# Graphite Miners News For The Month Of October 2019

Summary

China Graphite flake spot prices were slightly higher in October.

Graphite market news - Global graphite overcapacity to accelerate in 2019, Chinese producer warns. Insiders see flake graphite prices holding firm in Q4, 2019.

Graphite company news - Syrah Resources significantly cuts graphite production. Magnis Energy Technologies Feasibility Study for Li-ion battery facility in Townsville completed.

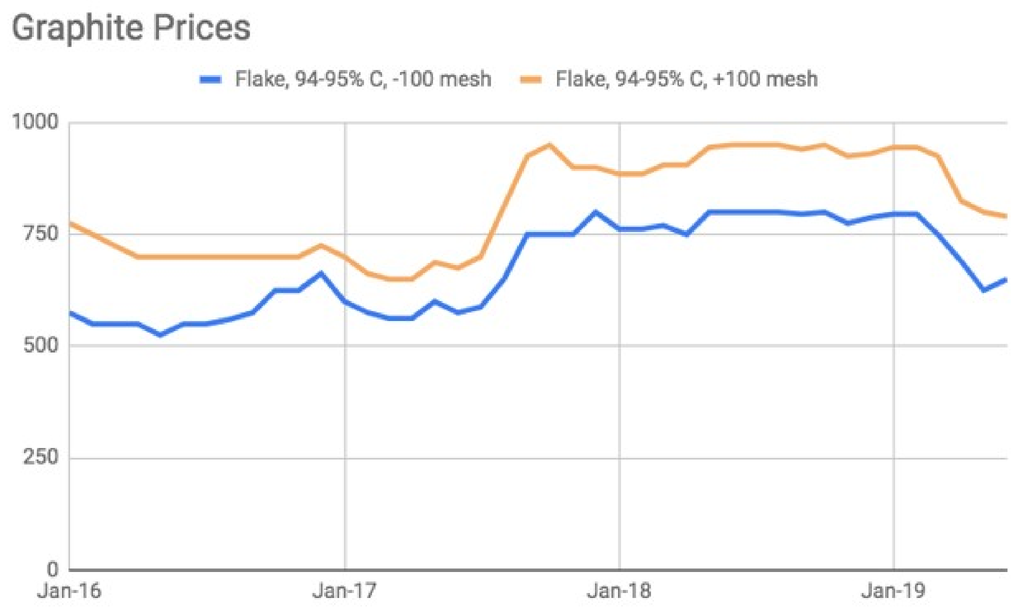


Welcome to the October edition of the graphite miners news. October saw graphite prices slightly higher. The big news for the past month was Syrah Resources (OTCPK:SYAAF) announcing a two-thirds production volume cut back due to graphite oversupply and low pricing. There was also plenty of other news of good progress from the graphite miners.

## Graphite price news

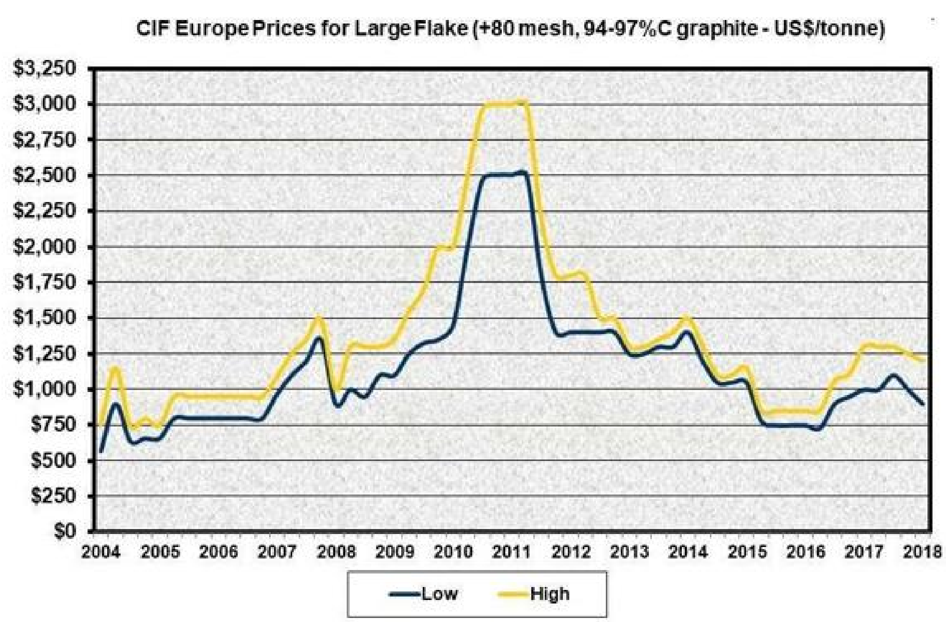
During October, China graphite flake-194 EXW spot prices were up 0.85% and are down 8.73% over the past year.

