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StratMin Resources racing to lift volumes as new graphite demand beckons

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TORONTO (miningweekly.com) – Having started graphite production in April, Madagascar-focused StratMin Global Resources is on a mission to lift volumes and concentrate grades in anticipation of increased global demand in the medium term.

The Aim-listed company's MD **Manoli Yannaghas** told *Mining Weekly Online* in an interview that with graphite output and sales being a reality for the junior, it was now one of only two new Western graphite producers offering investors exposure to the allotrope of carbon.

StratMin is the only graphite-focused company listed on the LSE's Aim market and is looking to aggressively ramp up output to 1 000 t/m by the end of 2015.

Yannaghas labelled the Loharano deposit as being a "privileged project". The soft nature of the orebody resulted in a simple openpit operation with a water-based processing plant and low operating cash costs.

StratMin started commercial graphite production in April, with first commercial sales following in July.

Yannaghas said the focus was now shifting from getting the $2.5-million project into production, to increasing the volumes, improving the grades and further expanding the existing resources.

SHAKING UP OUTPUT

Yannaghas explained that the Loharano project started initial production in 2009, but equipment previously installed was unable to lift the concentrate grade beyond 65% in trial runs.

As part of a management shake-up, he joined the team in July 2013 with the goal of leading the project to production.

"When I came on board, we immediately redrafted the plant's flow sheets and ordered and replaced significant pieces of equipment. This allowed us to lift the grade to above 90% carbon, which, with further plant investment, would be lifted to the battery-quality grades of 99% plus," he noted.

The plant's capacity currently stood at 120 t/m and was expected to rise to more than 300 t this month after completing the installation of a new dewatering system.

Grades were also improving and StratMin expected to consistently achieve grades of 92% carbon during the current half of the year.

Yannaghas said the company would seek to invest in a new plant in the fourth quarter, or early in 2015, to further lift its capacity to more than 1 000 t/m.

He added that StratMin was currently in discussions with potential customers in the US, Europe and India.

In July, StratMin signed a second sales contract with a new graphite customer for material from Lohorano. The company said an established European graphite-trading house had placed an initial order from StratMin for 20 t of +50 mesh and 20 t of between 80 and 50 mesh graphite. Delivery of the order was expected to take place in August.

The company had, earlier in July, also signed a sales contract with an undisclosed established US-based graphite-trading company for 54 t of +40 mesh, 19 t of -40+80 mesh and 38 t of +60 mesh.

"I am currently satisfied with the industrial grade we are producing and, once our volumes are up, we will look at installing an acid beneficiation plant to further lift the grades to battery-manufacturing standards," Yannaghas commented.

He also noted that the Loharano resource had a favourable distribution of +80 mesh large-flake graphite, as well as a significant proportion being +50 mesh size, making the project amenable for supplying the growing lithium-ion battery market – especially when demand started to rise on the back of increased battery production for electric vehicles and energy storage solutions in the West, expected in the medium term.

Yannaghas stated that StratMin's low-cost production model provided it with profitability through the ramp-up phase, with steady-state operating costs of under $400/t expected during the current half of the year.

The Loharano project was expected to reach cash breakeven during the current quarter, as volumes continued to rise.

He said the company's revenue was expected to grow in step with sales volumes, as buyers came to understand the company's product better.

Owing to the project's favourable characteristics, StratMin is able to operate it by only using generators on site. The operation benefits from excellent infrastructure, such as sealed roads to the large port at Tamatave, 120 km from the mine site, which has ample capacity to export the mine's product.

Loharano currently has a Joint Ore Reserves Committee-compliant resource of 235 000 t of contained large-flake graphite at a grade of 4.12%. The mine has an expected life of ten years; however, Yannaghas pointed out that there were significant opportunities to expand the resource, of which only about 10% was currently explored.

He said the company had recently restarted exploration efforts on two targets similar to Loharano, which were expected to result in a resource upgrade within the next three months.

StratMin also owns the Antsirabe exploration project in the same country.

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