

A Minimum Purchase of 200,000 tonnes over 10 Years: Focus Graphite Updates its Historic Offtake Agreement With a Chinese Industrial Conglomerate

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OTTAWA, ONTARIO--(Marketwired - Mar 6, 2014) - Further to its December 19, 2013 announcement of an historic offtake agreement with a Chinese industrial conglomerate, [Focus Graphite Inc.](#) (TSX VENTURE:FMS) (OTCQX:FCSMF) (FRANKFURT:FKC) (the "Company") is pleased to report that the terms of the agreement bind the parties to a minimum purchase of 20,000 tonnes per year of future production from its Lac Knife graphite property some 27 kilometers southwest of Fermont, Quebec.

Focus President and Chief Operating Officer Don Baxter said other specific terms of the agreement, including pricing and renewal rights remain confidential for competitive reasons.

"We are pleased to update our initial offtake announcement on December 19, 2013 which stipulated a supply ceiling of 40,000 tonnes per year of large, medium and fine flake graphite and value added graphite also holds a minimum purchase floor of 20,000 tpa over the life of the agreement," Mr. Baxter said.

"This update is, in part, prompted by questions posed to us by other potential strategic offtake buyers concerned with the availability or possible lack thereof of future long-term supplies of Lac Knife concentrates," Mr. Baxter added.

As reported in its November 7, 2013 Updated Preliminary Economic Assessment, the Company intends to produce 44,300 tonnes of high purity graphite annually.

"Based on our ongoing discussions, Focus recognizes the importance of leaving the door open to accommodate future demand, particularly from our friends in the United States and Europe," Mr. Baxter said.

"More," he added, "Tesla Motors' announcement of its intention to build a huge battery manufacturing facility in the United States opens the door for our industry to compete for the right to supply purified and shaped battery grade materials to an industry innovator."

Tesla Motors announced it intends to invest \$5 billion to construct a massive battery manufacturing facility somewhere in the southwestern United States.

On February 26, 2014, the New York Times reported the automaker expects to reduce the per-kilowatt cost of its battery packs by more than 30 percent by the end of the first year of volume production for its third-generation electric vehicle. At full production, the factory, known as the Gigafactory, would produce about 500,000 lithium-ion batteries annually by 2020, more than suppliers worldwide produced last year.

Tesla's aim, Mr. Baxter said, is to reduce input costs for both its world-leading electric vehicles and for energy storage units for its SolarCity solar power subsidiary.

SolarCity uses Tesla battery packs for its residential and business customers to lessen their dependence on electrical power from the grid.

Mr. Baxter said Tesla's move, as one of the highest profile driving forces in the world opens the door for

graphite developers to make their case not only to Tesla, but all clean technology end-users to compare the cost-to-power advantages that come from of natural flake graphite.

"As a graphite developer moving towards production, Focus Graphite's long-held business strategy, in principle, mirrors that of Tesla Chairman Elon Musk's - and that is: building a vertically-integrated value chain to secure a competitive advantage," Mr Baxter said.

More than half of Focus' Lac Knife's deposit is 98% purity, low-cost, fine flake (-100 mesh) graphite which can be affordably purified and shaped to meet future battery material demand for the anodes used in lithium-ion batteries.

Mr. Baxter stated: "Focus stands alone in the graphite industry by publicly declaring its intention to carve out new technology markets from a graphite product once considered to be low value and therefore, largely ignored and sometimes neglected fine flake graphite," flake graphite.

Both the United States and China have set mandatory production targets for electric and hybrid electric vehicles at one million vehicles each by 2015-2016.

It is estimated that batteries for two million electric vehicles will create a demand for an additional supply of 160,000 tonnes per year of high-value purified graphite. Global production of flake is currently estimated at 500,000 tons per year.

About Focus Graphite

[Focus Graphite Inc.](#) is an emerging mid-tier junior mining development company, a technology solutions supplier and a business innovator. Focus is the owner of the Lac Knife graphite deposit located in the Côte-Nord region of northeastern Québec. The Lac Knife project hosts a NI 43-101 compliant Measured and Indicated Mineral Resource Estimate* of 9.6 million tons grading 14.77% graphitic carbon (Cg) as crystalline graphite with an additional Inferred Mineral Resource Estimate* of 3.1 million tons grading 13.25% Cg of crystalline graphite. Focus' goal is to assume an industry leadership position by becoming a low-cost producer of technology-grade graphite. On November 7, 2013 the Company released the results of an updated Preliminary Economic Assessment ("PEA") of the Lac Knife Project which indicated that the project has very good potential to become a graphite producer. As a technology-oriented enterprise with a view to building long-term, sustainable shareholder value, Focus also invests in the development of graphene applications and patents through Grafoid Inc.

The information presented in this news release has been reviewed by Don Baxter, P.Eng, President and Chief Operating Officer of [Focus Graphite Inc.](#), and a Qualified Person under National Instrument (NI) 43-101 guidelines.

Forward Looking Statement

This presentation contains "forward-looking information" within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operations of mineral deposits; (v) the risk associated with establishing title to mineral properties and assets; (vi) the risks associated with entering into joint ventures; (vii) fluctuations in commodity prices; (viii) the risks associated with uninsurable risks arising during the course of exploration, development and production; (ix) competition faced by the resulting issuer in securing experienced personnel and financing; (x) access to adequate infrastructure to support mining, processing,

development and exploration activities; (xi) the risks associated with changes in the mining regulatory regime governing the resulting issuer; (xii) the risks associated with the various environmental regulations the resulting issuer is subject to; (xiii) risks related to regulatory and permitting delays; (xiv) risks related to potential conflicts of interest; (xv) the reliance on key personnel; (xvi) liquidity risks; (xvii) the risk of potential dilution through the issue of common shares; (xviii) the Company does not anticipate declaring dividends in the near term; (xix) the risk of litigation; and (xx) risk management.

Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued exploration activities, no material adverse change in metal prices, exploration and development plans proceeding in accordance with plans and such plans achieving their stated expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this press release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

Contact

[Focus Graphite Inc.](#)

Mr. Don Baxter, P.Eng
President and Chief Operating Officer
705-789-9706
dbaxter@focusgraphite.com
www.focusgraphite.com

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