High times for Canada Carbon’s high-grade graphite project

Canada Carbon Inc. (CVE: CCB) has hit a sweet spot in Quebec’s Grenville Township with the discovery of high-grade graphite that, until now, could only be found in Sri Lanka.

The epicentre of the company’s focus is the Miller-Graphite project, located about 80 kilometres west of Montreal. There are a lot of unknowns surrounding the past-producing mine, but recent samples look promising: a program this year identified grades as high as 80.1% graphitic carbon, while results from metallurgy testing of the purified graphite concentrate from the Miller vein showed purity levels as high as 99.99%.

"In the last four to five months when we started working on the project, I came to realize we were on to something unique," executive chairman and chief executive officer Bruce Duncan told Proactive Investors.

Canada Carbon bought the 5.4 square kilometre project last December from a private Quebec-based firm in exchange for one million shares and $50,000 as part of a parcel that included two other properties. Even though the peak of the mine's activity dates back to the turn of the 20th century, there is power supply nearby and a network of roads well within a kilometre. Not only is the graphite adulterated by few impurities, on par with historical findings, Canada Carbon will not perceivably have to dig too deeply to get it.

"We've just begun to scratch the surface," Duncan says. "Virtually all that we're mining, except the dirt on top, can be actually used and sold."

The mine site consists of five veins that have so far spawned about five tonnes of high-grade lump graphite. It's surrounded by wollastonite, which is used to make ceramic tiles, and while not as coveted as graphite, it could still be a lucrative by-product that could fetch between $100 and $500 per tonne.

Since the graphite appears to be near the surface and is high grade, the extraction and purification costs are going to be low, Duncan says. That means the $350,000 private placement proceeds announced in October will go a long way.

Canada Carbon is getting closer to large-scale graphite extraction as it prepares to file for a bulk-sampling permit. Once that's in hand, the company will be able to do a broader analysis. Earlier this month, the junior explorer announced a second drilling program at the project, with plans to complete a minimum of 1,000 metres of diamond drilling, designed to further extend graphite mineralization at depth and along strike.

Specifically, the campaign will aim to expand the size and quality of the mineralized system beneath the VN2 showing that was drilled this past summer, which was already established to a depth of 39.3 metres.
The Vancouver-based company is betting so highly on Miller-Graphite that it recently bought 14 mining claims and 10 pending claims adjacent to the property, as well as eight claim units from Caribou King contiguous to the historic Miller graphite mine, bringing the total site area to 94.2 square kilometres.

The strategy is not misguided: as demand for consumer electronics grows along with the emerging ubiquity of electric cars, so will the need for lithium ion batteries, which will be a catalyst for graphite production.

The material’s applications are widespread, from acting as a reinforcing agent in the automotive industry—now in the midst of a bountiful rebound—to water purification.

Investor interest in the Miller-Graphite story is growing at a time when three-quarters of the world's graphite projects currently in development are in Canada. Shares soared in September to a one-year high of 37 cents on the heels of exploration work.

Canada Carbon has a 52-week price range of five cents to 37 cents and a $12 million market capitalization.

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