of continuous graphitic gneiss, one of the largest graphitic surface areas in the world. SRG owns 100% of the Lola Graphite Project.

On July 3 SRG Graphite [announced](#):

SRG Graphite Inc. changes company name to SRG Mining Inc. SRG Graphite Inc. wishes to announce it has received the approval of the TSX-V Venture Exchange to change the name of the Company from SRG Graphite Inc. to SRG Mining Inc. Effective at market open on July 4, 2019, the Company's name will be changed to SRG Mining Inc.

On July 4 SRG Mining Inc. [announced](#): "SRG announces positive feasibility study results for its Lola Graphite Project pre-tax NPV of USD277m and IRR of 28% over a 29-year mine life." Highlights include:

- "Average annual production of 54,600 tonnes of graphite flakes over a 29-year mine life.
- Proven & probable reserves of 42.0Mt @ 4.17% Cg.
- Capital costs of \$123 million ("M") including a power plant of \$5.8M, concentrate transport equipment of \$3.6M, and contingency of \$12M.
- Added flexibility of the plant to process soft saprolite and fresh rock, provides optionality and the ability to expand the production profile.
- Average operational costs of \$470/tonne ("t") and \$38/t of transport. For the first 16 years of production, the average operational costs are \$447/t.
- Pre-tax NPV(8%) of \$277M and internal rate of return ("IRR") of 28%.
- Post-tax NPV(8%) of \$159M and IRR of 21%.

- Average grade of graphite flakes over 95%.
- A low strip ratio of 0.69."

You can view the latest investor presentation [here](#).

Leading Edge Materials [TSXV:LEM] ([OTCQB:LEMIF](#))

Leading Edge Materials Corp. is a Canadian company focused on becoming a sustainable supplier of a range of critical materials. Leading Edge Materials' flagship asset is the Woxna Graphite production facility in central Sweden. The company also owns the Bergby lithium project, the Norra Karr REE project, and the Kontio cobalt project all located in Scandinavia.

On June 27, Leading Edge Materials [announced](#): "Leading Edge Materials reports quarterly results to April 30, 2019."

On June 9, Leading Edge Materials [announced](#):

Leading Edge Materials advances expandable graphite research using graphite from Woxna Mine, Sweden. Leading Edge Materials Corp. is pleased to announce the commencement of research with a leading European consultant, ProGraphite GmbH ("ProGraphite"), to produce expandable graphite using materials from the Woxna graphite mine in Sweden... Expandable graphite is a potential value-add product for larger flake natural graphite from Woxna that will not go to the lithium ion battery anode markets. Demand for expandable graphite for fire resistant building products and textiles are both substantial and fast growing, while emerging markets exist as a precursor for graphene manufacturing.

Investors can view the latest company presentation [here](#).

Triton Minerals [ASX:TON][GR:1TG]

Triton Minerals Ltd. engages in the acquisition, exploration, and development of areas that are highly prospective for gold, graphite and other minerals. The company was founded on March 28, 2006, and is headquartered in West Perth, Australia. Triton has three large graphite projects in Mozambique, not far from Syrah Resources Balama project.

On June 28, Triton Minerals [announced](#): "State-owned enterprise Jinan Hi-Tech agrees to \$19.5 million investment in Triton and to support EPC package debt funding." Highlights include:

- "Major Chinese SOE, Jinan Hi-Tech, has agreed to acquire Shandong Tianye Mining's 19.3% shareholding in Triton for total consideration of A\$11.0 million at 6.2 cents per share, subject to Chinese regulatory approval.
- Jinan Hi-Tech has also agreed to subscribe for A\$8.5 million in Triton at 4.1 cents per share, subject to Triton shareholder approval.
- Jinan Hi-Tech to hold 34.01% of Triton at completion of both transactions.
- In addition, Jinan Hi-Tech has agreed to provide financing support to finalise the debt requirements for the Ancuabe Graphite Project."

You can view the latest investor presentation [here](#) and an excellent video [here](#).

