Can Quebec Help Break China's Grip on LFP Batteries?

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For every kilogram of lithium in the active cathode material of a lithium iron phosphate battery, there are nearly 14 kilograms of phosphate. John Passalacqua, CEO and Director of **First Phosphate Corp. (NASDAQ: PHOS | CSE: PHOS | OTCQX: FRSPF | FSE: KD0)**, brought that comparison to an InvestorNews interview with Tracy Hughes to explain why a Quebec phosphate deposit belongs in the conversation about North American battery manufacturing. "It hasn't had the attention or the focus like the lithium has," he said.

In Quebec's Saguenay–Lac-Saint-Jean region, First Phosphate is developing two projects about 70 kilometres apart by road. At Bégin-Lamarche, the company plans to mine igneous phosphate rock and produce a concentrate. At the Port of Saguenay, it proposes to build a plant to convert concentrate into phosphoric acid suitable for the battery industry. The second project gets to the heart of John Passalacqua's argument. North America already produces phosphate for fertilizer. What he sees as the opening for Quebec is the ability to supply material of the purity required for lithium iron phosphate, or LFP, cathodes.

The company already has purchase agreements for both products. At the G7 summit in Évian, France, in June, First Phosphate announced that a definitive offtake agreement covers at least 200,000 tonnes of phosphate concentrate annually from Bégin-Lamarche. A separate agreement covers at least 60,000 tonnes of phosphoric acid a year from the proposed port plant. Both agreements predate the summit. What Évian gave the projects was a place in the G7's Critical Minerals Resilience and Production

Alliance and an opportunity to bring the prospective financiers and equipment suppliers into the same discussion.

For shareholders, the distinction between a purchase agreement and a financing commitment matters. John Passalacqua puts the mine's preliminary capital cost at approximately US$500 million. The Export and Investment Fund of Denmark has expressed interest in a guarantee of up to C$275 million. Swiss Export Risk Insurance has separately indicated that it could support approximately US$212.5 million in buyer financing, based on an assumed US$250 million contract for Swiss equipment, goods and services. The Swiss letter is non-binding, and the Danish proposal remains at the letter-of-interest stage.

When Tracy Hughes asked how much equity First Phosphate would still need to raise, John Passalacqua left the figure open. He wants to establish how much of the mine can be financed through export credit before settling the equity portion. The appeal for Denmark and Switzerland, as he described it, is that their manufacturers could win orders to equip a Canadian mine. For First Phosphate shareholders, the amount of debt those arrangements ultimately support will help determine how much of the construction bill they will be asked to fund.

At Bégin-Lamarche itself, the headline drilling result was a 378% increase in indicated resources from the 2024 estimate. The updated figure is 198.5 million tonnes grading 6.00% P_2O_5, with a further 6.2 million tonnes in the higher-confidence measured category. Another 89.5 million tonnes remain inferred, and the deposit is still open at depth. The company tightened drill spacing from roughly 100 metres to 50 metres and drilled deeper and along the sides of the deposit to give its engineers a firmer basis for the feasibility study.

What most interested John Passalacqua was how little the rock

changed as the drilling progressed. “And the best thing that we discovered, Tracy, was that the entire deposit is continuous and it’s homogeneous,” he said. That observation has a practical consequence for the proposed concentrator. If the minerals entering a plant vary materially from one part of a deposit to another, operators may have to change how they recover the phosphate. He believes the consistency seen in drilling will allow the engineers to design around one process. In metallurgical testing, the company reported an anticipated concentrate grade of 40.4% P_2O_5 at 88% recovery. The geology of Bégin-Lamarche was also the subject of a peer-reviewed study published in *Ore Geology Reviews* in September.

The audience following that work has changed since the company’s American depositary receipts began trading on Nasdaq in August. According to John Passalacqua, more shares traded in the first three weeks on Nasdaq than in the company’s previous three years. He put institutional ownership at approximately 19% at the time of the interview. He attributes some of that interest to investors looking at the batteries used to store wind and solar power and asking where North American manufacturers will buy the materials that go into them.

First Phosphate expects to complete the Bégin-Lamarche feasibility study in the first quarter of 2027. John Passalacqua said Quebec’s Filon permitting initiative has allowed the company and provincial officials to agree on a timetable for the work that follows. The company is targeting the third quarter of 2027 for its environmental work and the first quarter of 2028 for permits. If that schedule holds, First Phosphate expects to make a decision on mine construction in the second quarter of 2028.

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