

Syrah Resources Ltd

08:20 27 May 2020

Graphite: Strong mid-term demand fundamentals being driven by the electrification of motive transport

Proactive's mining analyst, Dr Ryan D Long, takes a look at what's going on with graphite demand and examines some of the market players poised to benefit from strong mid-term fundamentals

Graphite, strong mid-term demand fundamentals being driven by the electrification of motive transport

Around ten years ago graphite was tipped to be the next big thing, with graphite explorers appearing with projects all over the globe.

Change on the horizon

Despite the hype surrounding the graphite market, the space largely failed to hold up to the promises made by many juniors at the time.

Despite the broken promises of the last decade there could be a change on the horizon for graphite and graphite juniors.

The global graphite market was valued at US\$14.3bn in 2019, which is some way off the US\$175bn for global copper production but is still a still a substantial target market for those companies with the right projects.

Also important is the medium-term supply and demand fundamentals for the market, which appear strong with forecasts putting demand growth at an average rate 5.3% to 5.6% between 2020 and 2027, with the market for graphite reaching around US\$22bn by 2027.

Electrification key

Graphite's traditional markets have always been in refractories, foundry, and lubricates, but the electrification of motive transport has opened up an expansive market with the increased demand for lithium-ion batteries, driving increased demand for graphite.

While, this is a similar story told by those behind the previous boom in graphite explorers, we now appear to be much closer to seeing a substantial increase in global adoption of electric vehicles.

With experts forecasting that electric vehicles will account for 10% of all car sales by 2025, rising toward 20% - 30% by 2030.

This positive outlook for graphite demand is supported by the steady increase in graphite prices for fine, medium and large flakes since September 2017, driven by both the increase in demand for lithium-ion batteries and the contemporaneous improvement in Chinese environmental restrictions that led to numerous mine closures.

During the past decade, Syrah Resources Ltd (ASX:SYR) was one of the few companies to move an exploration project

Price: 0.46

Market Cap: \$190.84 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: SYR

Listing: ASX

52 week	High	Low
	0.74	0.15

Sector: Mining

Website: www.syrahresources.com.au

Company Synopsis:

Syrah Resources Ltd (ASX:SYR) is listed on the Australian Securities Exchange.

action@proactiveinvestors.com

into production, but with the market opening up, what other companies are poised for success.

Runners and riders

Talga Resources Ltd (ASX:TLG) is preparing to produce a range of lithium-ion anode products, using its own in house processing technology and material extracted from its high-grade deposits located in Sweden.

The mine is expected to initial operate initially on a trial basis production, generating around 25,000t of graphite product, which the company then plans to scale up to 100,000t, resulting in around 20,000t of coated anode product.

Talga has also signed a non-binding memorandum of understanding with global trading powerhouse Mitsui & Co., Ltd, to evaluate the potential to jointly develop one of its projects.

Another emerging entrant to the listed junior graphite market is Tirupati Graphite PLC.

Tirupati is a fully integrated graphite company, with operations in Madagascar and India, that are generating operating cash flows.

The company is seeking to list in London this year and plans to use the funds raised to expand its business from its current small-scale commercial operations to a much larger volume of production.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.