

TNR Gold's Klip says all cars will go electric much sooner than anticipated

March 14, 2018 – “I am really in this game because I believe that all cars will be electric much sooner than a lot of people are anticipating. It means that we will have to produce, moving from today's level of just 217,000 tons of lithium carbonate as a market total in sales to 1 million tons annually,” states Kirill Klip, CEO and President of TNR Gold Corp. (TSXV: TNR), in an interview with InvestorIntel's Jeff Wareham.

Jeff Wareham: Kirill is the executive chair of TNR Gold. Now the name confused me, Kirill, because to be honest with you as much as I like gold I love what you are trying to do. Can you tell me what TNR is up to?

Kirill Klip: Thank you very much Jeff for having me today. We are building on a base of TNR Gold, the green energy metals royalty company. Our roots go far back. The company is more than 20 years old. I joined it 10 years ago. One of our most exciting projects, in the gold now, will be in Alaska, Shotgun Gold; right close in proximity of Donlin Gold. Now, as we know, Alaska is heating up, if I may, for mining again. My real dream is to build the green energy metals royalty company. I still remember the days when I was buying Royal Gold, if you remember. I was lucky enough to buy it below \$5. Then, of course, I was very happy to sell it over \$70. I would like to do the same, but now in the space of so-called energy metals.

Jeff Wareham: Okay. What energy metals excite you?

Kirill Klip: Energy metals excite me because I really think that we are at the very beginning of the megatrend and very

famous now in our still small circles is the Morgan Stanley report, which almost halves the valuation of all lithium mining companies. Just telling me we are at the very, very beginning of this megatrend because at the moment we just crossed 1% in sales of our general so-called internal combustion engine, so-called ice cars being taken over by electric cars. Now they are closing on 2%. As we discussed just recently in my interview about International Lithium, I am really in this game because I believe that all cars will be electric much sooner than a lot of people are anticipating. It means that we will have to produce, moving from today's level of just 217,000 tons of lithium carbonate as a market total in sales, to 1 million tons annually. It is not my focus, but by UBS. Then I will give you my focus. We have to produce in total 12 million tons of lithium by 2030 just to have 200 million electric cars worldwide, and then up to 36 million tons...to access the complete interview, [click here](#)

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Go for Alaskan Gold with Sonoro

If you're looking for an early junior with the high-grade potential, going for a project close to successful mines is a great tactic, and deposits located in world famous gold camps is even better. The Fairbanks district of Alaska has long been a major producer of gold; placer deposits have produced over 250 tonnes, and lodes have contributed half that again since the rush began in 1903. Early prospectors staked thousands of claims, and although results were initially disappointing, one

of the richest claims in the Fairbanks Mining District was struck a short while later which paid as high as \$136 to the pan (gold @ \$20/ounce).

Today in Fairbanks, the Fort Knox mine held by Kinross is the largest surface gold mine in the history of Alaska, and an up-and-coming project located only 75 km to the South has set off my goldar. The Hilltop project, optioned (60%) to Sonoro Metals Corp. (TSXV: SMO | OTCQB: SMOFF) ("Sonoro") ("Sonoro"), returned grab samples of up to 26.55 g/t Au in 2015, prompting a second phase of exploration which analysed 355 soil samples, 42 rock samples, as well as resampling a specific section of trench 5 from the first phase which included assays of 11.7 g/t and 26.5 g/t Au.

The success of the initial exploration stages is visible in company stock value. A steady bull channel has been quietly carved out over the past twelve months, with shares gaining over 50%. But the last year has seen a gentle ascent as investor confidence continues to increase as the project is derisked. The real surge will come when the 12,836 hectare site has been fully delineated, but in my opinion, with each phase of exploration expanding the gold footprint further, this type of growth is coming within the next year. And this isn't the company's only project, it is simply the most advanced.

