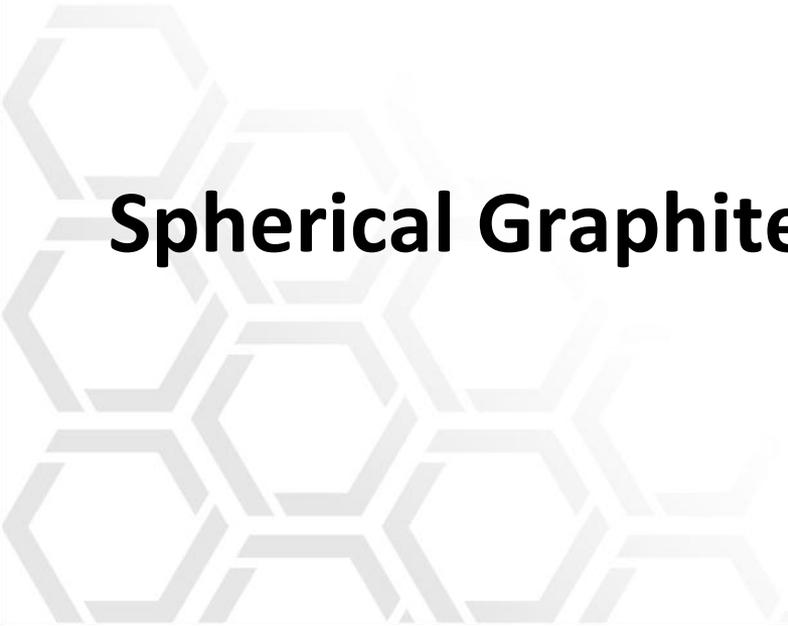




IPO Presentation



Spherical Graphite



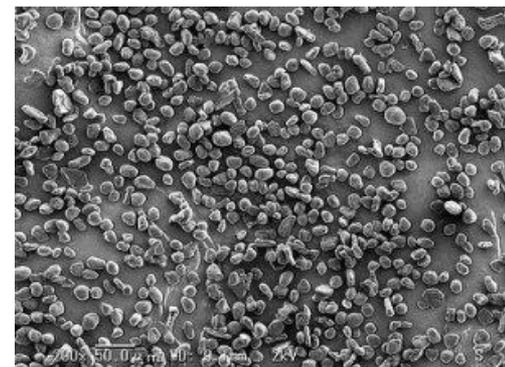
Spherical Graphite Introduction

- Spherical graphite is produced through fine grinding, purification and spheritisation – processing the flat flake into a sphere of concentrate
- Purification is generally conducted via an acid wash treatment which takes a raw material of approximately 94% TGC to over 99% TGC purity
- Purified product is milled to reach an average commercial size of between 10 and 20 microns, with the ultimate objective of maximising the surface area of the material. Flake graphite can be spheritised to as low as 5 microns
- Uncoated spherical graphite material is usually sold onto processing or trading companies who then add their own specialised coating material to aid conductivity in the battery. This is most commonly a carbon coating of some form that is applied using a chemical vapour method.
- Production of uncoated spherical graphite is generally wasteful, with producers today achieving an average yield of 30-40% on initial flake concentrate inputs
- The only application for spherical graphite is as an anode material for lithium-ion batteries, with the majority of consumers being situated in either China, Japan or South Korea
- To become “battery-grade”, spherical graphite must achieve a minimum of 99.95% TGC following purification
- Price is dependent on purity and particle shape / size

