

## Breaking the nexus

A burgeoning explorer's flagship project is usually the enticing quality which attracts executives to its board, but it was International Graphite Ltd (IG) chairman Phil Hearse's vision to "break the nexus" which proved most alluring for managing director Andrew Worland.

"Phil, [chief technical officer] David Pass and I worked together back in the mid-2000s for six or seven years and I developed quite a strong bond with them," Worland recalled to **Paydirt**. "Phil gave me a call in early 2019 and described what he was putting together, which was the benefit of the 10-or-so years he had worked in the graphite industry as a significant participant in many developers' studies.

"Phil described to me the vision he saw for graphite, which was actually in the downstream rather than building the mine. He explained the key, he thought, to the evolution of the graphite industry was to be able to break the nexus between the miners and processors in China and to offer the EV gigafactories an independent

supply chain outside of China."

IG joined the ASX in April following a \$10 million IPO and the company has already made significant headway at both its Springdale graphite exploration project outside of Hopetoun and its processing plant in Collie, both in Western Australia.

At the time of print, Springdale held a 15.6mt @ 6% TGC resource and an updated estimate was due this quarter as IG continued to bring high-grade assays to the market. But it is the Collie processing plant which separates IG from its ASX peers.

Ore from Springdale, once it becomes a mine, will be sent to Collie to be processed for lithium-ion batteries as anode material, as well as micronising for the commodity's more traditional uses.

At the time of print, a DFS was under way on the 3,000 tpa micronising facility with a FID target in Q3 and cash flow from 2024. Meanwhile, conceptual study work is due on the battery anode side of the plant this month, which would support a DFS by Q2 next year.

"I think the key point for International Graphite's perspective is we've got a very clear direction," Worland explained. "We've established our premises in Collie, we've got a clear pathway to entering the market for a micronising business, Springdale will go through the feasibility stage over the next 18 months, and likewise, the battery anode material facility in Collie will go through the same feasibility study over the next 18 months with our goals of being ready to fund the entire integrated project by the middle of 2024."

The Collie plant has already received considerable support from the WA Government, including a \$2 million funding agreement for both the micronising facility and the battery anode R&D activities. The opening of the plant was also attended by Premier Mark McGowan.

"We anticipate the graphite market will get more and more media attention and investor attention over the coming 12-18 months as people start to recognise the importance of the commodity within that EV



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profile,” Worland said.

Graphite contributes up to 95% of the raw materials in lithium-ion battery anodes, which are used in the batteries of products such as EVs.

The global graphite supply chain has become concentrated in China, a country which supplies up to 80% of the world’s graphite. Last year, China produced 850,000t graphite.

Meanwhile, Benchmark Intelligence estimates more than 90 new natural flake graphite mines will be required by 2035 to meet the material demands for lithium-ion batteries.

It is these supply chain risks that IG intends to remedy as a vertically integrated producer.

Drill results from Springdale have been encouraging, with diamond and RC drilling producing recent assays of 3.1m @ 21% TGC, 23m @ 9.6%, 7.2m @ 18.3%, 2.5m @ 13% and 10.1m @ 13%.

Worland is proud of the progress being made at the project, but is dismayed at the lack of investor reactions, albeit in a tough market for juniors, as the company traded

at 26c/share at the time of print – below its listing price of 36c/share.

“We think we’ve done reasonably well, relative to some of the challenges that have been in the macro markets over the last 8-9 months,” Worland said. “We endured broader macro inflation issues in May and June and we held up reasonably well against that. In the last quarter of 2022,



Andrew Worland

there has certainly been a little bit of malaise in the junior and mid cap development space.

“But we’ve got a strong asset base and cash in the bank, so we think we’re well positioned to capitalise on improved market sentiment.”

Independent test work on ore from Springdale has proven it as suitable for battery anode materials, while IG has no shortage of new areas to focus on. Three new discoveries have already been made within 500m of the existing mineral resource and at the time of print, 39 RC assays were outstanding on a fourth target east of the resource.

“We’re very encouraged by a potential discovery that we’re waiting for assays on but everything we’ve seen visually in the core, as we’ve put out to the market, has been very encouraging and exciting for us,” Worland said. “We think we’ve got a significant deposit that’s far bigger than what we inherited through our IPO, which is just fantastic.”

– Fraser Palamara

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