## Graphite prices 2016 to ~May 2019




Source: Investing News courtesy of Benchmark Intelligence

## Graphite prices 2004 to end 2018

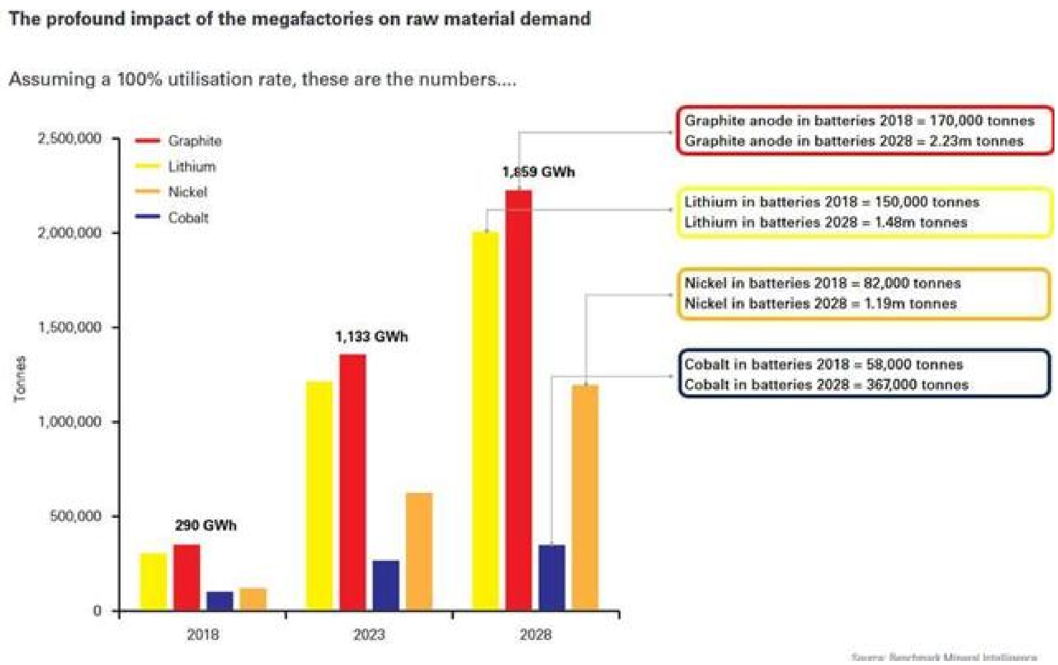



Source: Northern Graphite

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.*

### The impact of the proposed megafactories on raw material demand (graphite in red)




Source: Benchmark Mineral Intelligence

### Graphite market news

On October 15, Fastmarkets reported:

*CHINESE GRAPHITE CONF: Flake graphite prices to hold firm in Q4, delegates say. The price of flake graphite is expected to show little*

> *change through the fourth quarter of 2019, delegates at an industry conference told Fastmarkets.*

On October 21, Fastmarkets reported:

> *Global graphite overcapacity to accelerate in 2019, Chinese producer warns. Overcapacity in the global graphite market expanded this year due to more projects coming online despite lower demand, according to Xia Xiaomin, vice general manager of Heilongjiang Pride New Material Technology.*

## 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 & Carbon (OTC:IMYSF) and AMG Advanced Metallurgical Group NV [NA:AMG] [GR:ADG] (OTCPK:AMVMF) are also "diversified producers", producing graphite. SGL Carbon (OTCPK:SGLFF) [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 October 18, Syrah Resources announced: "Quarterly activities report – period ended 30 September 2019." Highlights include:

Balama Graphite Operation (Balama)

- "....Produced 45kt with strategic reduction in production volume executed through September, versus 44kt in Q2 2019, with improvement in recovery and superior quality (product mix and grade distribution).
- 9M YTD 2019 production 137kt (~15ktpm at ~50% capacity) at C1 operating cash cost of US$577 per tonne."