Nouveau Monde Graphite [TSXV:NOU] ([OTCQX:NMGRF](#))

Nouveau Monde Graphite owns the Matawinie graphite project, located in the municipality of Saint-Michel-des-Saints, approximately 150 km north of Montreal, Canada.

On June 28, Nouveau Monde Graphite [announced](#):

Nouveau Monde Graphite announces the completion of its C\$22 million capital raise and will proceed to construction of its value-added product demonstration plant.

You can view the latest investor presentation [here](#).

Volt Resources [ASX:VRC] [GR:R8L]

Volt Resources Ltd is a graphite exploration company. The Company is focused on the exploration and development of its existing wholly owned Bunyu Graphite Project in Tanzania and the identification of further assets globally which have the potential to add value to shareholders.

No significant news for the month.

You can view the latest investor presentation [here](#).

Renascor Resources [ASX:RNU]

Renascor Resources Ltd. is an Australian exploration company, which focuses on the discovery and development of economically viable deposits containing uranium, gold, copper, and associated minerals. Its projects include graphite, copper, precious metals, and uranium.

No news for the month.

You can view the latest investor presentation [here](#).

Kibaran Resources [ASX:KNL] ([OTC:KBBRF](#))

Kibaran Resources Limited is an ASX-listed exploration company focused on unlocking the graphite potential of the mineral-rich landscapes of Tanzania, East Africa. The primary focus is on the 100%-owned Epanko Deposit - a key graphite target within the Epanko Graphite Project area, which has been identified to host large flake graphite with 'expanded' properties. The Epanko Deposit has a JORC Indicated Mineral Resource Estimate of 12.8Mt at 10% TGC, for 1.28Mt of contained graphite.

On July 1 Kibaran Resources [announced](#): "Government approves all R&D programs."

You can view the latest investor presentation [here](#).

ZEN Graphene Solutions Ltd. [TSXV:ZEN] ([OTCPK:ZENYF](#)) (formerly Zenyatta Ventures)

ZEN Graphene Solutions Ltd. is a mineral development company based in Thunder Bay, Ontario. ZEN Graphene is currently developing the Albany Graphite Deposit ("Albany"), as well as developing graphene and graphene applications.

No significant news for the month.

Sovereign Metals [ASX:SVM] [GR:SVM]

Sovereign Metals Ltd. is an exploration company, which engages in the explorations of graphite, copper and gold [resources](#). It operates through the Queensland, Australia and Malawi geographical segments. Sovereign Metals has world's biggest graphite saprolith source of 65m tonnes at 7.1% TGC at their Maligunde project in Malawi.

On July 22, Sovereign Metals Ltd. [announced](#): "Exceptional infrastructure in place to unlock newly discovered rutile potential."

You can view the latest investor presentation [here](#).

Lomiko Metals Inc. [TSXV:LMR] ([OTCQB:LMRMF](#))

Lomiko Metals is focused on the exploration and development of minerals for the new green economy such as lithium and graphite and also has a 100% interest in Lomiko Technologies Inc., an investor in technology and manufacturer of electronic products.

On July 9, Lomiko Metals Inc. [announced](#):

Lomiko Metals and Quebec precious metals report multiple 100 m+ intercepts and multiple 10%+ Cg Zones at La Loutre Flake Graphite Project. "La Loutre has proven to be a large and high-grade area worthy of further investment." stated A. Paul Gill, CEO. "The only operating graphite mine in North America is the Imerys Graphite & Carbon at Lac-des-Îles, 53 km northwest of La Loutre which reported Proven reserves of 5.2 M Tonnes at a grade of 7.42 % Cg in July 1988 before the start of production."

On July 16, Lomiko Metals Inc. [announced](#): "Lomiko Metals looks to participate in North American graphite anode production for EV lithium-ion batteries."

New Energy Metals Corp. [ASX:NXE] (formerly Mustang Resources)

New Energy Minerals are pioneering Vanadium and Graphite mining, exploration, and technology. With the unique Caula Project in Mozambique nearing production they are set to supply the high quality resources critical to the rapidly expanding new energy market.