Fine / Medium Flake Graphite



Spherical Graphite under Microscope

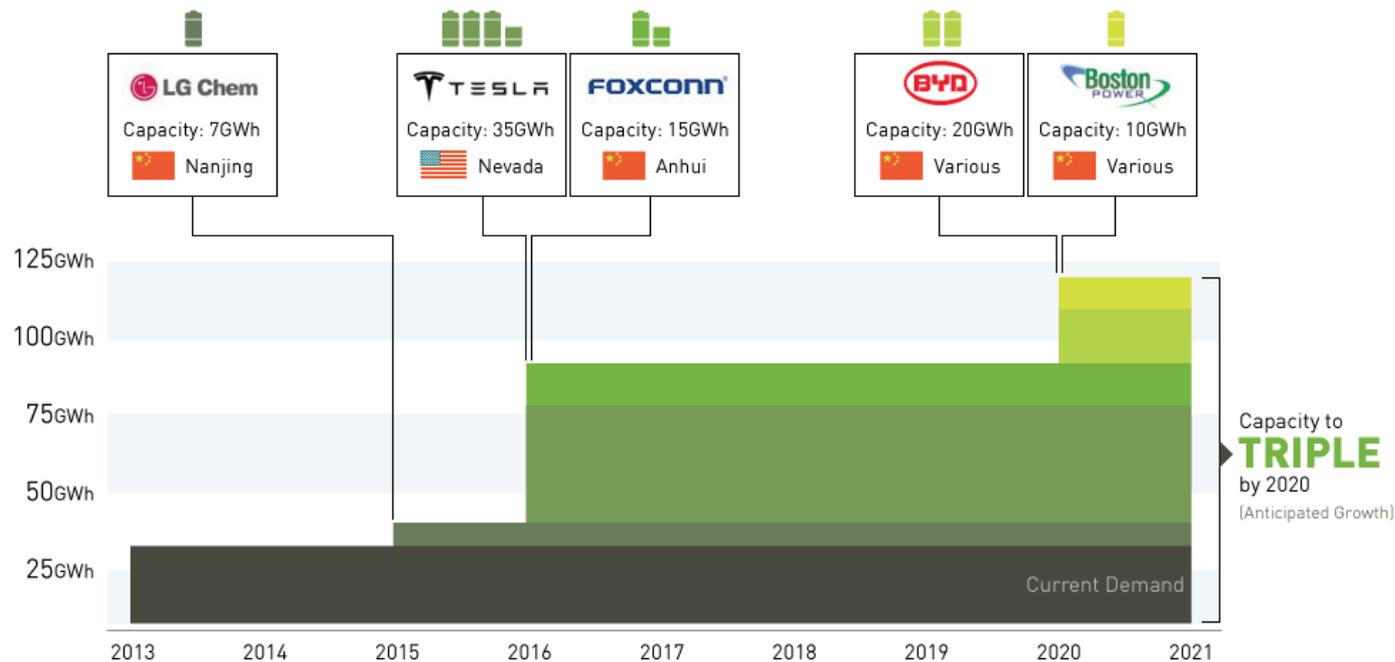


Spherical Graphite Market

Chart of the Week

THE LITHIUM-ION BATTERY MEGAFACTORIES ARE COMING

Production capacity of lithium-ion batteries is anticipated to more than triple by 2020



*Benchmark estimates, not all data disclosed by companies **Instant planned capacity stated for graphical purposes, slower ramp up expected

Data by:



visualcapitalist.com



Spherical Graphite Market – Electric Vehicles

- Tesla building a \$5b 35GWh battery factory – expected to be operational in 2017 and achieve full capacity by 2020
- Tesla plant alone would essentially double the world's output of electric vehicle (EV) batteries – 500,000 batteries a year at capacity
- If Tesla chooses to use natural flake graphite, the demand for battery-grade material could go up 154%
- An estimated 80-126 Kt of battery-grade spherical graphite is needed to supply the plant at capacity
- Newer model EVs have higher battery capacities to give greater range – increase in graphite demand
- Tesla Model S has an 85kW battery consuming 170kg of spherical graphite (425kg of flake graphite)
- China expanding capacity to > 50GWh by 2020
- Chinese Government committed to reducing pollution
 - By 2016, 30% of Chinese Government car fleet will be EVs
 - China EV production up 850% year on year (October 2015)
 - Chinese government targeting an EV population of 5 million by 2020
- Macquarie Group's Asia research team forecast 57% CAGR in the Chinese EV manufacturing sector to 2020

