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Mining • Lithium



African lithium investment awakens a sleeping battery giant

36 minutes ago | Jack McGinn

My Neighbour Totoro (1988), Studio Ghibli. Pic: Giphy.

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As a vast, varied land spanning 54 sovereign nations and eight major regions, investment potential of Africa with a singular brush does no justice to its diversity of mineral prospects and jurisdictions.

Historically, it has been all too common to see the continent grouped as one and dismissed as too hard or risky for investors abroad.

There are reasons the African investment conversation historically circles back to that word 'potential', rather than performance. Politics and policy, civil unrest, and misinformed perception have stood in the way of many a project.

But as the world moves towards an electric revolution, that looks as though it's about to change. A recent influx of serious investment into African lithium from international producers has highlighted the continent's status as a sleeping battery mineral giant.

In lithium – the nameplate ingredient in the lithium-ion batteries required for the world to meet its green targets – the prospects look particularly bright.

In June, heads were turned as the uber-bullish Ganfeng – the world's third-largest producer of lithium chemicals for use in batteries – committed to invest US\$130 million to establish a 50:50 joint venture with Firefinch (ASX:FFX) to develop and operate the Goulamina lithium project in Mali.

Should that project develop as expected, output from the project would find its way into Batteries and Ganfeng's tier-one battery player customers including BMG, LG Chemicals and Tesla.

Not bad. And it's not the only one.

In July, UK-listed IronRidge Resources entered a binding US\$102 million agreement with US-based Piedmont Lithium (ASX:PLL) to fund and fast-track the development of the Ewoyaa lithium project in Ghana.

South Africa-based CSA Global principal consultant – battery metals Michael Cronwright told Stockhead the combination of a need to diversify supply chains and the reemergence of lithium prices had changed the conversation around investment and M&A in African lithium.

"A lot of these projects historically get to a point where they just end up with a mineral resource and some study work done, and struggle to get much further," he said.

"I think now, what we're starting to see with money coming in is that some of them have a real chance of getting through to development and actually being mined.

"In Zimbabwe, for example, there were a lot of projects which are at an advanced stage but just haven't been able to get over the next hurdle and into the mining phase. More money coming in is a really good sign that things could start to change."

According to Cronwright it's not just mineral endowment attracting investment in African lithium from abroad. There's also geographical considerations to factor in.

"Somewhere like West Africa is well positioned in terms of geography to supply into European markets," he said.

"Due to the environmental considerations a lot of lithium producers don't want to be seen to be producing lithium at one end of the world and shipping it to the other.

"There is a need to keep supply chains short. I think that, as well as supply chain diversity, is also bodes well for Africa."

Who will be next in line?

When it comes to lithium production, there is an African behemoth already at play in the form of Zimbabwe's Bikita mine.

The privately-owned project has operated since 1950 – a long-producing project of global prominence which pre-dates any of the current-day battery metal rhetoric driving interest in the commodity.

But it may only be the tip of a lithium iceberg for Zimbabwe, which is home to a series of highly promising resources including ASX-listed Prospect Resources' (ASX:PSC) Arcadia project and London-listed Premier African Minerals' Zulu project.

