

Syrah Resources Ltd.: Signs Sales & Marketing Agreements with Morgan Hairong

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Perth, Australia (ABN Newswire) - [Syrah Resources](#) (ASX:SYR) (OTCMKTS:SYAAF) is pleased to announce that it has signed a Product Sales Agreement and a Marketing Agreement with Morgan AM&T Hairong Co., Ltd (Morgan Hairong) for the sale and marketing of uncoated and coated spherical graphite domestically within China.

Morgan Hairong is the second largest coated spherical graphite producer in China, with customers that include the largest and fastest growing battery producers in the country. The company has plans for a significant expansion in production capability in order to satisfy the expected future growth in demand for coated spherical graphite. Morgan Hairong has the capability to supply coated spherical graphite for a wide range of lithium ion battery applications including electric vehicles, grid storage and consumer electronics. Morgan Hairong has been working closely with Syrah in regards to its spherical graphite development for over 10 months.

Syrah Managing Director, Mr. Tolga Kumova commented: "We are extremely excited to have signed our first product sales and marketing agreements for Balama spherical graphite. Morgan Hairong is an established producer and recognised technical leader in the field of natural graphite anode materials for lithium ion batteries. These agreements represent a strong vote of confidence for Balama spherical graphite in China, which is currently the largest and fastest growing lithium ion battery market. Syrah is also in discussions with other parties around the world in relation to further spherical graphite offtake agreements, and we look forward to finalising these in the future."

Key terms

The Product Sales Agreement has a duration of 3 years and will be for 2,000 tpa. Morgan Hairong intends to coat Balama spherical graphite at its facility in China for sale domestically. Prices will be negotiated quarterly between Syrah and Morgan Hairong based on market prices which have prevailed in China during the preceding three months.

The Marketing Agreement has a duration of 3 years and will be for a total of 7,000 tpa (consisting of 5,000 tpa of uncoated spherical graphite and 2,000 tpa of coated spherical graphite). Under this agreement, Morgan Hairong will market Balama spherical graphite to lithium ion battery producers headquartered in China. Morgan Hairong will also receive a commission based on the gross sales price of the Balama spherical graphite that it markets.

Morgan Hairong General Manager, Madam Lin commented: "We strongly believe that the Chinese electric vehicle will experience tremendous growth over the next 5 years. As such, we are very pleased to be partnering with Syrah to supply high quality spherical graphite into the Chinese market in order to meet the anticipated significant demand."

Chinese electric vehicle market

During the last few years, the Chinese central government has increasingly made the development of mass-market electric cars a strategic priority as part of broader plans to take the lead in automotive technology, curb pollution and reduce dependence on imported oil. Initiatives undertaken to date include:

- Subsidies for private buyers of more than \$25,000 on an all-electric battery car and more than half that on a plug-in hybrid (Source: [www.autonewschina.com](#))
- Electric car owners in Beijing will have complete freedom to drive whereas under the current policy, internal combustion engine vehicles with odd and even license plates are banned from the city's roads on alternate days (Source: [Wall Street Journal](#))
- Subsidies aimed at speeding up the building of electric car charging stations, targeting sufficient infrastructure to handle 5 million plug-in vehicles by 2020 (Source: [www.bloomberg.com](#))

- A requirement for all newly-built residential buildings to have charging facilities or set aside space for them (Source: www.bloomberg.com)
- More stringent fuel economy rules in a bid to force automakers operating in China to introduce more electric cars (Source: www.autonewschina.com)
- Encouraging global automakers operating in China to share technology with their local partners (Source: www.autonewschina.com).

The country has also encouraged and opened its auto industry to technology companies to invest which have resulted in more than half a dozen Chinese-funded electric vehicle startups, backed by multibillion dollar companies such as Baidu, Alibaba, Xiaomi, Tencent, and LeTV (Source: www.autonewschina.com).

Battery producers operating in China have also responded accordingly:

- In September 2015, Samsung SDI became the first global battery producer to construct an electric vehicle battery plant and initiate mass production in China. The Xi'an based plant has a capacity of approximately 40,000 electric cars per year and has finalised battery supply agreements with 10 local automobile companies. In preparation for increased market demand in the future, Samsung SDI will also invest US\$600 million into the Xi'an battery plant until 2020 and aim to achieve 1 billion USD in sales (Source: Business Korea)
- LG Chem Ltd is currently constructing a battery plant in Nanjing that is expected to be completed in Q1 2016 (Source: Benchmark Minerals). This plant will produce as many as 50,000 battery packs for electric vehicles per year (Source: Korea Times). Over the next five years, the company plans to boost annual production capacity to 200,000 batteries for electric vehicles (Source: Times)
- In March 2015, Chinese automaker BYD Co Ltd, announced that it plans to add 6 GWh of battery production over next three years, and hopes to continue adding at that pace subsequently, subject to demand. This means that the company could ramp up from 10 GWh capacity at the end of this year to about 34 GWh of batteries by the beginning of 2020 (Source: www.reuters.com)
- In September 2014, Foxconn Technology Group announced that it will invest at least 5 billion yuan (US\$814 million) into its battery plants in northern China's Shanxi province (Source: www.bloomberg.com)

To view figures, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-SYR-433605.pdf>

About Syrah Resources Ltd:

Syrah Resources (ASX:SYR) is an Australian resource company that is rapidly progressing its flagship Balama Graphite and Vanadium Project in Mozambique to production. The Project hosts the largest graphite ore reserves in the world with an Australasian Joint Ore Reserves Committee (JORC) compliant Ore Reserve of 81.4 Mt at 16.2% total graphitic carbon. Balama is a 110 km² granted Mining Concession located within the Cabo Delgado province in the district of Namuno in northern Mozambique. The Project is approximately 260 km by road west of Pemba and is accessible by a sealed, main road, running directly from Pemba Airport. The Port of Nacala is approximately 490 km by road south east of the Project and is the deepest port in Southern Africa.

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