On July 2, New Energy Metals Corp. [announced](#):

New energy metals announces signing of definitive option to purchase agreement to acquire Exploradora North Project (Chile)... New Energy Metals President and CEO, César López, stated, "Exploradora North is located in one of the world's most prolific copper districts. In addition, it is within close proximity of Codelco's current deep-drilling project. With that in mind, the signing of these definitive option agreements for Exploradora North is a major milestone for the Company and an active step towards our goal of serving the green energy market.

On July 10, New Energy Metals Corp. [announced](#):

New energy metals to commence vector induced polarization/resistivity and magneto-telluric surveys at Exploradora North Project.

You can view the latest investor presentation [here](#).

Westwater Resources ([WWR](#)) (formerly Alabama Graphite)

Westwater Resources Inc. is an explorer and developer of mineral resources that are materials essential to clean energy production. Formerly known as Uranium Resources Inc., Westwater is developing an advanced battery graphite business in Alabama, holds dominant mineral rights positions in the Western United States and the Republic of Turkey for both lithium and uranium deposits, as well as licensed production facilities for uranium in Texas.

No news for the month.

You can view the latest investor presentation [here](#).

Other graphite juniors

Berkwood Resources [TSXV:BKR] [GR:BR2N] ([OTC:CZSVF](#)), BlackEarth Minerals [ASX:BEM], Black Rock Mining [ASX:BKT], Ceylon Graphite [TSXV:CYL] [GR:CCY] ([OTC:CYLYF](#)), DNI Metals [CSE:DNI] ([OTCPK:DMNKF](#)), Eagle Graphite [TSXV:EGA] [GR:NJGP] ([OTC:APMFF](#)), Elcora Advanced Materials Corp. [TSXV:ERA] ([OTCPK:ECORF](#)), Focus Graphite [TSXV:FMS][GR:FKC] ([OTCQB:FCSMF](#)), Graphite One Resources Inc. [TSXV:GPH] [GR:2JC] ([OTCQB:GPHOF](#)), Gratomic Inc. (TSXV:GRAT), Graphite Energy Corp. [CSE:GRE] [GR:GOA] ([OTCPK:GRXXF](#)), NovoCarbon Corp. (a subsidiary of Great Lakes Graphite [TSXV:GLK] [GR:8GL] ([OTC:GLKIF](#))), Walkabout Resources Ltd [ASX:WKT].

Conclusion

July saw graphite prices fall and a relatively quiet month of graphite company news.

Highlights for the month were:

- Expert - "It is difficult to completely substitute spherical graphite due to its relative better lithium-storage capacity as a lithium-ion battery anode material."

- Shanshan Technology (anode materials producer in China) is building the first phase of a lithium-ion anode line in Inner Mongolia with capacity to produce 40,000 tonnes per year of anode, due to start Q3, 2019.
- New supply in 2019 from Syrah Resources has met and/or exceeded demand, hence weaker prices so far in 2019. Benchmark Mineral Intelligence expects prices to continue to decline into H2 as excess supplies remain in the market.
- Syrah Resources - CY2019 production target 205kt - 245kt, C1 cash operating costs forecast to trend towards ~US\$400/t by end 2019.
- Talga Resources: "Spectacular graphite drill results expand Vittangi potential."
- SRG Graphite Inc. changes company name to SRG Mining Inc.
- SRG announces positive Feasibility Study results for its Lola Graphite Project pre-tax NPV of USD277m and IRR of 28% over a 29-year mine life.
- Triton Minerals - State-owned enterprise Jinan Hi-Tech agrees to \$19.5 million investment in Triton and to support EPC package debt funding.
- Nouveau Monde Completes C\$22 million capital raise and will proceed to construction of its value-added product demonstration plant.
- Lomiko Metals looks to participate in North American graphite anode production for EV lithium-ion batteries.

As usual, all comments are welcome.

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Disclosure: I am/we are long SYRAH RESOURCES (ASX:SYR), KIBARAN RESOURCES (ASX:KNL), TRITON MINERALS (ASX:TON), AMG ADVANCED METALLURGICAL GROUP NV [AMS:AMG]. I wrote this article myself, and it expresses my own opinions. I am not

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