

Graphite demand drives global search by ASX listed companies

ABC Rural

By Babs McHugh

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Photo: Archer Exploration drilling for graphite near Cleve, SA. The number of ASX listed companies searching globally has risen to 40. (Gerard Anderson.)

The number of listed Australian companies looking for graphite has soared in recent years.

Demand is growing for the relatively abundant commodity in all forms of technological developments, particularly battery storage.

Resources analyst with Patersons Securities, Jason Chesters, said investors were also showing an appetite for the increasing number of potential graphite players.

"In 2012 there were under 10 ASX listed companies in the graphite space," he said.

"That's now close to 40, that's a four-fold increase and that's only the publicly listed companies, obviously there are a lot of others.

"They include projects in South Australia, in Western Australia and in Queensland.

"In addition to that, there's a whole host of projects around the globe that ASX listed juniors have pegged and are looking to develop."

Global graphite market

According to Jason Chesters, there are a handful of projects in Sri Lanka, Sweden and in South America, but by far and away the bulk will be in Africa.

Metals of Africa is one typical ASX listed company making a play for graphite in Africa.

So potentially there could be an oversupply situation building up if all of these [graphite] projects came to fruition.

Jason Chesters, resources analyst, Patersons Securities

Despite the name, Metals of Africa is an Australian company, one of many on the ASX that is spreading out around the world as the demand for graphite grows.

Cherie Leeden is the managing director of the company, which has two projects in Mozambique, one of which will eventually produce spherical graphite.

"Spherical graphite is what's used in the anodes in batteries," she said.

"After the flake graphite is mined it's milled and ground down into a ball, the size of something smaller than talcum powder.

"I believe Mozambique will be responsible for the world's cheapest graphite and yet the quality is excellent," she said.

"By producing spherical graphite at one of our projects, Balama Central, we're hoping to displace the current synthetic supply of graphite at a third of the price."

With many hopefuls on the hunt for new graphite deposits and projects, just how much does the world actually want?

Jason Chesters believes not as much as is being drilled.

"I believe the market is quite defined and quite discreet," he said.

"The opportunity for future demand growth is palpable, but the stated scale of production from all of the graphite projects would be in excess of two million tonnes per annum.

"But demand-wise, I think we're looking at a doubling of the current market, which is around 550,000 to 600,000 tonnes.

"So potentially there could be an oversupply situation building up if all of these projects came to fruition.

"But I think only a handful eventually will."