Syrah Resources (Syrah) (ASX:SYR) is pleased to report the results of an Internal Economic Assessment (IEA) on the world’s largest Coated Spherical Graphite Facility in the United States. This IEA has been prepared with the assistance of China Aluminium International Engineering Corporation Limited (Chalieco) and a leading producer of coated spherical graphite.

Feedback from samples sent to major electric vehicle and battery producers have indicated strong demand for and confirmed the superior performance of Balama coated spherical graphite for lithium (Li) ion applications. The IEA incorporates a 25,000 tpa Coated Spherical Graphite Facility, requiring 50,000 tpa of -100 US mesh graphite as feed. In addition, 25,000 tpa of 95% total graphitic carbon (TGC) recarburiser by-product will also be produced as part of the spheroidisation process.

Initial capital expenditure requirements will be approximately US$80 million with average annual cash operating costs of US$3,200 per tonne free on board for coated spherical graphite (excluding recarburiser by-product credits). A Chief Technology Advisor has also been appointed to assist Syrah with implementing its coated spherical graphite strategy.

Based on discussions with potential customers, coated spherical graphite currently sells for between US$7,000 to US$10,000 per tonne. Syrah believes, through discussions with major battery producers, that a significant increase in the global demand for lithium ion batteries is rapidly approaching with electric vehicles and battery storage breaking through to the mainstream. This is expected to shape a new era of demand in certain critical minerals, with graphite at the forefront. Initial test work has shown that anodes made from Balama coated spherical graphite are superior to Chinese natural graphite anodes and a leading synthetic graphite anode.

A major anode producer has forecast spherical graphite demand to increase at a compound annual growth rate of 26% from 2014 to 2020, to reach 133,000 tonnes per annum by 2020. To satisfy this anticipated increase in demand for Li-ion batteries, several major corporations have commenced or announced plans to construct “giga” or “mega” Li-ion battery factories over the next 5 years. Benchmark Minerals forecasts that global Li-ion battery capacity will triple by 2020 to reach 120 GWh, based on planned production by LG Chem, Tesla, Foxconn, BYD Auto and Boston Power.

At present, only -100 US mesh and smaller graphite is used to produce spherical graphite. Based on the flake size distribution profile of existing graphite mines, an additional 6 to 9 new mines producing the required size fraction will be needed by 2020.

Syrah believes that the metallurgical and production profile of the Balama Project positions Syrah to be a leading producer of spherical graphite for Li-ion battery applications due to its superior performance characteristics. Over 40 years of Ore Reserves also provides confidence to leading major battery producers that the Balama Project will enable Syrah’s proposed Coated Spherical Graphite Facility to become a long term, sustainable supplier.

Syrah’s Managing Director, Tolga Kumova commented “Whilst development of the Balama Graphite Project remains our primary and immediate focus, this Internal Economic Assessment demonstrates that spherical graphite processing represents an exciting, value accretive future option for the Company. The decision to incorporate spherical graphite production into the overall business strategy is driven by global customer demand and the appointment of a Chief Technology Advisor will strengthen Syrah’s technical capability in this area. The Company looks forward to participating in the expected significant increase in the spherical graphite industry from lithium ion battery applications.”

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