

Syrah Resources begins natural graphite processing operations at its facility in Vidalia, La.

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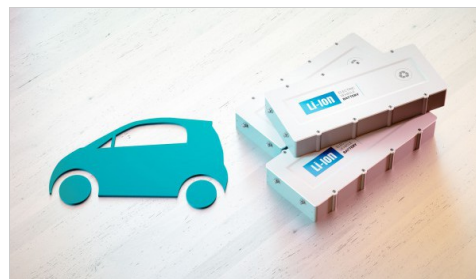
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Australia-based supplier of natural graphite and anode active material (AAM) products, Syrah Resources Ltd., has commenced production operations at its natural graphite processing facility in the city of Vidalia, La., the company announced Feb. 9.



Source: Getty Images/ Petmal

Significance: The natural graphite processed at Syrah's Vidalia facility is brought from the company's Balama Graphite Operation in Mozambique, East Africa. Syrah claimed that its AAM production facility in Vidalia is the first vertically integrated natural graphite processing facility outside of mainland China. The Vidalia AAM production facility is expected to have a production capacity of 11.25 kilotons per annum.

Syrah's announcement comes soon after mainland China implemented a graphite export control policy on Dec. 1, 2023, which raised doubts about ensuring a stable supply of the battery critical material in the medium-to-long term. Notably, mainland China is world's largest producer of graphite. The country also refines more than 90% of graphite globally, leading to an overreliance on mainland China for cost-effective supply of the battery anode material. The move is expected to hit the graphite supplies to several regions, including the US, Japan, South Korea, Europe and India, amid an ongoing transition to electric mobility.

Graphite, natural as well as artificial, is a critical material used to produce anodes for batteries.

Commencement of Syrah's Vidalia factory marks the establishment of an alternate supply source of graphite in the US, which historically does not produce its own graphite and depends on imports. In order to reduce its dependency on import sources, the US government has been increasingly investing in non-mainland-Chinese supply sources, including developing graphite mines in other regions. For example, in 2023, the US Development Finance Corp. had approved a loan of \$150 million to Syrah to fund graphite mining and processing operations in Balama, Mozambique.

The US government's loan to Syrah was part of a US-Australia strategic alliance, which was signed by the US President Joe Biden and the Australian Prime Minister Anthony Albanese in October 2023. The alliance aims to focus on building a sustainable and stable supply chain of critical minerals. A White House statement dated Oct. 25, 2023, said that the alliance between the US and Australia involves a commitment to investing in high-quality mines, and a deepening of both countries' manufacturing capability and work on battery technology research and development.

According to a January 2024 US Geological Survey report, five companies are exploring or developing graphite-mining projects in the US — two in Alabama, one in Alaska, one in Montana and one in New York.

According to Syrah Managing Director and CEO Shaun Verner, commencing production at Vidalia is a huge step forward in Syrah's evolution, with the downstream integration being the culmination of almost seven years of technology development, feasibility, procurement, engineering, construction and commissioning work.

“Our 11.25 ktpa AAM Vidalia operation is strategic for both Syrah and the North American battery supply chain and is the foundation of our downstream growth strategy. This strategy is supported by strong EV-driven demand globally, recognition of the importance of independent natural graphite

AAM critical mineral supply, and differentiation in terms of emissions intensity of production and provenance of supply. The importance of Vidalia is reinforced by China's recent introduction of export controls on natural and synthetic graphite and its products, and US guidance on the definition of foreign entity of concern governing qualification for the Section 30D tax credit for new electric vehicles.”

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