

# International Graphite Ltd

## Taking a “mine to market” approach to development

International Graphite Ltd (ASX:IG6) is focused on developing its Springdale graphite project near Hopetoun, Western Australia, in conjunction with its planned Battery Anode Materials (BAM) facility 450kms away in Collie. The company listed in April 2022 raising \$10m at \$0.20/share to give a market capitalisation at listing of \$35.9m, fully diluted. Since listing, the company has made significant progress with both projects, completing more than 20,400m of infill and exploration drilling at Springdale, leading to four new graphite discoveries; establishing a downstream research and development facility in Collie housing pilot graphite micronizing, spheroidising and purification equipment and completing a definitive feasibility study for a \$12.5m commercial micronizing facility at the Collie operation. The company has also just announced a new scoping study for the proposed Collie Graphite BAM facility which highlights a pre-tax, pre-finance NPV of US\$290m for an initial USPG operation then US\$626m NPV for an expanded CSPG facility, based on a total capital cost of US\$222m. International Graphite's ultimate goal is to be WA's first fully integrated 'mine to market' supplier of battery anode materials.

### Project description

International Graphite is developing the Springdale graphite project in tandem with the Collie BAM facility in WA. Springdale comprises two exploration licenses and one prospecting license, and recent reverse circulation (RC) drilling has been promising with some standout assay results for the first 15 holes assayed including 15m at 11.3% total graphitic carbon (TGC) from 38m downhole, 16m @11.7% TGC from 13m, 6m @ 13.3% TGC from 31m, 19m @ 8.4% from 55m and 9m at 17.3% from 33m including 4m @ 29.3% from 34m downhole. Test results show that using conventional flotation, graphite concentrates greater than 97% TGC can be produced. The concentrates produced were less than 75 micron and considered highly amenable to micronizing. Impurities were low with silica at less than 1.0%. The company also recently released a new scoping study which confirms the proposed Collie Graphite BAM facility would produce high grade battery anode materials and generate very positive returns from both the initial uncoated spheriodised purified graphite (USPG) and then carbon-coated spheriodised purified graphite (CSPG). Capex for the CSPG facility is estimated at US\$222m, with a forecasted pre-tax, pre-finance NPV of approximately US\$626m and IRR of 41%.

### Cashflow potential from Collie within 18 months

International Graphite has been progressing its plans to develop downstream processing of graphite at Collie, where it currently operates an R&D facility and pilot processing plant. The updated DFS supports plans for a \$12.5m, 4,000tpa graphite micronizing plant at the same location, with expectation that it could be operational and generating cashflow by Q3 CY2024. The DFS indicates that operating costs for micronizing products could average US\$1,980 per tonne against current product prices exceeding US\$3,000 per tonne. International Graphite is currently exploring several non-dilutionary sources of capital to finance construction of the facility with a final investment decision to emerge during product qualification. Initially, the facility will treat third-party imported graphite concentrates with Springdale graphite to come on line once its operations begin.

### Well positioned to become WA's first BAM supplier

Natural graphite supplies are forecast to fall well short of anticipated volume required to meet demand from lithium-ion batteries and achieve global decarbonisation targets. International Graphite is well positioned to deliver into both the demand for natural graphite and battery anode graphite products for the expanding electric vehicle and industrial energy storage markets.

#### Share Details

|                         |         |
|-------------------------|---------|
| ASX code                | IG6     |
| Share price             | \$0.235 |
| Market capitalisation   | \$38.8M |
| Number of shares        | 165.2M  |
| Options (various)       | 14.2M   |
| Performance rights      | 9.6M    |
| Net cash at 31-Dec-2022 | \$4.8M  |

#### Share Price Performance (12 months)



#### Upside Case

- Additional graphite discoveries made at Springdale
- Strong tailwinds for global natural graphite demand
- Commercial production at Collie commences earlier and at scale faster than previously anticipated

#### Downside Case

- Economics of projects fail to deliver competitive ROI metrics
- Additional capital may be required resulting in potential dilution to existing shareholders
- Commercialisation takes longer than anticipated

#### Catalysts

- Updated mineral resource estimate at the end of June 2023
- Completion of pre-feasibility study on Springdale by CY2023 end
- Commercial micronizing commences at Collie in H2 CY2024

#### Comparative Companies (Australia & NZ)

BKT, SVM, TLG

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## FINANCIAL SERVICES GUIDE

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