Flinders Resources Woxna graphite mine to reach production stage this month

Flinders Resources Limited ("Flinders", TSXV: FDR) has issued an update about the progress made at the Woxna graphite mine in Sweden. The refurbishment work is now in its final stages and Flinders expects the start of operations and production to begin before the end of July. According to a July 14 press release, last June Flinders achieved a number of milestones, which go from having all necessary equipment on site and installed to having the wet commissioning of the processing plant underway while such aspects as the tailings dam civil works, process controls and the site lab facility are just days away from reaching completion. Effectively, Flinders is about to become one of the first, of the new generation of flake graphite companies, to reach the crucial production stage and offer a real and practical alternative to the mineral graphite imported from China. Flinders, being located in Sweden, can easily supply the high demand German market. Flinders's investors, meanwhile, will gain from the Company's lower than average operational costs and capital expenditures, given that it already has reached productive capacity.

The Chinese mining industry, especially its rare earths sector, has faced increased internal scrutiny over labor and environmental standards, which have now affected graphite as

well. This means that if its 20% export duties, added VAT and export licenses do not end up tightening supply again when demand grows in other industrial countries, its new mining regulations will, resulting in tighter supply and higher prices. This is good news for the various junior graphite miners that are relying on just such a pattern. Unlike other commodities, graphite requires much less capital expenditure (CAPEX) and natural or flake graphite is typically found close to the surface.

The timing is also ideal. While Flinders is just about ready to start deliveries, the technology that is fueling demand for natural graphite has become far more ‘mature’ thanks to the higher than expected success of certain electric car models, especially, those offered by Tesla Motors. Sweden’s own neighbor, Norway (an oil producing country) has proven to be the highest demand market for Tesla cars. While flake graphite will continue to be used in refractories, brake pads and lubricants, new technology from graphene to lithium-ion batteries and clean technology applications will require a multiple of the current supply. In May, Flinders announced that it has been rebuilding its sales distribution network throughout Europe, already securing a sales contract with a former European customer;

The Woxna graphite ore mine opened in the late 1990’s originally. However, it was ‘mothballed’ a few years later because of low prices for graphite. Moreover, it is expensive to produce high purity graphite. The mine’s former owners (Woxna Graphite AB, which was a subsidiary of Tricorona Mineral AB) was granted environmental permits for mining in the area in the early 2000s, which are valid until 2017. Woxna Graphite AB had originally, also filed an official request to build a plant for thermal and chemical purification in order to produce high purity graphite with a carbon content of 99.5 percent. Nevertheless, such a system is costly, and Tricorona decided to sell Woxna Graphite to Flinders Resources.

It is a great moment for Flinders, which has full ownership, as the Company has finally reached production readiness. Ideally, Flinders expects to extract 100,000 tons of graphite ore (at 10% carbon content) per year at the mine, which is expected to yield some 10,000 tons of enriched graphite. The mine has an expected lifetime of about 25 years but there are other potential deposits in the surrounding area. Flinders has one more advantage over other newly emerging graphite mines: in Europe, there are virtually no competitor producing flake graphite. In addition, Flinders purchased a mine that, while shut, and was in very good condition. It had only been down for about 10 years, which meant that no major changes were required. Most of it could be used as it is; the existing processing plant was the biggest challenge, requiring a complete overhaul.