Sales and Marketing

- "Sold 45kt at weighted average graphite price of US$391 per tonne [CIF] and US$441 per tonne for 9M YTD 2019.
- Lower pricing in Q3 2019 versus Q2 2019 due to sudden and material decrease in spot prices across all flake sizes in China predominantly due to the depreciation of the Chinese Yuan and negative coincidental factors.
- Achieved annualised logistic rate of ~240kt per annum."

Battery Anode Material [BAM] Project

- "Construction nearing completion and commissioning of the purification circuit progressed.
- First production of purified spherical graphite now expected in Q4 2019 due to delays in some supplier technical support during commissioning."

Finance and Corporate

- "Cash as at 30 September 2019 was US$65.5 million.
- Retail Entitlement Offer was completed on 8 July 2019, with net proceeds of US$20.6 million equivalent.
- Subsequent to quarter end, Syrah delivered the Issue Notice for the A$55.8 million (~US$38 million) Convertible Note to Australian Super Pty Ltd with proceeds to be received on 28 October 2019."

Outlook

- "**In response to current market conditions, planned Q4 2019 production strategically reduced to approximately 5ktpm**.

- Forecast cash balance as at end Q4 2019 ~ US$78 million, inclusive of proceeds from the Convertible Note issue to Australian Super Pty Ltd.
- Structural review completed with ~US$22 million Balama annualised cost reduction at 15kt per month versus 2019 YTD cost base (average production run rate 15kt per month) and ~US$1.5 million corporate overhead annualised reduction.

On October 21, Fastmarkets reported:

*Syrah Resources to cut jobs, output at Balama graphite ops. Australian miner Syrah Resources has announced that it will cut 30% of the jobs at its Balama graphite operation in Mozambique as part of a cost reduction initiative in response to weak market conditions.*

You can view the latest investor presentation here.

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

On September 30, Bass Metals announced:

*Bass signs Memorandum of Understanding with leading US Graphite Technology company to develop downstream products.......MOU executed with Urbix to work over the next 180 days to establish a Joint Venture for the processing of Bass high grade graphite into value added downstream products.....Urbix's proprietary advanced technology includes environmentally and cost-conscious purification methods that are not reliant on environmentally unsustainable Hydrofluoric acid treatments. Urbix holds significant intellectual* *property a wide range of graphite applications including proprietary Li-ion battery cells, electrolyte, graphene products, cement, and other composites and energy storage materials.*

On October 16, Bass Metals announced:

*Bass continues strong progression at Graphmada, achieving record large flake graphite volume, record wet tonne production and a record quarter for concentrates sold.*

Highlights include:

- "1,128 wet tonnes produced for the September quarter, a new quarterly record, inclusive of 8 days scheduled maintenance shutdown over the quarter. These results exceed the record results reported for the June quarter...
- Critically, large flake production increased to 42% of production for the September quarter, materially exceeding the 32% large flake production achieved for the June quarter...
- Subsequent to quarter end, Bass received orders of 251mt with further imminent sales expected. Projected shipments for the December quarter 2019 are in the range of 1,200–1,300mt. Bass is closely approaching having all current inventory under contract."

## *Graphite developers*

### Battery Minerals [ASX:BAT] [GR:0FS]

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 October 10, Battery Minerals announced:

> *Battery Minerals signs MoU with leading US group for graphite processing JV in Mozambique. Plus, initial work shows cost of Montepuez graphite project could be cut by US$6m by using contractors rather than owner-operator model*

On October 24, Battery Minerals announced:

> *September 2019 quarterly activities report. Battery Minerals advances funding for Montepuez Graphite Project. African resource funding specialist appointed; Contractor v Owner model assessment provides scope to cut capex by up to $6m.*

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.

On September 27, Magnis Energy Technologies Ltd. announced: "$8 million in funding secured." Highlights include:

- "Middle East based Negma Group to subscribe to $8 Million in shares over 12 months with an option for a further $4 Million investment."

On September 30, Magnis Energy Technologies Ltd. announced:

*New York battery plant independent valuation.....Valuation of equipment at US$71.34 Million (A$105.5 Million) with Magnis ownership at over 50% in the project.*

On October 1, Magnis Energy Technologies Ltd. announced: "Townsville battery manufacturing plant feasibility study submitted to Queensland Government." Highlights include:

- "Feasibility Study investigates the viability of developing an 18 GWh lithium-ion battery manufacturing plant in Townsville over 3 stages.
- Demonstrated sound financial viability on a project basis with an NPV of A$2.55 billion and 21% IRR.
- Project capital cost for all 3 stages estimated at A$3 Billion with 1,150 direct jobs when operating at full capacity.
- Contributors to the Feasibility Study include GHD, Ausenco, Siemens, NAB and leading vendors of battery manufacturing equipment."

