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# Rise of electric cars accelerates race for lithium assets

## Sale of west African mineral deposit illustrates desire among Chinese battery makers

by: [Henry Sanderson](#)

A scramble for [lithium](#) assets is emerging after an Australian-listed miner sold a deposit in west Africa to a Chinese buyer for almost 2,000 times what it paid less than a year ago.

Exploration company Birimian announced on Monday a deal to sell its Bougouni Lithium project in southern Mali for \$78m in cash to Shandong Mingrui Group. It acquired the project from a “local vendor” for just \$40,000 in February, according to its annual report.

The purchase by Shandong Mingrui is a further indication of the desire of Chinese companies to buy lithium deposits as the world’s largest electric car market expands its production of lithium-ion batteries, the dominant battery technology in pure electric vehicles.

In another sign of interest in lithium assets, Galaxy Resources, an Australian-listed lithium producer, halted trading in its shares on Tuesday after reports that the company may sell up to 40 per cent in its \$1.4bn Sal de Vida lithium project in Argentina.

Galaxy Resources said it was considering the various development options for its assets, including the Sal de Vida. Shares in the company, which also owns the Mt Cattlin lithium project in Western Australia, rose 357 per cent last year.

Almost 70 per cent of new [lithium-ion battery](#) cell production capacity is being built in China, according to London-based Benchmark Mineral Intelligence.

“[The Bougouni sale] serves to illustrate the determination of Chinese groups to lock up as much lithium as possible as the race for electric vehicle domination heats up,” said analysts at Investec.

The sale comes as prices for lithium continue to rise on the back of investor interest and strong demand for the battery material from [electric cars](#) and buses. The auto sector is expected to consume 24 per cent of total lithium output by 2020 from around 7 per cent in 2015, according to Goldman Sachs.

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Raw lithium extraction is currently dominated by four companies: Sociedad Química y Minera de Chile (SQM), Albemarle, FMC and China's Tianqi Lithium. But a host of junior mining companies have also sprung up in the past few years to develop lithium deposits.

The sale by Birimian values its Malian project at more than the market capitalisation of the company, which rose to \$49m on Tuesday after its shares have risen more than 400 per cent over the past year. Birimian started drilling at the site only in May.

"I do think what we're seeing in lithium in terms of demand is sustainable but when you see deals like this it does give you pause for thought," Chris Berry, founder of House Mountain Partners in New York, said. "Because you wonder if the appetite for lithium in China is that voracious."

Last year Tianqi Lithium paid \$209.6m for a 2.1 per cent stake in SQM, one of the world's largest lithium producers.