

NMG Provides Quarterly Update: Changing Market Dynamics and Intensified Commercial Negotiations Underpin Phase-2 Growth

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- + New restrictions on Chinese graphite exports are forecasted to exacerbate pressure on battery supply chains and accelerate graphite onshoring. NMG is set to become the largest fully integrated producer of natural graphite in North America.
- + Québec is rapidly emerging as a prominent hub for the battery supply chain in North America with Tier-1 cell producer Northvolt having just announced plans to establish a 60-GWh cell production facility in the province, abundant natural resources, and clean energy for industrial development.
- + As part of intensified commercial negotiations, NMG is working to sign anchor multiyear sales agreements with tier-1 EV/battery manufacturers to provide bankability confirmation to lenders, finalize technical parameters for detailed engineering, and secure long-term value for shareholders.
- + Panasonic Energy is now producing EV lithium-ion batteries at its prototype production facilities testing NMG's active anode material, a major step toward a definitive offtake agreement.
- + NMG mandated Pomerleau as Construction Manager for the pre-construction stage of both Phase-2 projects to support construction scheduling, workforce planning, jobsite logistics, procurement strategy, health and safety, environment, and quality programs, as well as cost optimization.
- + Electrification calendar now established with Caterpillar to deploy early learners and pilot models at Phase-2 Matawinie Mine, to test equipment in actual terrain and weather, and to map the transition to future zero-exhaust-emission production models.
- + Market trends remain favorable for the EV/battery sector; September 2023 set a record for global EV sales, with over 1.3 million units sold.
- + Period-end cash position of \$48.6 million.

New market dynamics set favorable conditions for [Nouveau Monde Graphite Inc.](#) ("NMG" or the "Company") (NYSE: NMG, TSX.V: NOU) as the Company maintains operational, commercial and financing focus on advancing its development to the final-investment-decision ("FID") stage for its Phase-2 commercial facilities. The Company reports steady progress on negotiations of multiyear offtake agreements with top-tier battery and electric vehicle ("EV") manufacturers at a period of newly announced Chinese restrictions on graphite exports. NMG is advancing the commercial parameters and the execution plan for the Phase-2 Matawinie Mine and Bécancour Battery Material Plan on the back of revived urgency for the development of the North American battery supply chain.

This press release features multimedia. View the full release here:
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Anode electrode sheets using NMG's active anode material currently produced and tested by Panasonic Energy. (Photo: Business Wire)

Arne H Frandsen, Chair of NMG, declared: "While the market was shaken by China's announcement

curtailment of graphite exports, our unwavering business strategy continues to be reinforced thanks to our localized and fully integrated graphite source. We remain focused and diligently engaged on the thorough task of finalizing anchor offtakes with battery/EV manufacturers. I am confident that shareholders, lenders, and stakeholders share our commitment to sound commercial foundations and exemplary operations on the environmental, social, governance ("ESG"), and quality levels."

Eric Desaulniers, Founder, President and CEO of NMG, said: "Although announcements for additional battery production capacity multiply across North America and Europe, the minerals and advanced materials could very much become the bottleneck for manufacturing cleantech solutions. Having a solid roster of potential customers, we are converging efforts on optimizing our cost and financing structure, securing long-term value in sales contracts, and mapping our execution and operational readiness for success."

Operations Overview: Scaling from Phase 1 to Phase 2

Determined to provide a turnkey and traceable source to battery manufacturers, the Company has demonstrated an established capacity to produce at all stages of graphite transformation, from ore to active anode material, at its Phase-1 facilities. NMG operates a concentrator, two shaping modules, two commercial-scale purification furnaces, and a coating unit for a nameplate capacity of 2,000 tonnes per annum ("tpa").

NMG has successfully and repeatedly produced on-specifications batches of active anode material as per potential customers' individual requirements. Through active engagement with these potential customers, the Company is building a robust model to efficiently produce customized samples of varying specifications, with short development and optimization time.

Production samples continue to demonstrate positive results both at the Company's laboratory and at a leading third-party testing facility. NMG's active anode material is now being tested within Panasonic Energy's battery prototype production line, enabling the diligent progress of the qualification process. Supporting this work and underlying commercial discussions, NMG and Panasonic Energy Co., Ltd. ("Panasonic Energy") actively cooperate to strengthen technological development and process optimization for the Company's active anode material production.

To bridge development from Phase 1 to Phase 2, the Company leverages contemplated commercial offtakes and intel from technical engagement with potential customers into the engineering of the Matawinie Mine and the Bécancour Battery Material Plant. AtkinsRéalis and BBA currently support NMG on advancing design, performing trade-off studies and value engineering, and supporting cost optimization for each project.

