

Stock Commentary

Subject: International Graphite Limited (ASX: IG6)

COLLIE GRAPHITE BAM FACILITY : ROBUST SCOPING STUDY ECONOMICS SETS IG6 ON TRACK TO BE A LEADING WESTERN PRODUCER OF BAM

Background

On 26th April 2023 International Graphite Limited (ASX:IG6) announced the results of a Scoping Study on the Company's wholly owned Collie Graphite BAM Facility, located 200km south of Perth in Western Australia.

The Scoping Study has confirmed the Company's long standing view that the proposed facility has the potential to generate substantial returns for shareholders from the production of high grade Battery Anode Material ("BAM") which is a critical ingredient in the production of high quality Lithium Ion Batteries.

Key Highlights of the Scoping Study include:

- The Collie Operations processing up to 40ktpa of graphite concentrate

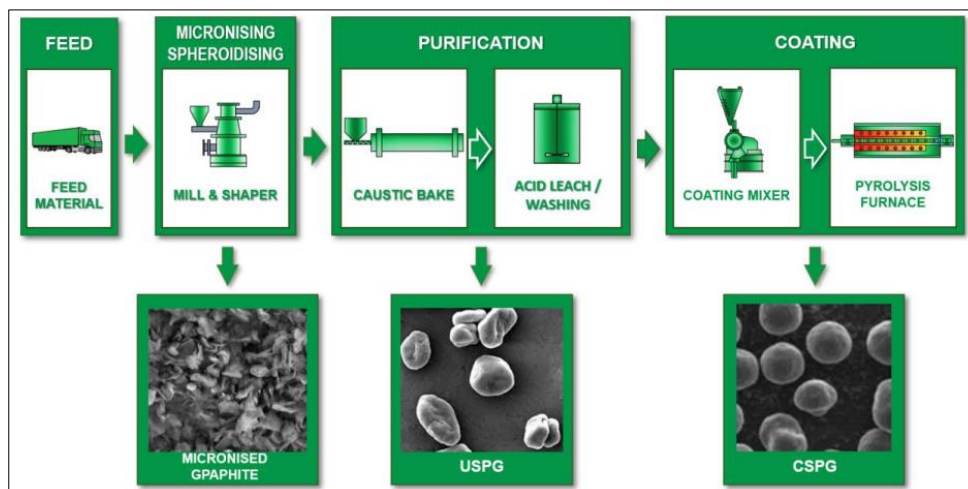
Carbon Coated Spheroidised Purified Graphite ("CSPG") Facility Option

- Production of 18.6ktpa CSPG & 17ktpa of micronised by-products
- Total CAPEX for the CSPG facility: AUD317m (USD222m)
- Pre-tax-pre-finance project NPV₁₀ of AUD894m (USD626m) & IRR 41%
- Annualised average revenue AUD255m (USD172m) & EBITDA AUD149m (USD100m)

Uncoated Purified Spheroidised Graphite ("USPG") Facility Option

- Production of 20ktpa USPG & 17ktpa of micronised by-products
- Total CAPEX for the USPG facility: AUD124m (USD87m)
- Pre-tax-pre-finance project NPV₁₀ of AUD412m (USD290) & IRR 48%
- Annualised average revenue AUD140m (USD95m) & EBITDA AUD64m (USD43m)

The Scoping Study applied a fixed selling price of USD8,750 per tonne for CSPG and USD4,250 per tonne for USPG.

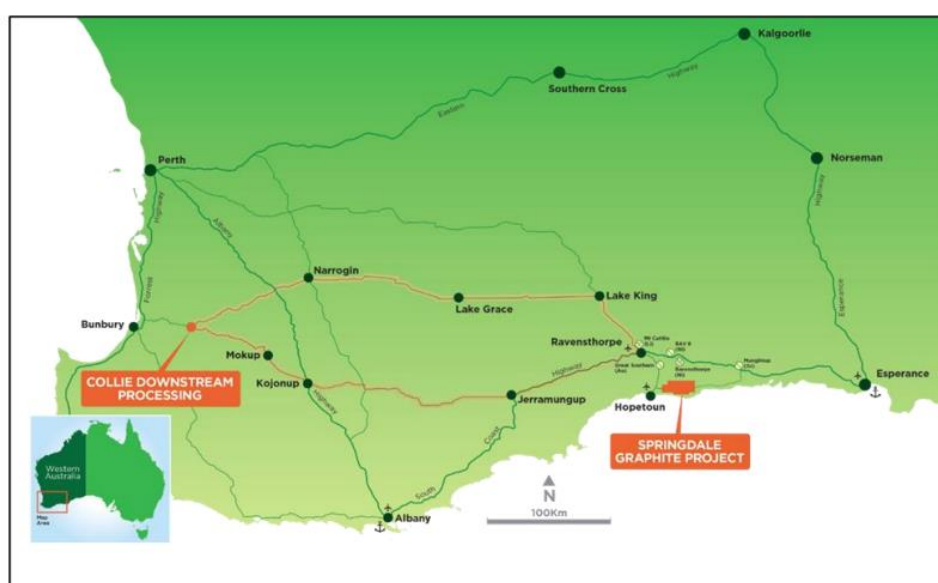


Above: Simplified Flow sheet for the Proposed Collie Graphite BAM Facility

Key Takeaway Points From The Announcement

1. We are delighted to read that IG6 and its consultants have delivered what we interpret as a standout result for the Collie Graphite BAM Facility Scoping Study. The results far exceeded our expectation and with that we acknowledge the hard work and skill set of Phil Hearse (Chairman), Dave Pass (Technical Director), Andrew Worland (MD & CEO) and the IG6 team for delivering the excellent result.
2. The standout, economically robust outcome of the Scoping Study is in our mind the reaching of another very important milestone on the Company's path towards developing a fully integrated 'mine to market' BAM facility in Australia. With this study now providing a compelling development pathway, we are now of the strong belief that this sets IG6 on track to most likely become Australia's first producer of coated spheroidised purified graphite for lithium-ion batteries and a leading western world producer of BAM.
3. We note the newly released study at this moment does not incorporate the Springdale Graphite Project which is envisaged to be part of the company's supply chain. For the time being a conservative pricing deck has been adopted for the initial supply of graphite concentrate from a third party for the Collie facility. However, as soon as the PFS for Springdale is completed and released later this year, we understand this BAM scoping study could be updated to reflect the fully integrated mine to market (Springdale-Collie) project and include production and graphite concentrate supply from Springdale at an expected lower cost than buying in third party graphite concentrates. We therefore anticipate the completion of a DFS and for project development to commence Q3-Q4 2024 (Subject in particular to financing, product qualification processes and all government agency approvals).
4. Looking at the Scoping Study in more detail, we comment that the plant has been cleverly designed to run as what is referred to as two parallel trains, which, being modular, can be implemented in stages should financing require this. i.e. putting it simply, one could develop the USPG facility first for a much lower capex producing USPG initially before eventually expanding the plant with additional capex to produce CSPG. However, we strongly believe that with forecast BAM deficit and demand sitting where it is, Collie will be (and should be) developed as a fully integrated CSPG production facility from the start, taking advantage of maximum product value-add prior to sale of what will be extremely high quality BAM products.

Figure 1 Location of International Graphite Projects.



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