These are the graphite leaders as we head towards a forecast graphite deficit in 2023

written by Matt Bohlsen | November 2, 2022

The flake graphite sector does not get as much attention as lithium, yet the demand wave coming is also very significant. For example, in 2021 the International Energy Agency forecast that flake graphite demand could grow between **8x to 25x** from 2020 to 2040. Benchmark Mineral Intelligence forecasts we need **97 new (56,000tpa) natural flake graphite mines** from 2022 to 2035.

The calm before the storm

More recently in October 2022, Fastmarkets stated:

*"Fastmarkets has forecast that demand for graphite from the battery sector in 2022 will rise by 40% year on year, in line with growth in the EV sector……**We expect to see the graphite market tip back into deficit in late 2022…….**Graphite prices are in a lull, but this lull will prove to be temporary and may well be **the calm before the storm."***

Note: Bold emphasis by the author.

An 8 to 25x increase in demand, 97 new graphite mines, graphite deficit coming in late 2022! Yet no one is talking about graphite. Today we cover the main western graphite producers and touch on a few promising near term graphite producers, noting China currently dominates the graphite and anode sectors.

The western flake graphite leading producers

Syrah Resources Limited (ASX: SYR) – Syrah is an Australian company and one of the world's largest flake graphite producers from their Balama graphite mine in Mozambique. Syrah is also working towards becoming a vertically integrated producer of Active Anode Materials ("AAM") at their Vidalia facility, Louisiana, USA. In some exciting recent news for shareholders, Syrah was selected for a U.S Department of Energy grant of up to US$220 million towards their Vidalia facility expansion (initial production targeted to begin in Sept. quarter 2023). This comes on top of the news late in 2021 that Syrah signed a four year deal to supply graphite anode materials to Tesla. Syrah also recently signed an MOU with Ford and SK On as well as an MOU with LG Energy Solution. Clearly, Syrah Resources is in the box seat to become a critical supplier of both graphite and active anode materials this decade, especially for western OEMs.

The following companies are smaller scale western flake graphite producers:

- **Advanced Metallurgical Group NV (AMS: AMG | OTC: AMVMF)** – Is a diversified producer of critical metals. They mostly produce lithium and vanadium, but also some high purity natural graphite production.
- **Ceylon Graphite Corp. (TSXV: CYL | OTCQB: CYLYF)** – Produces graphite from their 'vein graphite' mine in Sri Lanka.
- **Mineral Commodities Ltd. (ASX: MRC)** – State they have the "world's highest-grade operating flake graphite mine with mill feed grade averaging ~25%C". Also that they are "the biggest crystalline graphite producer in Europe and the fourth largest producer globally outside of China and accounts for around 2% of global annual natural flake graphite production" at their Skaland Graphite Operation in Norway. They also own the Munglinup Graphite Project in Western Australia and have received Critical Minerals

Grant funding to build a pilot scale battery anode plant in Australia.

- **Northern Graphite (TSXV: NGC | OTCQB: NGPHF)** – Recently completed the purchase from Imerys of the Lac des Iles producing graphite mine in Quebec and the Okanjande graphite deposit/Okorusu processing plant in Namibia. They also own the Bissett Creek graphite project located 100km east of North Bay, Ontario, Canada and the nearby Mousseau West Graphite Project.

Near term western potential flake graphite producers

- **NextSource Materials Inc. (TSX: NEXT | OTCQB: NSRCF)** – Completion of construction activities and the start of mining activities is expected in November 2022, at their Molo Graphite Project in Madagascar. Phase 1 of the Molo Mine is designed to operate at a production capacity of 17,000 tonnes per annum.
- **Westwater Resources Inc. (NYSE: WWR)** – Owns the Coosa Graphite Plant (2023 production start targeted) in USA. The Company plans to source natural graphite initially from non-China suppliers and then from the USA from 2028.
- **Nouveau Monde Graphite Inc. (NYSE: NMG | TSXV: NOU) ("NMG")** – Own the Matawinie graphite project, located in Quebec, Canada. In September this year it was announced that Tesla had recently visited their project in Quebec. Also recently the Company announced: "NMG, Panasonic Energy and Mitsui announce Offtake and Strategic Partnership supporting the supply of active anode material plus US$50 million private placement by Mitsui, Pallinghurst and Investissement Québec."
- **Lomiko Metals Inc. (TSXV: LMR | OTCQB: LMRMF)** – Earlier stage but 100% owns the promising La Loutre Graphite Project in Québec, Canada, where a PEA has been completed.

Closing remarks

An 8 to 25x increase in demand by 2040, 97 new graphite mines needed by 2035, graphite deficit coming in late 2022! Investors should not forget about graphite, and particularly focus on those graphite miners that are working towards being able to manufacture value-added active anode materials (spherical graphite), as that is where the real money is.

We may be experiencing ‘the calm before the storm’ (before graphite deficits push up prices), which means the sector still offers many great opportunities for investors.

Disclosure: The author is long Syrah Resources (ASX: SYR) and Advanced Metallurgical Group NV (AMS: AMG).