# Tesla Battery Plant Announcement Lights Up Graphite Space

10.03.2014 | GlobeNewswire

VANCOUVER, British Columbia, March 10, 2014 (GLOBE NEWSWIRE) -- Tesla Motors sent shock waves through a myriad of different industries as it announced that, along with partner Panasonic, the Company would build a Lithium Ion battery factory by 2017. Not only will the Giga Factory dominate the battery market with 500k batteries produced annually slated for 2020, it will also reduce the cost by some 30%.

Tesla CEO Elon Musk stated on Greentechmedia.com: "We are doing something that's comparable to all lithium-ion production in the world in one factory... a plant that is heavily powered by renewables, wind and solar, and that has built into it the recycling capability for old battery packs."

And there's more. Batteries are arguably the largest growth market for graphite. Estimates forecast that Lithium batteries use 10-20-30% more graphite than standard batteries. That's about 150k tonnes annually for the Tesla factory alone. Most large graphite clients currently use about 10% of that annually. Investors had better get familiar with this mineral. And global production is now only about 450k tonnes.

"If a graphite supply crunch comes, and it looks more and more likely particularly with this announcement, we plan on being one of the first new producing mines here in North America" said Charles Desjardins, President and CEO of Pistol Bay Mining (TSX-V:PST:) in an exclusive interview with Financial Press. "Our Portland Graphite property in southern Ontario has already been worked since the 60's with 5884m of drilling in 73 holes. By twinning these historical holes and conducting further exploration of the 429 ha property, we could well be into a production decision by 2015 as we hope to prove-up and expand our historical reserves into NI 43-101 resource estimates in the next two years, well ahead of the majority of our peers."

Abundance of graphite and ease of extraction are one thing, quality is another and more important. Medium and particularly large and jumbo flake are the most sought-after, whether for steel production, batteries or retail electronics; the latter having the least percentage use at 6%. Don't be complacent though; the latter will have the most exponential growth in the form of pure graphite foil that is a component of every electronic device.

Pistol Bay is pretty unique in that its Portland Graphite property is represented by a large percentage of large and medium flake.

Given that there are decades of historical information on Portland, Pistol Bay can afford to be optimistic. Most of the current holes are only 20m deep and the Company intends to commence a drill program this summer to get to the all-important NI 43-101 resource estimates. Pistol Bay hopes positive news will be forth coming over the next few weeks and months.

Given the production challenges in China with mine closures etc., the industry, especially post-Tesla and the growing need in retail electronics for foil, new production is critical, no matter whether it is somewhat modest in the case of Pistol Bay or massive through Chinese or Indian producers.

Pistol Bay is also contiguous to the US eastern seaboard, a major graphite market. Infrastructure is not an issue as it may well be in other jurisdictions. Furthermore, Desjardins and his team have over half a century of mining E&P experience as well as financing expertise.

Desjardins states: "Given the amount of development and drilling done on the property to date, our capex has and will remain low, meaning our eventual margins will be compelling. As a result, the Portland product is well known to virtually all the North American customers from past activity, so once we complete an initial

43-101 hopefully by mid-year and quantify our M&I and inferred resources, our extensive marketing plans will likely be very well received. Subject to receipt of the NI 43-101 estimates and further planning, the Company anticipates it could produce 150k tonnes per year and 1000 tonnes of concentrate at full production."

Investors need to pay attention to graphite, especially now that Tesla has shown its hand. Others could well come out in the months ahead with similar plans, otherwise, Tesla will own the Lithium Ion battery market. In its first year of production, it could well produce the same amount as 2013's total global production.

Among other graphite junior mining companies that have seen increased activity of late are Lomiko and Mason Graphite. It seems investors are quickly coming to the graphite sector for both the growth and profit potential. Mason, for example, which has the large Lac Guéret graphite property in Quebec, has seen its shares move from $0.66 cents to $0.86--with rising volume-- in less than a month.

As the site Tesla is considering is in one of four southern US states, companies such as Pistol Bay have a good shot at getting a decent piece of what seems a massive, game-changing pie. **Legal Disclaimer/Disclosure:** A fee has been paid for the production and distribution of this Report. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. No information in this article should be construed as individualized investment advice. A licensed financial advisor should be consulted prior to making any investment decision. Financial Press makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of the authors only and are subject to change without notice. Financial Press assumes no warranty, liability or guarantee for the current relevance, correctness or completeness of any information provided within this article and will not be held liable for the consequence of reliance upon any opinion or statement contained herein or any omission. Furthermore, we assume no liability for any direct or indirect loss or damage or, in particular, for lost profit, which you may incur as a result of the use and existence of the information, provided within this article.

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