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Lithium Deal Shows China's Accelerating Race for Battery Metals

- **Buying spree comes amid a global push for clean energy sources**
- **Zijin tie-up shows 'how hot the market is' for lithium assets**

By Yvonne Yue Li

(Bloomberg) -- Lithium has gotten so hot that even China's gold miners want a slice of the market, sky high valuations and all.

Zijin Mining Group Co., a major Chinese gold and copper producer, announced on Friday its first foray into the booming lithium sector with its C\$960 million (\$770 million) purchase of Neo Lithium Corp. It's just the latest in a series of recent acquisitions, mostly involving Chinese bidders for South American assets owned by Canadian firms, amid surging demand for the key ingredient used to power electric vehicles.

"As Zijin is a gold-copper producer and Neo Lithium is still some years from commercial production, this deal exemplifies how hot the market is for independent lithium assets, and how eager the Chinese are," said Chris Berry, president of House Mountain Partners, a Washington-based industry consultancy. Despite valuations that have been bolstered by lithium's recent climb, he said, "it's clear that strategic players in the battery metals business are looking past current issues with clogged supply chains and higher input costs to build out a dominant position."

The buying spree for lithium projects comes as automakers and battery manufacturers race to secure supplies of so-called future-facing commodities including lithium, copper and nickel, seen as critical to the development of electric cars. Demand for raw materials key to the green energy transition has helped propel lithium carbonate prices in China to record highs.



Last month, two Chinese companies sparked a bidding war for Canada’s Millennial Lithium Corp., which has lithium assets in Argentina, with Contemporary Amperex Technology Co. eventually outbidding Ganfeng Lithium Co. Ganfeng itself has been on an acquisition spree as the market tightens, gobbling up Mexico’s Bacanora Lithium in August. In total, Bloomberg Intelligence analyst Christopher Perrella estimates five companies essentially control the \$4 billion global lithium market, two of which are Chinese.

“We have and will continue to see the Chinese looking to buy lithium,” said Matthew Hind, head of global mining at Bank of Nova Scotia’s investment banking division, noting that consolidation will come from other players as well. “There will also be small-cap consolidation as well as EV companies buying stakes in mines with strategic partners in order to secure supply.”

The race to secure battery materials is taking place outside of China Inc., too. Rock Tech Lithium Inc., backed by venture capitalist Peter Thiel, will locate its first battery-metals smelter close to Tesla Inc.’s factory that’s under construction outside Berlin in a bet that Germany will take the lead in Europe’s electric-vehicle transition.

Read more: [Lithium’s Shining Moment Brings Record Prices and Surge in Deals](#)

[Thiel-Backed Lithium Miner to Build Smelter Near Tesla Plant](#)

[Zijin’s Lithium Foray Adds to China’s Push for Battery Materials](#)

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