The project is also located 75 km West of Sumitomo's Pogo mine, which has produced 4.973 million ounces at an impressive average grade of 12.5 g/t gold. Pogo was originally slated to have a mine life of only 10 years, but continues to expand its resource today. With results such as these still going strong throughout the Fairbanks district, I'm anticipating some dramatic drill cores from the next phase of exploration. In order to fund the necessary works, Sonoro have optioned a project to another explorer for which they received \$4m earlier this year, and began trading on the OTCQB to attract investment in both Canadian and American markets.

The project was optioned to Sonoro by Northern Empire and so is contiguous to their Richardson property. While Northern Empire remains the operator of the project, Sonoro will earn a 60% interest in the project should they spend a minimum capital amount on exploration works and issue an agreed number of securities before the end of 2019. The Richardson property boasts sample grades of up to an astonishing 71.2 g/t Au, and so the decision to explore Hilltop is a sound one. Generating cash flow from this more advanced project should be Sonoro's primary goal as it would allow the company to commit to further exploration of their 100% owned San Marcial deposit in Mexico.

The only thing that could bring this play down is poor geology, but the case for the alternative is compelling. There are just too many noteworthy projects in proximity, and the existing exploration has yielded positive outcomes every time. Alaska is mining friendly and well connected, and Sonoro has real potential to create serious value from their tiered launch approach.

Sonoro – A Case Study of a Safe Gold Play

When considering to whom to give our hard earned cash, how do we know who is capable and trustworthy? Quick financial decisions have, on many occasions, emptied bank accounts never to be refilled, but a well thought out placement of funds can reap not only extensive gains to equity, but to experience and often one's own network. Right now, gold and silver plays are looking favourable since the world is constantly on the brink of one disaster or another, and personally, I'm searching for

good geology overseen by people so deep-rooted in the mining industry that my decision is not one of faith but of sincere confidence.

In steps Sonoro Metals Corp. (TSXV: SMO | OTCQB: SMOFF) ("Sonoro"), an exploration and development company with a portfolio of precious metals properties in Sonora, Mexico and Alaska, USA. Sonoro's highly skilled exploration team in Mexico is headed by expert geologist Melvin Herdrick, with 45 years of mine related experience, including 10 years as Chief Geologist for Phelps Dodge in Mexico, followed by 7 years as Vice President of Exploration for Pediment Gold (also Mexico) until its takeover by Argonaut Gold in 2011. And last but certainly not least, Sonoro's Chief Geologist and Qualifying Person, Stephen Kenwood, has over 20 years of experience in mineral exploration and development.

When I spot a company with such talent, I am compelled to investigate further; driven by a desire to know what caught their attention when assembling their particular portfolio of assets. It is no secret that Mexico has been the world's largest silver producer for quite some time, but it also holds the title of 8th largest producer of gold, outputting 125 metric tons last year. In fact, mining makes up 21% of Sonora state's entire GDP, and the region in which the company's most advanced projects are located produced 35t of gold and 360t of silver in 2015. The area is so prolific that 221 foreign mining companies operate within its boundaries; no surprise, then, that Sonoro decided to crack ground here.

In Sonora, the Chipriona project yielded results of 189 g/t silver and 0.71 g/t gold over 19.9m and 100 g/t silver and 0.40 g/t gold over 20m. Sampling at the lowest underground level, 80m below surface, returned values in one crosscut of 460 g/t silver and 0.64 g/t gold over 20m. With results such as these, the company quickly sold the Chipriona project for C\$4m and a 1% Net Smelter Return in order to provide the funds to fully explore their remaining resources. Drilling is

scheduled at the San Marcial project for this year, and since this project is located on the infamous (in geology circles, anyway) Sonora-Mojave Megashear, I'm expecting solid results, but impressive sampling is already emerging from the company's Alaskan Hilltop project.

