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Savannah unveils Europe's biggest hard-rock lithium discovery

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A MINING minnow claims to have struck the largest hard-rock lithium deposit in Europe, paving the way for continental supply of the mineral, which is used in batteries for electric vehicles.

Aim-listed Savannah Resources will today unveil a 52pc upgrade to its proven resources at the Mina do Barroso lithium project in northern Portugal. The mine, if developed, has a resource of 14m tons at more than 1pc lithium, putting it in the "high grade" category, with an expected lifespan of 30 years.

Dale Ferguson, of Savannah, said the project could help feed technology companies and car makers' voracious demands for the mineral, which is used in lithium-ion batteries. Currently Europe consumes around 25pc of the world's lithium but is dependent on imports from Australia, Chile, Argentina and China.

"This is one of most significant lithium finds in the last few years," Mr Ferguson said. "This is garden-variety lithium that is very tried and tested in terms of battery technology."

In recent years lithium production from brine has grown to compete with hard-rock "spodumene" output.

But Mr Ferguson said companies were investing heavily in technology that was dependent on hard-rock lithium: "So much infrastructure is being built for it, it's going to be around for the medium term. There's no obvious replacement for it."

Experts are split over whether the lithium market is heading into a supply deficit. Bearish forecasters including Morgan Stanley have predicted that prices could fall from their current highs as new mines come online by 2021.

However analysts at SP Angel said: "Consumption of lithium from the electric vehicle market is rapidly accelerating, particularly with the Asian markets aggressively ramping up EV targets. Asian buyers are seeking to invest and lock up supply."

Savannah hopes to present a feasibility study by June that will indicate the likely costs of developing its Portuguese asset and allow it to begin shopping for customers who may be willing to strike offtake agreements.

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