## Mason Graphite [TSXV:LLG] [GR:M01] (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.

On September 27, NextSource Materials Inc. announced: "NextSource Materials releases new feasibility study incorporating phased buildout in preparation of mine financing." Highlights include:

- "The 2019 Feasibility Study (“FS”) outlines a phased development approach with Phase 1 producing 17,000 tonnes per annum (“tpa”) over the first two years of production and Phase 2 producing a total of 45,000 tpa by year 3.
- Over the modelled life of mine (30 years), the production plants will have a pre-tax internal rate of return (“IRR”) of 43.1%, and a post-tax IRR of 36.2%. The pre-tax Net Present Value (“NPV”) at 8% discount rate will be US$237.1M, and the post-tax NPV will be US$184.3M.
- The capital mine cost (“CAPEX”) for Phase 1 will be US$21.0M with Phase 2 CAPEX being an additional US$39.1M, for a total project cost of US$60.1M.
- Both phases will utilize the Company’s unique, fully modular build approach, which greatly reduces build time and associated costs in relation to conventional mine construction."

On October 24, NextSource Materials Inc. announced: "NextSource Materials secures registered trademark for Molo SuperFlake® graphite in Canada."

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 100% owned graphite deposits are in Sweden, proprietary process test facility is in Germany.

On October 2, Talga Resources announced:

> *Talga enters solid state battery race with anode technology under Innovate UK 'Faraday' Project……Talga to develop graphite-based anode for solid state batteries (Talnode®-E) under a consortium project co-funded by the UK's innovation agency - Innovate UK.*

On October 8, Talga Resources announced:

> *Talga and Leclanché sign MoU to trial Swedish lithium-ion battery anodes. Under the MoU Leclanché will evaluate Talga's range of Swedish anode products, Talnode®, in its batteries with the intention to develop commercial products for the lithium-ion battery industry.*

On October 15, Talga Resources announced:

> *Talga boosts Swedish graphite project with maiden Niska resource….."Maiden JORC (2012) Indicated resource of 4.6Mt @ 25.8% Cg using a 10% lower cut-off. 100% of the Niska MRE is classified as Indicated…..Expands Talga's total JORC resource inventory*

> *in Sweden to 52.7Mt containing 9.3Mt graphite [ASX:TLG 27 Sep 2019 and Table 5]......Niska preliminary economic study to commence in November to scope development options and commence permitting process.*

On October 24, Talga Resources announced: "Talga and BillerudKorsnäs sign graphene joint development agreement."

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 October 24, SRG Mining Inc. announced:

> *SRG Mining provides project update on its Lola Graphite Project. “We continue to progress on the development of our Project with several work streams currently ongoing.*

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 September 27, Leading Edge Materials announced: "Leading Edge Materials reports quarterly results to July 31st 2019."

On October 4, Leading Edge Materials announced: "Leading Edge Materials announces exploration license application in Romania."

On October 15, Leading Edge Materials announced:

> *Leading Edge Materials updates on progress of Bihor Sud exploration license application in Romania.....has been declared as compliant and has progressed to further evaluation.*

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 October 3, Triton Minerals announced:

> *Chinese NDRC approval. Triton Minerals Limited [Triton] is pleased to advise that pursuant to the subscription agreement with Jinan Hi Tech [JHT] announced on 28 June 2019 (Subscription Agreement), Triton has been advised that the proposed acquisition of a 34.01%*

*stake in Triton has been approved by the National Development and Reform Commission of China [NDRC].*

You can view the latest investor presentation here and an excellent video here.

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

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

No news for the month.

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 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.

On October 1, Renascor Resources announced: "Quarterly report 30 September 2019." Highlights include:

- "The Definitive Feasibility Study [DFS] for Renascor’s 100%-owned Siviour Graphite Project (Siviour) nears completion.....DFS results are expected to be announced in the current quarter.