Located 75 km in two directions from two extremely successful existing mines, and contiguous to Northern Empire's Richardson property, the Hilltop project is promising indeed. Rock samples collected in magnetic lows have returned gold values up to 27.11 g/t Au, and trenching and drilling confirm the presence of gold mineralization below the surface. In the past, drilling has returned up to 4.73 g/t Au over 1.09m (3 holes by US Gold 2011), and rock grab samples graded up to 26.55 g/t Au. So far, the best 1m sample has graded a mouth-watering 19.5 g/t Au.

So here we have a company overseen by people with fairly extreme levels of experience, working on properties with pretty intense preliminary results, and having already made a significant lump sum from one property after only four years of existence. Confidence doesn't come much firmer than this, and with today's world barely holding onto its axis, a safe bet is exactly what most of us need.

US Senate highlights rising graphite demand in critical mineral hearing

✘ The US is import-dependent on not just oil but many critical and strategic minerals. Alaska has most of them, and provides the most funding in the US for mining. Graphite

has been the mineral on everyone's lips lately. The US produces none, and yet has North America's largest deposit in Alaska. The critical need for a domestic supply has been targeted by a bill introduced last month and mentioned in the US senate two weeks ago.

Graphite One Resources Inc. (TSXV: GPH | OTCQX: GPH0F), has North America's largest graphite deposit, an increasingly strategic mineral. They issued a news release May 19th regarding mention in the U.S. Senate Critical Mineral Hearings May 12th. Two InvestorIntel members operating in Alaska were called, "exciting projects that the Committee should be aware of," by Edmund Fogels, Deputy Commissioner of the Alaska Department of Natural Resources (DNR), the other being Ucore Rare Metals Inc. (TSXV: UCU | OTCQX: UURAF). Fogels also noted that there are six strategic minerals the US is entirely import-dependent on, and that Alaska has sixteen critical and strategic minerals. The six import-dependent minerals are: chromium, platinum group minerals, manganese, cobalt, dysprosium, and depending on who you ask, yttrium or any of the other critical rare earths (CRE), since they are all becoming critical, strategic minerals.

He also noted that the US has had no graphite produced domestically since 1991. And yet graphite is consumed by over 90 American companies. The other project mentioned was Ucore whose rare earth deposit at Bokan in Alaska, has the highest grade of heavy rare earths in the US. Ucore have had 70% of their Capex covered by AIDEA (Alaska Industrial Development & Export Authority), They are said to be about a year ahead of Graphite One, who are hoping to get similar funding. Alaska is the only state in the US that provides this level of funding for mining projects.

On March 22, Graphite One Advisory Board Member Dan McGroarty was interviewed on 60 Minutes in a piece titled: *Modern Life's Devices Under China's Grip*. It aired just four days before Lisa Murkowski, U.S. Senator (R-AK) and Chair of the Senate

Energy & Natural Resources, introduced a bill on March 26th, titled *The American Mineral Security Act of 2015*, which would direct the U.S. Geological Survey to create a critical minerals list, and reform the federal mine permitting process. She stated that, "right as foreign oil becomes less of a national concern, our foreign mineral dependence has taken its place as an insidious threat to America's security, growth and competitiveness."

As well the Pentagon released their *Strategic and Critical Materials 2015 Report on Stockpile Requirements*, in January where they listed natural flake graphite as one of the 'shortfall materials,' that the US should stockpile as a strategic material. Anthony Huston, President and CEO of Graphite One has said that,

"while 60 Minutes focused on rare earths for which the United States is more than 90% dependent on Chinese supply, concerns about resource dependency apply equally to natural graphite. For nearly 25 years, the U.S. has been 100% import dependent for the graphite it uses, with China providing more than 70% of the world's supply. Graphite, like rare earths, has been recognized by the U.S. Government as a critical material."