Tesla Model S – Market-leading battery range of 420km



Battery Super Plants under construction



SAMSUNG SDI

FOXCONN

Spherical Graphite Market – Energy Storage

- Stationary energy storage has the potential to be a larger market than EVs
- A growing retail market already exists with a large number of battery products, usually combined with Photo Voltaic (PV) solar systems, available to consumers wishing to supplement their grid power demands with alternative energy or go to 'off grid' entirely
- Tesla recently announced its Powerwall home battery system
- Targeting annual production of 15GWh a year of 10kWh and 7Kwh Powerwall models
- Growth market for small scale energy storage in the developing world
 - Governments and NGOs are already developing 'roadmaps' to the roll out of large scale PV schemes such as the African Green Energy Corridor initiative

What's in a Powerwall

Specs



Technology

Wall mounted, rechargeable lithium ion battery with liquid thermal control.

Models

10 kWh \$3,500
For backup applications
7 kWh \$3,000
For daily cycle applications

Warranty

Ten year warranty with an optional ten year extension.

Efficiency

92% round-trip DC efficiency

Power

2.0 kW continuous, 3.3 kW peak

Voltage

350 – 450 volts

Current

5 amp nominal, 8.5 amp peak output

Compatibility

Single phase and three phase utility grid compatible.

Operating Temperature

-4°F to 110°F / -20°C to 43°C

Enclosure

Rated for indoor and outdoor installation.

Installation

Requires installation by a trained electrician. AC-DC inverter not included.

Weight

220 lbs / 100 kg

Dimensions

52.1" x 33.9" x 7.1"
130 cm x 86 cm x 18 cm

Certifications

UL listed

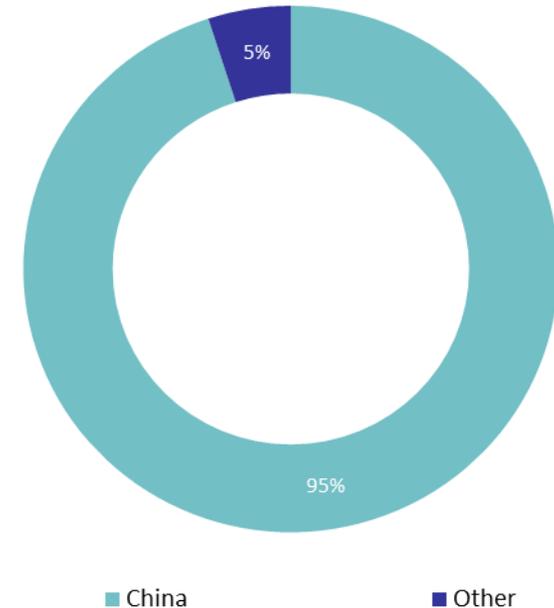
Tesla CEO, Elon Musk – Presenting the Powerwall



Spherical Graphite Market – Supply

- Chinese suppliers produce the majority of uncoated spherical graphite
- The material is then shipped to Japan, where a carbon coating is applied to enhance performance
- Japan dominates the coated portion of the spherical graphite market, purchasing 100% of their uncoated material from China. Japanese equipment manufacturers such as Hosokawa Micron are the leading supplier of spherical graphite milling equipment
- China are seeking to integrate downstream into manufacturing of coated spherical graphite to control the entire battery chain process
- Meanwhile, the rest of the world are looking to diversify supply away from Chinese sources

