

Panasonic Energy signs offtake agreement with Canada's NMG to secure graphite supplies for North American market

16-Feb-2024 17:09 GMT

Amit Panday

S&P Global

Supply Chain and Technology, Automotive

NMG's Metawinie Mine project is estimated to produce approximately 103,000 metric tons per annum of graphite concentrate, with a mine life of about 25 years

Japanese battery-maker Panasonic Energy Co. Ltd. has signed a seven-year offtake agreement with Canada's Nouveau Monde Graphite Inc. (NMG) to secure supply of natural graphite for operations in North America, Panasonic announced Feb. 15.



Source: Getty Images

In addition, Panasonic Energy also plans to invest in NMG, starting with a payment of \$25 million. The battery manufacturer said that it is looking to make an additional funding worth \$150 million with co-investors in NMG, subject to a maximum ownership threshold agreed between the relevant parties. In another transaction, Japan's Mitsui & Co. Ltd. plans to redeem and cancel its existing convertible note and subscribe to NMG's shares.

Significance: The offtake agreement with NMG is part of Panasonic Energy's strategy of increasing the local and sustainable sourcing of battery materials in North America, a move that is aligned with the requirements under the Inflation Reduction Act to qualify for federal tax credits. Panasonic Energy is expanding its electric vehicle battery production in North America, thanks to the growing demand from its customers including Tesla.

It can be recalled that the battery-maker had first signed a memorandum of understanding (MOU) with the Canadian anode active material supplier in October 2022, and subsequently advanced technological development and process optimization, in line with its specifications and quality standards for the development of an integrated graphite production in North America. To that end, the two companies have now officially entered into a supply agreement, Panasonic Energy said in a statement on Feb. 15.

According to Panasonic, NMG's carbon-neutral graphite material will not only strengthen its supply chain in North America, but also support the company's goal of reducing its carbon footprint to 50% of its 2022 level by 2031.

Notably, under a "mine-to-battery-material" model, NMG plans to produce natural graphite from its Matawinie Mine project, which is located about 120 km north of Montréal, to produce anode active materials at its battery-material plant in Bécancour, Quebec. "This vertically integrated model positions NMG as an ideal partner to support Panasonic Energy's plan to build a robust supply chain in North America," the battery manufacturer said.

According to NMG's website, the Metawinie Mine project is estimated to produce approximately 103,000 metric tons per annum of graphite concentrate, with a mine life of about 25 years. That said, NMG's mining operations at the site will be all-electric, significantly contributing to building a sustainable extraction and subsequent supply chain. Notably, NMG refers to the Metawinie Mine project as its flagship graphite property.

The deepening engagement between the two companies comes months after the governments of Japan and Canada signed an MOU in September 2023 to strengthen their bilateral partnership, with a focus on building global battery supply chains.

Moreover, Panasonic's offtake agreement with Canada's NMG to procure graphite will contribute to de-risking the dependency on mainland China, which imposed graphite export restrictions from Dec.

1, 2023. Mainland China is the world's largest producer and supplier of graphite, natural as well as synthetic, and processes more than 90% of graphite globally. Ever since these export curbs are imposed by mainland China, Japanese and South Korean battery manufacturers have been scrambling to identify alternate sources to secure graphite supplies for their respective operations.

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

www.spglobal.com/mobility

Copyright © 2025 S&P Global Inc. All rights reserved.

These materials, including any software, data, processing technology, index data, ratings, credit-related analysis, research, model, software or other application or output described herein, or any part thereof (collectively the “Property”) constitute the proprietary and confidential information of S&P Global Inc its affiliates (each and together “S&P Global”) and/or its third party provider licensors. S&P Global on behalf of itself and its third-party licensors reserves all rights in and to the Property. These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable.

Any copying, reproduction, reverse-engineering, modification, distribution, transmission or disclosure of the Property, in any form or by any means, is strictly prohibited without the prior written consent of S&P Global. The Property shall not be used for any unauthorized or unlawful purposes. S&P Global’s opinions, statements, estimates, projections, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security, and there is no obligation on S&P Global to update the foregoing or any other element of the Property. S&P Global may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. The Property and its composition and content are subject to change without notice.

THE PROPERTY IS PROVIDED ON AN “AS IS” BASIS. NEITHER S&P GLOBAL NOR ANY THIRD PARTY PROVIDERS (TOGETHER, “S&P GLOBAL PARTIES”) MAKE ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE PROPERTY’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE PROPERTY WILL OPERATE IN ANY SOFTWARE OR HARDWARE CONFIGURATION, NOR ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO ITS ACCURACY, AVAILABILITY, COMPLETENESS OR TIMELINESS, OR TO THE RESULTS TO BE OBTAINED FROM THE USE OF THE PROPERTY. S&P GLOBAL PARTIES SHALL NOT IN ANY WAY BE LIABLE TO ANY RECIPIENT FOR ANY INACCURACIES, ERRORS OR OMISSIONS REGARDLESS OF THE CAUSE. Without limiting the foregoing, S&P Global Parties shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with the Property, or any course of action determined, by it or any third party, whether or not based on or relating to the Property. In no event shall S&P Global be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including without limitation lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Property even if advised of the possibility of such damages. The Property should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions.

The S&P Global logo is a registered trademark of S&P Global, and the trademarks of S&P Global used within this document or materials are protected by international laws. Any other names may be trademarks of their respective owners.

The inclusion of a link to an external website by S&P Global should not be understood to be an endorsement of that website or the website’s owners (or their products/services). S&P Global is not responsible for either the content or output of external websites. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process. S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global Ratings’ public ratings and analyses are made available on its sites, www.spglobal.com/ratings (free of charge) and www.capitaliq.com (subscription), and may be distributed through other means, including via S&P Global publications and third party redistributors.