The Graphite One deposit at Graphite Creek in Alaska is North America's largest large-flake graphite deposit. It is located on the Seward Peninsula, 60 miles north of Nome. The Project is progressing from the exploration to the evaluation phase. To date it has been identified as a large, high grade and at-surface resource with simple geology and good mineralization continuity. This is likely the best place for the US to start making a domestic graphite industry to supply it's own need for this mineral and lessen foreign dependance. It isn't just that there are so many minerals that the US is import-dependent on, but that so many come from China, and yet so many of them can be found in Alaska. The importance of domestic supply is really being felt, especially today,

Memorial Day.

Though China is doing business more than they ever have, they are not a free market economy and so the US can't reliably depend on these minerals being consistently available. Chinese quotas for rare earths have ended, but the amalgamation of their rare earth companies will mean they could have an even more dominant position in the market. And unlike foreign oil imports which mostly come from Canada, and Mexico, 95% of rare earths, and 70% of the worlds graphite coming from China doesn't just make the US foreign-dependent, but dependent on one country that may change it's rules at any time. With Graphite One's large-flake graphite deposit being the largest in the US, and the highest grade of heavy rare earths also found in Alaska, it would seem that this is the place for the US to supply it's own sources of critical, strategic minerals.

Graphite One – Potentially Benefitting from the “Alaska Effect”

The last time we looked at this Graphite One Resources Inc. (TSXV: GPH | OTCQX: GPHOF) story in November of last year it was under attack from a posse of hedge fund trolls. Their goal of pushing the stock down to some sort of breaking plainly failed, for over three months later the stock has bottomed and rebounded without the grisly ending the naysayers had predicted. Indeed the ground is now laid for a rebound that will leave shorters with their shorts around their ankles (if that isn't too vivid a simile).



The Eternal Mantra

As any realtor would tell you it's all about position, position, position. While we would concede that Rare Earths are about chemistry, chemistry. Chemistry (frankly I suspect I was the one who coined that one) the rest of the mining industry should pay more attention to the realtors than the chemists. When it comes to a space like Graphite where many will try and bamboozle you with flake size and grade the reality of the matter is whether the deposit is mineable, because there is no shortage of graphite out there. The main factor that makes a deposit mineable, or moreover "worth mining", have to do with accessibility. For a company like Alabama Graphite there is no question about its access to markets and extensive infrastructure, but for many other graphite wannabes the question is whether you can actually get to the project and get the product out to the markets.

The Graphite Creek deposit is three kilometres distant from intertidal waters at the Grantley Harbour, approximately 20 kilometres away from road systems, and three kilometres from an airstrip to the southeast.

The map below shows that the Graphite Creek project is, to our knowledge, the only graphite deposit that is actually with sea access. It should be noted though that is only seasonal due to the shallowness of the Imuruk Basin, which connects to Grantley Harbour. Additionally it has all the advantages we have noted before for Ucore's Bokan Mountain deposit in having superb direct shipping access to Pacific markets.



As an aside we might note the potential for geothermal electricity production from the nearby Pilgrim Hot Springs.

Some History

The Graphite Creek deposit is a series of large-flake, high-grade graphite deposits or showings that crop out in incised creek valleys on the northern, lowermost slopes of the Kigluaik Mountains. The graphite showings were first discovered after the 1898 Cape Nome gold rush, and have been reported under the guise of several names including the Uncle Sam, Tweet and Kigluaik graphite deposits. The showings were intermittently mined from 1907 to 1920 with some 580 tonnes of hand-sorted graphite mined from talus and adits (small <10 m excavations into exposed outcrop) that penetrated high-grade graphitic zones. Prior to Graphite One's interest, the deposits were last explored during the mid-1990s when minor mineralogical and chemical work was conducted. The graphite showings were never drill tested prior to Graphite One's 2012 exploration program.

Geology

The graphite deposits consist mainly of segregations (lenses and streaks) of semi-massive to massive graphite and graphite disseminations that are hosted in schistose rocks. These deposits are known to strike in a northeasterly direction adjacent to the high angle, strike-slip Kigluaik Fault. Graphite zones within the schistose rocks occur as:

- massive resistant graphite segregations in sillimanite-garnet-biotite quartz schist
- flaky graphitic sillimanite-garnet-biotite quartz schist consisting of 15-55% large graphite flakes
- graphitic biotite-quartz schist containing 1-10% disseminated graphite.