NMG has also appointed Pomerleau as Construction Manager for the pre-construction stage of its Phase-2 commercial facilities. Pomerleau's mandate covers the pre-construction management of the Phase-2 Matawinie' industrial facilities and the Bécancour Battery Material Plant. Pomerleau is working closely with NMG's project team to prepare a detailed construction sequence and schedule, to develop the contracting strategy, to optimize worksite logistics, to expand the health and safety, environment, and quality programs.

Pomerleau is also contributing to the budget revision, cost optimization, and project control activities for both projects. NMG aims to refine CAPEX estimates in light of advanced engineering, contemplated offtake agreements, stabilizing material costs, and synergies between the two sites for the proactive procurement strategy. The Company will benefit from Pomerleau's established pool of workers and specialty subcontractors.

Construction permit demands as well as long-lead items tendering packages are being prepared in preparation for the construction of the Phase-2 projects.

Commercial Engagement Amid Tightening Market

Commercial negotiations are intensifying as the Company works with potential tier-1 battery and EV customers to establish anchor multiyear offtake agreements with a flexible pricing mechanism that reflects NMG's active anode material value and advantages, namely a carbon-neutrality guarantee, strategic

location, strong ESG profile, and easy logistics. Via these multiyear contracts, NMG seeks to provide commercial-capability assurance to lenders and ensure long-term upside opportunities for shareholders.

On the back of their framework agreement targeting NMG's fully integrated ore-to-anode-material production, NMG and Panasonic Energy, a wholly owned subsidiary of Panasonic Holdings Corporation (TYO: 6752), are advancing negotiations toward definitive offtake agreement. NMG and Panasonic Energy's continued collaboration was reaffirmed at a Japan-Canada trade alliance ceremony earlier this fall as government and industry officialized efforts to enhance the resilience of critical mineral global supply chains, localize advanced manufacturing for the North American market, improve adherence to ESG standards, and foster new investment opportunities.

In addition to Panasonic Energy, the Company is engaged in discussions with other tier-1 battery and EV manufacturers for potential offtake agreements. NMG is focused on securing the best agreements and positioning the Company for long-term growth in the Western industry.

Indeed, recent announced restrictions on graphite exports by China's Ministry of Commerce and General Administration of Customs are exacerbating pressure on the North American and European battery supply chain. China currently controls 65% of the natural graphite global production (US Geological Survey, January 2023) and over 99% of spherical graphite refining for lithium-ion batteries (Benchmark Mineral Intelligence, Q3-2023).

This new requirement may offer opportunities for producers outside of China and support graphite prices. Battery manufacturers are already starting to build up inventories in anticipation of these restrictions (Benchmark Mineral Intelligence, October 2023) and analysts forecast an acceleration of graphite onshoring (UBS, October 2023).

The situation reiterates the need for local, reliable, and scalable supply chains for Western battery and EV producers. Québec, Canada, is rapidly emerging as a prominent hub for the battery supply chain in North America, predominantly due to its low-carbon hydropower electricity and abundant raw materials. Swedish tier-1 cell producer, Northvolt announced in September 2023 plans to establish a 60-GWh cell production facility in the province, scheduled to commence operations in 2026. This \$7-billion venture marks the largest-ever investment in Québec and contributes to the growing presence of EV battery manufacturing in the country.

EVs continue to gain market shares; September 2023 set a new record for global electric vehicle sales, with over 1.3 million units sold (Rho Motion, October 2023). To meet the growing demand, the lithium-ion battery industry is now developing 9,246 GWh of global production capacity by 2030 through 408 gigafactories (Benchmark Mineral Intelligence, October 2023) which would require 11,717,000 tpa of graphite.

Set to become the largest fully integrated producer of natural graphite in North America, NMG is benefiting from these various market trends as demonstrated in current commercial engagement.

Sustainable Design and Execution

In line with its strong ESG resolute, the Company is advancing its electrification program. NMG and Caterpillar Inc. ("Caterpillar") have established a calendar to deploy early learners and pilot models at the Phase-2 Matawinie Mine. These models will be tested in real-world conditions and will help guide the transition to future zero-exhaust emission production models. The site's charging infrastructure is also being designed through modeling and simulations to optimize technology choices in relation to operational schedules and the mining plan, identify peak power demand, and define energy management strategies.

Complementary to plans for the Matawinie Mine, NMG obtained confirmation of a discounted industrial rate for its operations and a 77 MW electricity block for the Phase-2 Bécancour Battery Material Plant. Québec's energy grid being among the greenest in the world, NMG's confirmed capacity to tap into the network provides a solid foundation for deploying new equipment and proprietary technologies with a view to produce advanced materials with a very low climate change impact, in line with global decarbonization efforts.

