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: GPHOF), has North America’s largest graphite deposit, an increasingly strategic mineral. They isused 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 Indusrial Develeopment & 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 depandance. 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.