According to the authors of the NI43-101 resource estimate the historical sampling suggests that the sillimanite-garnet-biotite-quartz schist has massive 'high grade' graphite segregations (and disseminated graphite) that can yield up to 60% graphite, and the biotite-quartz schist contains 2% to 8% disseminated graphite.

The Resource – a mere fraction of the territory

The Graphite Creek Maiden Inferred Mineral Resource Estimate area is associated with a sub-portion of the deposit encompassing the main area of 2012 drilling. The estimate area is about 5.6 square kilometres in size, and as such the resource estimate covers only about 8% of the potential strike length of the geophysical anomaly thought to be associated with graphite mineralization. Nevertheless it comes in with some sizeable numbers on the contained graphite:



The Alaska Effect

Most of our writing in the past on Alaska has had to do with Ucore, which operates a well-oiled machine interacting constantly with the political players on the Alaskan scene. This strategy paid off in mid-February 2014 when Ucore rather stunned the market with its update on progress in negotiations with State legislators by revealing that an initiative introduced to the Alaskan legislature contemplated the financing of up to \$145 Million of the Bokan-Dotson Ridge project's capex through the Alaska Industrial Development and Export Authority (AIDEA).

AIDEA is a public corporation of the State of Alaska and in reality a sort of "rainy-day" fund to prepare the state for the time when oil revenues no longer suffice. The Authority has been active in the financing of multiple capital project initiatives in the Alaskan mining sector since 1985, including the DeLong Mountain Transportation System which serves the Red Dog Mine, the Skagway Ore Terminal, the Seward Coal Terminal, mine facilities at Fort Knox, as well as multiple non-mining capital projects, including the Federal Express Maintenance Facility in Anchorage, the Snettisham Hydroelectric Project in

Juneau, and the Ketchikan Shipyard in Southeast Alaska. The goal of most of these projects is to create lasting jobs in the populated parts of the state.

There is no reason not to expect that the evolution of the Graphite Creek development should not also press the right buttons with State legislators wanting to see a diversification of the State's economy from its current dependence upon the fickle oil price. A loan guarantee similar to that gleaned by Ucore should go a long way towards leapfrogging Graphite One's project over those in Canada, which are less likely to have a sponsor of the weight that the Alaskan government can bring to Graphite Creek.

Conclusion

The hedge fund trolls that descended upon the stock in the last quarter of 2014 seem to have gone into retreat. Lack of sufficient volume to sustain a shorting strategy and lack of a negative catalyst left them without a figleaf to cover themselves.

The task for Graphite One now is quickly come up with a roadmap to production i.e. a PEA that positions the project in the betting stakes in the Graphite Derby. Having a big resource lays wide the temptation to over-size the project. In light of the location (and bearing in mind the mistakes others in the space have made) Graphite One should aim to get itself a working plan that, like Goldilocks, should be neither too large nor too small with a capex that does not scare off the punters.

Graphite One – Attack of the Midtown Trolls

The SEC and its research “settlement” of early last decade has quite a lot to answer for. The initial pushback against past practices during the DotCom Bubble was due to a few egregious (mainly Bulge Bracket) analysts that not only crossed the line, but managed to rub it out in the process. The result was an attempt to put analysts on the straight and narrow (which combined with rules forcing fund managers to seek the lowest commission) effectively eviscerated the analytical “profession” and left the door open for the “seat of the pants” school of analysis which has flourished in places where those with a hidden agenda can dress up their real goals in the gauzy raiment of pseudo-analysis.

Volume – Catnip for Hedge Funds

Having once been on the “darkside” running a hedge fund in New York from 2004 to 2008 I know the game works. Shorting needs two things, firstly volume and secondly a catalyst. For a TSX-V stock Graphite One has a rather startling level of daily volume which thereby ticks one of the key boxes for a putative shorter. I would note that while volumes are always in the several hundreds of thousands of shares per day, this has gone up to much higher amounts in recent days.