To inform its project development and secure its social license to operate, the Company maintains open and

proactive engagement with stakeholders and First Nations. NMG continues to invest in local workforce training ahead of its Phase-2 operations via on-the-job training programs. The Diploma of Vocational Studies in Production Equipment Operation based in Saint-Michel-des-Saints is now at its ninth cohort, leading graduates to a position as an operator at the Matawinie Phase-1 demonstration plant, while recruitment for the Condensed College Diploma in Industrial Processes for Clean Technologies is starting for learners in the Bécancour region. These two programs are developed in collaboration with education organizations and industrial partners with a view to expand synergies and promote local opportunities.

For the nine-month period ended September 30, 2023, NMG had an Occupational Safety and Health Administration ("OSHA") Recordable Incident Rate of 4.77 at its facilities due to minor slip-and-fall incidents. The Company is paying increased attention to slippery surfaces and raising awareness of workers.

The Company's period-end cash position of \$48.6 million.

About Nouveau Monde Graphite

Nouveau Monde Graphite is striving to become a key contributor to the sustainable energy revolution. The Company is working towards developing a fully integrated source of carbon-neutral battery anode material in Québec, Canada, for the growing lithium-ion and fuel cell markets. With enviable ESG standards, NMG aspires to become a strategic supplier to the world's leading battery and automobile manufacturers, providing high-performing and reliable advanced materials while promoting sustainability and supply chain traceability. www.NMG.com

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Cautionary Note

All statements, other than statements of historical fact, contained in this press release including, but not limited to those describing the entering into definitive offtake, sales and investment agreements, including with Panasonic Energy, the intended commercial production of high-performing active anode material with a carbon-neutral footprint, the Company's commitments and initiatives described in this press release, including those related to ESG, the Company's performance with respect to the initiatives described in this press release, including qualification process and electrification strategy, the positive impact of the foregoing on project economics, including governmental action on the Company and the industry, the Company's relationship with its stakeholders, market and industry trends, the intended results of the initiatives described in this press release, other market participant's projects in Québec, NMG's objective of becoming the largest fully integrated producer of natural graphite in North America, and those statements which are discussed under the "About Nouveau Monde" paragraph and elsewhere in the press release which essentially describe the Company's outlook and objectives, constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements") within the meaning of Canadian and United States securities laws, and are based on expectations, estimates and projections as of the time of this press release. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect. Moreover, these forward-looking statements were based upon various underlying factors and assumptions, including the current technological trends, the business relationship between the Company and its stakeholders, the ability to operate in a safe and effective manner, the timely delivery and installation at estimated prices of the equipment supporting the production, assumed sale prices for graphite concentrate, the accuracy of any Mineral Resource estimates, future currency exchange rates and interest rates, political and regulatory stability, prices of commodity and production costs, the receipt of governmental, regulatory and third party approvals, licenses and permits on favorable terms, sustained labor stability, stability in financial and capital markets, availability of equipment and critical supplies, spare parts and consumables, the various tax assumptions, CAPEX and OPEX estimates, all economic and operational projections relating to the project, local infrastructures, the Company's business prospects and opportunities and estimates of the operational performance of the equipment, and are not guarantees of future performance.

Forward-looking statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Risk factors

that could cause actual results or events to differ materially from current expectations include, among others, those risks, delays in the scheduled delivery times of the equipment, the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the availability of financing or financing on favorable terms for the Company, the dependence on commodity prices, the impact of inflation on costs, the risks of obtaining the necessary permits, the operating performance of the Company's assets and businesses, competitive factors in the graphite mining and production industry, changes in laws and regulations affecting the Company's businesses, political and social acceptability risk, environmental regulation risk, currency and exchange rate risk, technological developments, the impacts of the global COVID-19 pandemic and the governments' responses thereto, and general economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. A further description of risks and uncertainties can be found in NMG's Annual Information Form dated March 23, 2023, including in the section thereof captioned "Risk Factors", which is available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. Unpredictable or unknown factors not discussed in this Cautionary Note could also have material adverse effects on forward-looking statements.

Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

The market and industry data contained in this press release is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Company believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any survey. The Company has not independently verified any of the data from third-party sources referred to in this press release and accordingly, the accuracy and completeness of such data is not guaranteed.

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Further information regarding the Company is available in the SEDAR+ database (www.sedarplus.ca), and for United States readers on EDGAR (www.sec.gov), and on the Company's website at: www.NMG.com

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Contact

MEDIA

Julie Paquet
VP Communications & ESG Strategy
+1-450-757-8905 #140
jpaquet@nmg.com

INVESTORS

Marc Jasmin
Director, Investor Relations
+1-450-757-8905 #993
mjasmin@nmg.com

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