- Advanced process design tests offer further support for the proposed downstream spherical graphite operation for Siviour....Purification tests using more eco-friendly caustic roasting have successfully produced battery-grade spherical graphite (Spherical Graphite) from Siviour.....
- Cash position of approximately $1.8 million as of 30 September 2019."

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.

On October 23, 4-traders reported:

> *Kibaran Resources Limited: EcoGraf Limited. At our 2019 Annual General Meeting we will seek to change our name to EcoGraf Limited to clearly reflect our strategy to be a preferred partner for the long-term supply of responsibly produced, high quality natural flake and battery (spherical) graphite products.*

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.

On September 27, ZEN Graphene Solutions Ltd. announced:

*ZEN Graphene Solutions corporate update. ZEN Graphene Solutions Ltd. is pleased to report on its recent activities including work on a novel electrochemical process for the production of 1-2 layer graphene oxide, graphite material processing and inventory plus encouraging preliminary results using reduced graphene oxide as a grain refinement additive for aluminum casting.*

On October 1, ZEN Graphene Solutions Ltd. announced:

*ZEN Graphene Solutions announces encouraging aluminum metal composite and coating results using ZEN Graphene material....Preliminary results indicate that the Graphene resulted in a significant increase in the electrical conductivity of the material with a relatively small Graphene loading. Dr. Bichler commented: "Aluminum with increased conductivity would have vast industrial applications." Test work will continue to optimize the Graphene loading to optimize the electrical conductivity of the aluminum along with improvements in the thermal and mechanical properties.*

## 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 saprolite resource of 65m tonnes at 7.1% TGC at their Maligunde project in Malawi.

No news for the month.

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.

No significant news for the month.

### 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.

No news for the month.

You can view the latest investor presentation here.

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

Westwater Resources Inc. 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.

On October 15, Westwater Resources announced:

*Westwater Resources receives first shipment of graphite concentrate. Receipt of natural flake graphite kicks-off next steps in graphite business plan to produce larger samples for pre-qualification of products.*

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. (formerly Great Lakes Graphite [TSXV:GLK] [GR:8GL] (OTC:GLKIF)), Walkabout Resources Ltd [ASX:WKT].

## Conclusion

October saw graphite prices slightly higher.

Highlights for the month were:

- The price of flake graphite is expected to show little change through the fourth quarter of 2019, delegates at an industry conference told Fastmarkets.
- Global graphite overcapacity to accelerate in 2019, Chinese producer warns.
- Syrah Resources cuts production volume by two-thirds: In response to current market conditions, planned Q4 2019 production strategically reduced to approximately 5ktpm (from 15ktpm).
- Bass Metals signs Memorandum of Understanding with leading US Graphite Technology company [Urbix] to develop downstream products.
- Battery Minerals signs MoU with leading US group for graphite processing JV in Mozambique.
- Magnis Energy Technologies - Feasibility Study investigates the viability of developing an 18 GWh lithium-ion battery manufacturing plant in Townsville over 3 stages. Demonstrated sound financial viability on a project basis with an NPV of A$2.55 billion and 21% IRR. Project capital cost for all 3 stages estimated at A$3 billion.

- NextSource Materials Feasibility Study ("FS") for the Molo Graphite Project. Phase 1 producing 17,000tpa, Phase 2 producing a total of 45,000 tpa by year 3. Post-tax NPV of US$184.3M, and post-tax IRR of 36.2%. Phase 1 CapEx of US$21.0M and Phase 2 CapEx of an additional US$39.1M. 30 year Life of Mine.
- Talga Resources to develop graphite-based anode for solid state batteries. Talga and Leclanché sign MoU to trial Swedish lithium-ion battery anodes. Talga and BillerudKorsnäs sign graphene joint development agreement.
- Triton Minerals - Chinese NDRC approval for proposed acquisition of a 34.01% stake in Triton by Jinan Hi Tech [JHT].
- Kibaran Resources plans to change name to EcoGraf Limited to clearly reflect strategy to supply responsibly produced, high quality natural flake and battery (spherical) graphite products.
- ZEN Graphene Solutions announced encouraging aluminum metal composite and coating with graphene resulted in a significant increase in the electrical conductivity of the aluminum material.
- Westwater Resources receives first shipment of graphite concentrate.

As usual, all comments are welcome.

**Disclosure:** I am/we are long SYRAH RESOURCES (ASX:SYR), 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 receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

**Additional disclosure:** The information in this article is general in nature and should not be relied upon as personal financial advice.