THE AUSTRALIAN

Graphite charges into battery boom

CAMERON ENGLAND

Graphite's time has come, Renascor Resources managing director David Christensen says, with its role in the battery supply chain fundamentally changing the economics of the mineral.

Until now graphite had been largely an industrial mineral, with most of the supply coming out of China, Mr Christensen said.

A couple of South Australian projects made a fitful start in recent years, but soon sputtered to a halt. According to Geoscience Australia, the nation currently does not produce any graphite, while the nation's total ore resources are modest, spread across a handful of projects in South Australia, Queensland and Western Australia.

Renascor Resources is in the box seat to be one of the first producers to begin exporting from Australia again, and recently received a federal government commitment for a $185m loan to develop its Siviour graphite project on the Eyre Peninsula.

The project is not just a mine, however, with the company also intending to build and operate a battery anode material manufacturing facility at a yet to be determined site also in SA, greatly value-adding to the product it will sell. The company also recently raised $65m in a placement to investors, and is well funded to bring the $205m project into production.

Mr Christensen said the graphite market was likely to emulate high demand for lithium in recent years, and the supply gap.

"Graphite was probably one of the first battery minerals to excite the investment world back in 2014-15. Everybody dusted off the old projects," he said.

"But what became apparent was the transition of graphite from an industrial mineral to a battery mineral was a few years away."

Mr Christensen said graphite was still primarily an industrial mineral but the market was "at the cusp of the switch right now".

About 80 per cent of the mineral still goes into the low-growth industrial market. However, the battery market is growing rapidly, especially in value-added areas such as purified spherical graphite (PSG), which Renascor will be producing.

"That gives us 100 per cent exposure to the high-growth area," Mr Christensen said.

Mr Christensen said graphite sat in a potentially similar area to lithium before its boom, but the market for value-added products was quite opaque, with all of the downstream processing happening in China. "But you have a similar position where you need more graphite ... it looks like from a deposit point of view, what we have on the Eyre Peninsula really stacks up against anything in the world," he said.

Renascor is currently planning for initial stage one production of 28,000 tonnes per year of PSG, which is used to make anodes for lithium-ion batteries.

In its most recent quarterly report, the company said the price of PSG was sitting at $US3500-$US3800 per tonne, which was up by 40 per cent in just six months. This compared to $US800-$US1200 per tonne if the company was to sell the mined graphite material.

Mr Christensen said the "quality of your customer" also improved at the higher end of the market, with offtake deals with major battery producers possible.

Renascor's project in Australia also held it in good stead on the ESG front, with battery producers wanting to make sure their supply chains were ethically and environmentally sound.

Mr Christensen said the focus for Renascor currently included updating the 2019 study it did on the project to enable the company to make a final investment decision. "That will involve expanding the production base," he said.

The company already has a mineral lease and is waiting on state government sign off for its environmental program, and is looking at final site selection for the downstream processing plant. "And on the offtake side, this is probably the biggest change that we're seeing," he said.