The other is a catalyst. With the market so down and out the generalised meltdown is already factored in and having recently closed a financing the company is not prone to the most common fatality these days for a junior explorer which is running out of money. Therefore the only reasonable catalyst one can look for in the stock for a downward movement is some sort of concerted bear raid. Shorters love people to think

that the adage “no smoke without fire” can be applied to their plays. In the case of Graphite One (TSXV: GPH | OTCQX: GPHOF), they have collected a bunch of kindling and are now furiously blowing on some embers in the hope that the flame will take. Let’s see if this fluffer is up to the ice-bucket challenge of cold hard facts.

The Author

Maybe it is simplistic to regard LinkedIn as the modern day Who’s Who of business as it includes massively the Who’s Not Who as well.. However, even more simplistically we have come to regard those who aren’t in it as in some way troglodytic or Young Fogies or suffering from an inflated sense of their own attraction to stalkers. Thus in tracking down people these days, this is one of our first stops. A quick search brings up not too many names, and the most likely suspect is one from whom I have a mere two degrees of separation. The intriguing thing is that while he lashes the company’s management for having too much gold experience and not enough graphite experience, this seems to be also true of himself.

The Rationale – On Shaky Legs

Location – when the author wanders into the territory of questioning the mineability of the Seward Peninsula he crosses swords with the wrong person. Earlier this year in my work on the tin deposits of Alaska I highlighted that that as far back as the First World War the alluvial and pegmatite tin deposits of the Seward Peninsula had been exploited by miners, with the product being sent down to navigable waters on narrow-gauge railways before being barged out. Indeed he even admits that there is: “an old and now overgrown road Expanded Graphite Creek Inferred Mineral Resource, Alaska (developed and used in the early 1900s) extends about 3 km from the shore of Windy Cove on the south side of Imuruk Basin to some of the historic showings/workings. The Imuruk Basin is an intertidal water body with an outlet to Grantley Harbour on Seward Peninsula’s

west coast”.

That admission undercuts all claims that the project is location challenged or at least so challenged as to be unexploitable. If crusty old prospectors could mine tin (and graphite) in the olden days then with all today's technological advances arguments to the contrary are spurious indeed.

Management – the arguments against the “lack of experience” on the board are the most facile. This is what exposes the author as somewhat of a rube in the mining space. It is well known that explorers explore then the baton is passed to mining engineers who build it and then operate it. To expect a development project to be run by mining engineers is to expect somewhat of a unicorn. Not that we are advocates of geologists running companies either. However, between the main board and the advisory board the company has a mixture of big mining company and small mining company skillsets, engineers, managers and explorationists. What really does the author of this diatribe expect?

Timeline – frankly to paraphrase the classics “you are a braver man than I, Gunga Din”... if you are a mine planner that goes out more than one year. The author makes himself sound rather churlish is demanding that the company, in this day and age, predicts what will happen after the end of 2015. As so much depends on finding an offtaker partner in ALL the graphite space, timelines are subject to change and potential acceleration depending on which suitor one encounters.

Share Count – The company just pulled off a successful financing which again is rather a triumph in the current environment. And yet our critic finds this distasteful too as it boosts the share count. You cannot make an omelette without breaking eggs and I would certainly rather be positioned in a company that finds it can do a sizable financing at the darkest hour, rather than in the 90% of other companies that

cannot.

The company just raised CAD\$6mn. He claims that it will need to raise a “lot more capital” to get a PEA done and more drilling. With a resource already in the bag, the only drilling that must be done is geo-technical drilling and that would be at the point that a PFS was commissioned. Going by what I know of industry costs these days, I would suggest that the company has more than enough money in the till for finishing off a PEA and a PFS.

