

Ecclestone selects Alabama Graphite as one-of-five most likely to prosper

In working up an [institutional research piece](#) on **Alabama Graphite Corp.** (TSXV: ALP | OTCQB: ABGPF) over the last month a few things have struck me and are worth highlighting. These are elements of the company's story which are unique and separate it out from the pack in the graphite "race".

Past-Production is Princely

We keep repeating the mantra of the moment that "production is king". By implication past-production is princely. The recent addition of the former Bama mine, which produced until the 1940s, was a major coup for Alabama Graphite. Already favorable results are flowing in from initial work at the old pits. However, closer examination of the details of the Coosa project shows that this also hosts the old Fixico mine. This gives the company's exploration team, in some ways, a pre-drawn roadmap to where the best chances of proving up mineable deposits may be. We would also note that as past-production ceased in most cases because of a flood of imported graphite into the US economy, it is NOT the case that mines closed due to lack of material.

The Climatic Setting

Not much thought has gone into this point but very few of the globe's graphite deposits are in climatologically benign locations. Thus far most of what is being served up by explorers is in meteorologically-challenged locations, to put it politely. This is either areas with very severe winters (not naming names you know where we mean) or tropical or semi-tropical locales. In fact the only deposits that readily come to mind as being in temperate climes, with easy year-round

working conditions, are the old “pencil-lead” deposits of northern England and those areas being developed by Alabama Graphite...

Infrastructure

With ALP’s projects being near surface and oxidized (with good friability) they also tick the box for lower end capex. This neck of the Alabama woods (quite literally) has a network of heavy duty logging roads and electrical and water provision. Moreover with what looks like being a string of projects in the same general vicinity (and most importantly with trucking distance of each other) the potential exists for the company to start up in a modular mode adding capacity as further resources are brought into play. All this minimizes potential capex and complications.

The US’s Strategic Blindspot

The German, Japanese and South Korean end-users of many critical commodities have taken fright in recent years at the increasing dominance of the Chinese in key minerals. Not only does this threaten a potential cut-off of supply in moments of international threat but also gives the Chinese a key advantage to “eat the lunch” of Western manufacturers in high-value goods like machine tools, for example.

The US has blithely carried on with a just-in-time bottom-line oriented culture that has eschewed developing internal supply lines. Over and over again this has shown to be the “feet of clay” of the US economy. After the recent Russian supply scare it’s back to business as usual. However the newest trend of on-shoring means that it makes sense for US high-value added products to have inputs, like graphite, to hand rather than in locations with potentially disruptible supply lines in an increasingly tense world.

The graphite deposits of Alabama were exploited in World War One, then World War Two when, on both occasions, the US

economy was cut off from imported supplies. But after both events the mining efforts were allowed to languish back into obscurity (and supply vulnerability again). Isn't this what happened in Tin, Rare Earths, Antimony and dare we mention it, Uranium?

The one advantage of this stop/start approach to resource security is that, at least in graphite, the resources were never exhausted and thus have been sitting there awaiting the fair wind of market forces to breathe life back into the production of these minerals.

Alabama – Way to Go

With many past prolific mining jurisdictions giving lip-service to being mining friendly and then putting enormous roadblocks in the way (British Columbia and New Brunswick to name two offenders) it is interesting to note that Alabama Graphite finds itself working in its eponymous state that seemingly cannot wait to see some serious large scale mining restart in its territory. The state has in the past hosted mines in graphite, iron ore, gold, tin, tantalum and marble.

As for the State's political climate, political winds can change (however we do not view this as likely in the foreseeable future in Alabama). Though we would note that, economically, it is hard to discriminate between Republicans or Democrats in the South. Alabama has set job growth and economic development as a priority for the next twenty years. Every State agency that touches job creation has bought into this mission.

Alabama is a delegated State for implementation of USEPA regulations and Alabama is a delegated state for implementation of USEPA regulations and environmental laws, and the state has managed to work almost seamlessly in its coincidental involvement with Federal agencies such as the USACE. The permitting agency sets a target of six months from

receipt of completed application to grant of permit. Alabama Graphite has positioned itself well by involving, through information meetings, the environmental and conservation advocates as well as other interest groups and stakeholders on the front end of the project. Alabama Graphite has also involved the local government and community in its efforts to gather support to ensure that permitting moves smoothly.

Conclusion

The Graphite space does not have the same “Crowd scene from the Ten Commandments” feel that the Rare Earth space had and yet not all the graphite players are going to make it either. Those with the best chances of not only surviving, but also prospering, are those that “tick” the most boxes and Alabama Graphite in most respects satisfies the criteria for doable projects, in a politically and climatologically benign location with the best access to the US end-users. As far as management is concerned, it has a heavyweight team on the board that has done it before at Timcal’s Quebec mine.

As if that was not enough, there is also the factor of past proven mineability of these deposits and the potential to satisfy the US’s strategic need for a graphite supply not subject to foreign interruption. Our analysis leads us to believe that Alabama Graphite ranks in the top five graphite stocks most likely to prosper over the coming years.