



Rio Tinto lithium project in Serbia may bring the company a new development direction and new selling point to financial markets. Rio Tinto has declared itself as a potential player in the lithium industry through a lithium-borate project in Serbia. While it is not likely to be developed in the next year or two, Rio's Diamonds and Minerals boss Alan Davies said the Jadar deposit in Serbia was "exciting" for its lithium and boric acid potential.

It's one of the world's hottest commodities, and now Rio Tinto wants to join the lithium party. Prices for lithium are soaring as traditional demand from ceramics and glass manufacturers coincides with rising demand from lithium ion battery and electric vehicle manufacturers writes Sidney morning herald SMH.

Lithium prices rose from \$US4900 (\$6774) per tonne to \$US5900 per tonne in the year to October 2015, and since then the price has almost doubled to \$US10,000 per tonne. Citi analyst Matthew Schembri said the onset of the northern winter had crimped production of lithium in China and duly created a shortage, and he predicted the price could continue rising over the next six months.

"Chinese suppliers have been prioritising existing customers on term contracts leading to a very competitive market for any remaining spot material. We see the potential for further spot price upside in the first and second quarter of 2016 before a supply driven retraction in the second half of 2016," he said in a note.

None of the major diversified miners sell lithium, yet Rio Tinto has declared itself as a potential player in the lithium industry through a lithium-borate project in Serbia. While it is not likely to be developed in the next year or two, Rio's Diamonds and Minerals boss Alan Davies said the Jadar deposit in Serbia was "exciting" for its lithium and boric acid potential.

"Lithium carbonate would be new for us, but the world will need a lot more lithium in the future for electric cars," he said.

"Hopefully we'll be able to supply into that sector and be a strategic partner either with a car manufacturer or a battery manufacturer."

Lithium ion batteries are expected to be increasingly used by electric vehicle manufacturers like Tesla and Nissan, while they are also expected to have significant potential for household energy storage.

Mr Davies said Serbia was "open for business and keen for development".

Despite the optimistic tone, don't expect Rio to be building a mine at Jadar in the next year or two.

Rio has in recent weeks announced a \$US1.9 billion bauxite expansion in Queensland, and the company also looks likely to approve a multi-billion dollar expansion of Mongolia's Oyu

Tolgoi mine in 2016.

With revenue slumping in the wake of weak prices for mainstream commodities like copper and iron ore, Rio is unlikely to be spending on Jadar in the immediate future anyway.

While lithium is traditionally sourced from brine beneath salt lakes, the high prices are likely to incentivise more of the higher cost spodumene mining for lithium. "While we don't dispute that the lower end of the cost curve is likely to always be dominated by brine production (excluding the possibility of technological innovation) spodumene deposits are looking attractive," said Mr Schembri.

Jadar lithium mining project of Rio Tinto is highly perspective project for the company, the investor channeled significant resources in location drilling and research claim from Rio Tinto Serbia.

Jadar project location is just near the efficient infrastructure. Story reminded that jadar mineral is unique, containing lithium and borates which are the basic resource for all domestic and commercial appliances. Lithium is used in batteries which are running the vehicles, PCs, mobiles and complete industrial systems.

Rio Tinto invested significant amounts including the construction of pilot facility for refining. Pilot facility analysis, based in California USA, are being used to prove the refining method of jadarite and potential size of facility which would have to be built in Serbia.

Since the mineral location confirmation in the valley of Jadar, samples from over 200 drill holes were collected and completed more than 19.000 analysis which are the basis for optimistic opinion on the sustainability of this project. Mineralization is being conducted in three sediment horizons which are named lower, middle and upper zone of jadarite.