

Australian mining giant Rio Tinto (ASX: RIO) is on rocky ground in Serbia at the moment as continued environmental protests put pressure on the government to suspend its planned \$3.34 billion lithium mine.

The development is part of Serbia's efforts to introduce investment and boost economic growth, but activists have staged protests and blocked roads including in the capital of Belgrade. The protestors not only want to ban lithium extraction by Rio, but any other company.

On Saturday, international reports quoted Serbian Prime Minister Ana Brnabic as saying the government was close to accepting all requests from environmentalists and may soon decide to annul all contracts related to the US\$2.4 billion (A\$3.34 billion) project.

"We have worked in a transparent way, we have listened to the people," Ms Brnabic said.

Land allocation scrapped last month

Rio is proposing to develop the lithium and borate mine near Loznica in the western Jadar Valley, but the local municipality scrapped a plan to allocate land for it a few weeks ago.

At the time, international reports quoted the chief executive officer of Rio's Serbian arm Rio Sava Exploration, Vesna Prodanovic, as saying a pause will enable the company to engage in a public dialogue about the project in a bid to "reconsider and possibly improve" technical solutions for the mine.

Despite Rio stating any development would meet all domestic and European Union environmental standards, green groups continue to say the project will cause irreparable damage to the area.

The protests are also problematic for President Aleksandar Vucic ahead of April elections. Mr Vucic has repeatedly declared that opening the mine would depend on the outcome of an environmental study and a referendum.

Rio Tinto to acquire Argentinian lithium project

The green pushback in Serbia isn't stopping the major miner from pursuing other international lithium opportunities, with the company announcing its intention to buy the Rincon lithium project in Argentina for \$825 million.

Last month, Rio entered into a binding agreement to acquire the project from Rincon Mining, a company owned by funds managed by the private equity group Sentient Equity Partners.

Rincon is a large, undeveloped lithium brine project located in the 'lithium triangle' in Argentina's Salta province. The project is regarded as a long-life, scalable resource capable of producing battery-grade lithium carbonate and Rio claims it has the potential to have "one of the lowest carbon footprints in the industry".

"This acquisition is strongly aligned with our strategy to prioritise growth capital in commodities that support decarbonisation and to continue to deliver attractive returns to shareholders," Rio chief executive officer Jakob Stausholm said.

Once acquired, Rio plans to firm up a JORC compliant resource for the project and undertake work to determine strategy and timing and secure updates to existing environmental impact assessment permits to allow development and production. The project is currently held through an Argentine branch of an Australian company and as such, completion of the transaction is conditional upon approval by Australia's Foreign Investment Review Board (FIRB). The acquisition is expected to be completed in the first half of 2022.

Source: smallcaps.com.au