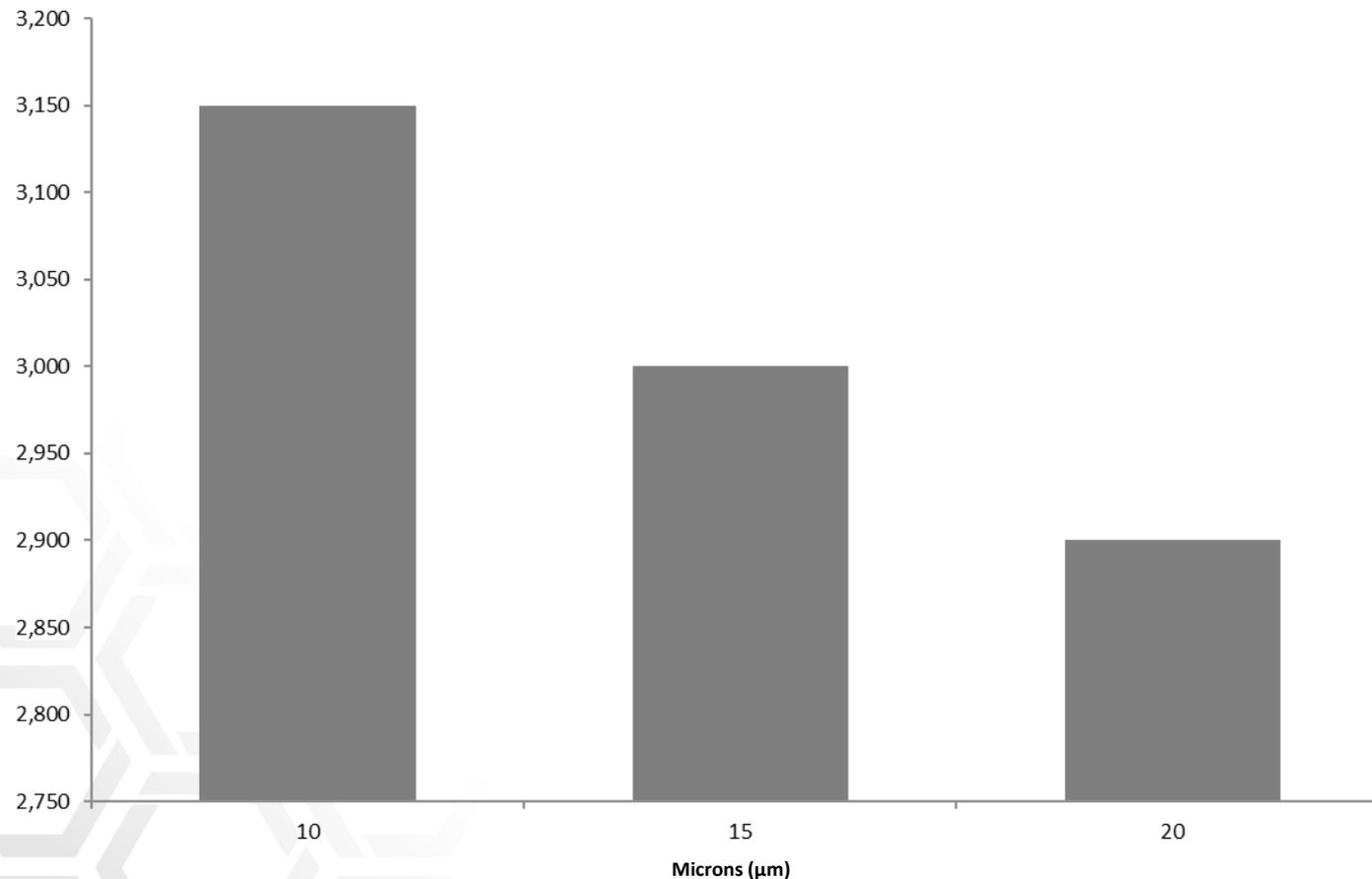
Uncoated spherical graphite supply



Spherical Graphite Pricing

Below are the current prices for uncoated spherical graphite. Given 60% loss during spheritisation, it is clear why coarse flake graphite cannot be feasible given the price of coarse flake plus processing costs exceeds the uncoated spherical graphite sale price.

Analyst Pricing – Spherical uncoated graphite > 99.95% (US\$/t)



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