Share count is one of the least vexing problems these days and that the author does not know this should be vexing to those relying upon his advice.

Conclusion

Being an inveterate cynic, the first thing I looked for when alerted to this article was to go in search of a disclaimer at the end of the piece. I could not find one...So maybe the author does not have a long or short position in the stock. Maybe..

Potential Tesla battery supplier Graphite One begins drilling at Graphite Creek

✘ Graphite One Resources Inc. ('Graphite One', TSXV: GPH | OTCQX: GPHOF) has just announced that it will start drilling at its Graphite Creek Project, which the Company claims to be the only advanced stage large-scale, large flake graphite deposit in the United States. The Graphite Creek Property includes 129 claims covering a 6,799 hectares area in

Alaska's Seward Peninsula, just 65 kilometers north the Nome deep sea port. Graphite Creek presents a highly desirable mineralization, marked by coarse crystalline (big flakes) graphite (greater than 0.18 mm). On January 20, 2014, Graphite One issued technical report noting that the Company was sitting on an 43-101 inferred resource of some 284.7 million tons of 4.5% carbon graphite (Cg), including 37.68 million tons at 9.2% and 8.63 million tons at 12.8% graphite content. Graphite One intends to embark in a comprehensive Summer/Fall 2014 Drill in order to determine the extent of continuous mineralization in order to prepare the forthcoming Preliminary Economic Assessment (PEA). The work will also feature the collection of mini-bulk samples from both surface and existing drill core to continue to develop and implement bench scale metallurgical testing. Graphite One has already shown that it is capable of delivering a high purity of 99.99% (Cg) graphite from a rough concentrate through leaching.

Graphite One has the ability to produce and deliver the kind of graphite that is used to make anodes in lithium-ion batteries. Given that Graphite One's graphite has demonstrated that it contains the kind of graphite able to challenge the synthetic variety of graphite. According to the Company, the Graphite Creek Property "hosts the largest known, high-grade, large flake Graphite Deposit in the United States." This is the kind of graphite needed by Tesla Motors, which intends to build and run a new and huge factory solely devoted to making lithium ion batteries. The project, known as 'Gigafactory', could by itself raise the demand for natural graphite rise by up to 37% by 2020. Tesla intends to open the Gigafactory in 2017 such that it will deliver the equivalent of some 35 Gigawatt-hours (GWh) per year, which represents more than twice the value of the current market. Tesla believes that could become the market leader for Li-ion batteries in the United States.

Tesla's new factory is expected to be built in the

Southwestern US and it could consume up to 28,000 tons of spherical graphite per year at full capacity, requiring the equivalent of 93,000 tons of flake graphite to process using today's methods more than twice as much as is used worldwide today. Despite some research, there is little to suggest that there is any end in sight to the dominance of graphite in the manufacturing of anodes. Graphite is simply the material of choice for manufacturers of lithium ion batteries. Of course, there is the chance that Tesla may choose to use synthetic graphite; however, this is not a strong chance given the latter material's far more insidious environmental concerns and Tesla's image as a socially and environmentally responsible company. Quite simply, the expansion of the battery market for electric vehicles will be such that it will generate a great opportunity for graphite producers.

As of 2012, the battery sector accounted for around 8% of the global demand for natural graphite. Thus, thanks to Tesla in particular (but not exclusively – because others will step in to meet demand for electric vehicles should Tesla abandon the Gigafactory project) the production of flake graphite in the coming years will have to increase considerably. Graphite mining in North America, and elsewhere, will have to increase to meet the rapidly changing demands of the market and to compensate for China's potential cuts to production and ongoing mining sector rationalization and cleanup. Therefore, companies like Graphite One may well have a chance to play an important role in global graphite supply rather than exclusively North America. Given, the probable increase in the graphite market, several new graphite mines will have to come online to address demand. In addition, Graphite One benefits from having its project in Alaska, which has helped mining companies considering technology minerals to be essential components of the State's economic future.