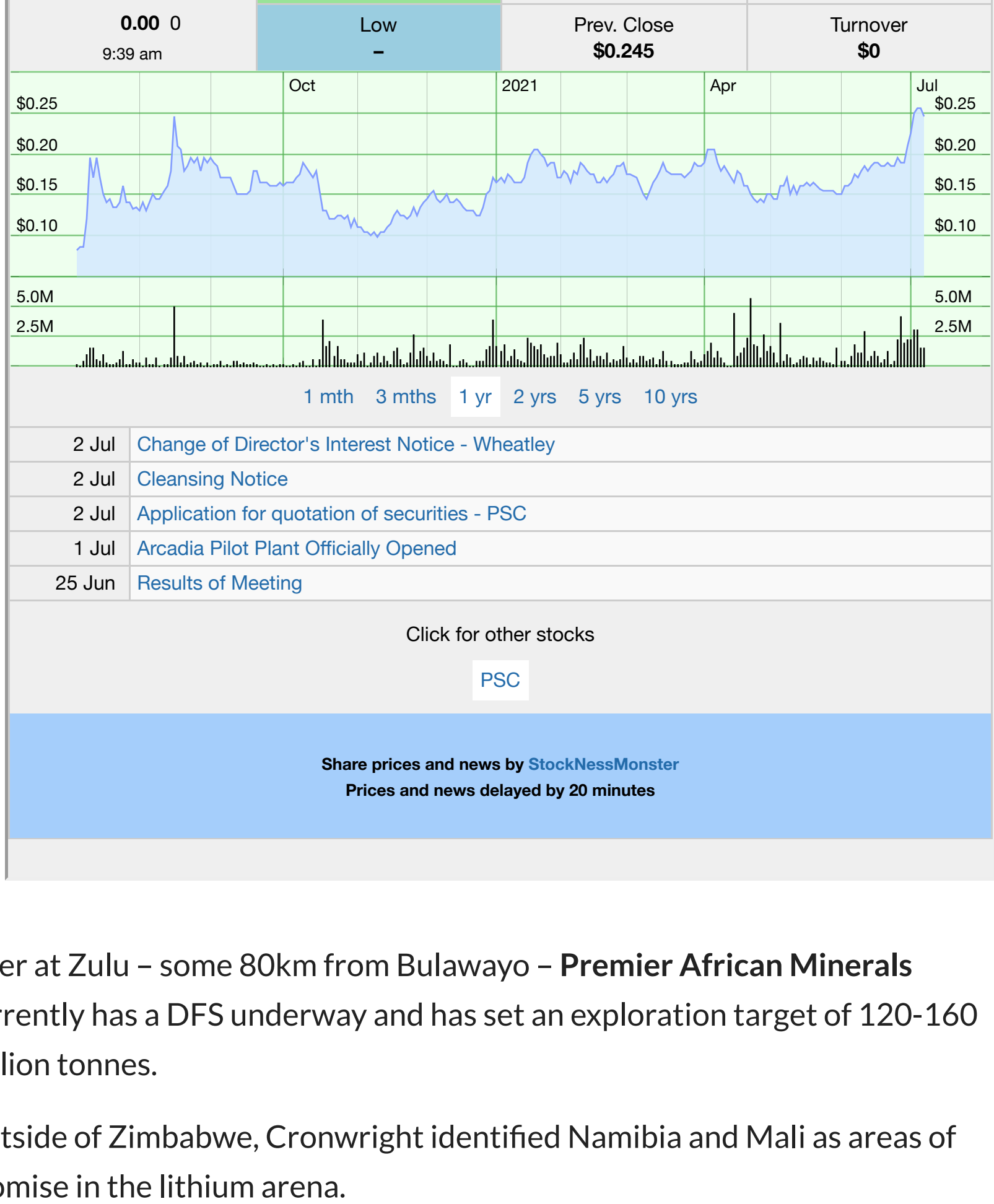
Prospect's Arcadia, where a pilot plant opened just last week, is of particular note.

Measured to a 1% cut-off, the project has a high grade JORC mineral resource of 43.2 million tonnes at 1.45% lithium oxide and 119 parts per million tantalum pentoxide for 61.5 million tonnes of lithium oxide and 11.3 million pounds of tantalum pentoxide.

The project's DFS was updated in 2019, outlining a low-cost project with a pre-tax internal rate of return of 71% and payback within 18 months of first production.

The DFS mapped an estimated 15.5-year initial mine life – a substantial project of note in a country where lithium potential is largely untapped.

The project has offtake partners secured and with its pilot plant up and running looks to be one of the most advanced ASX-listed lithium projects.

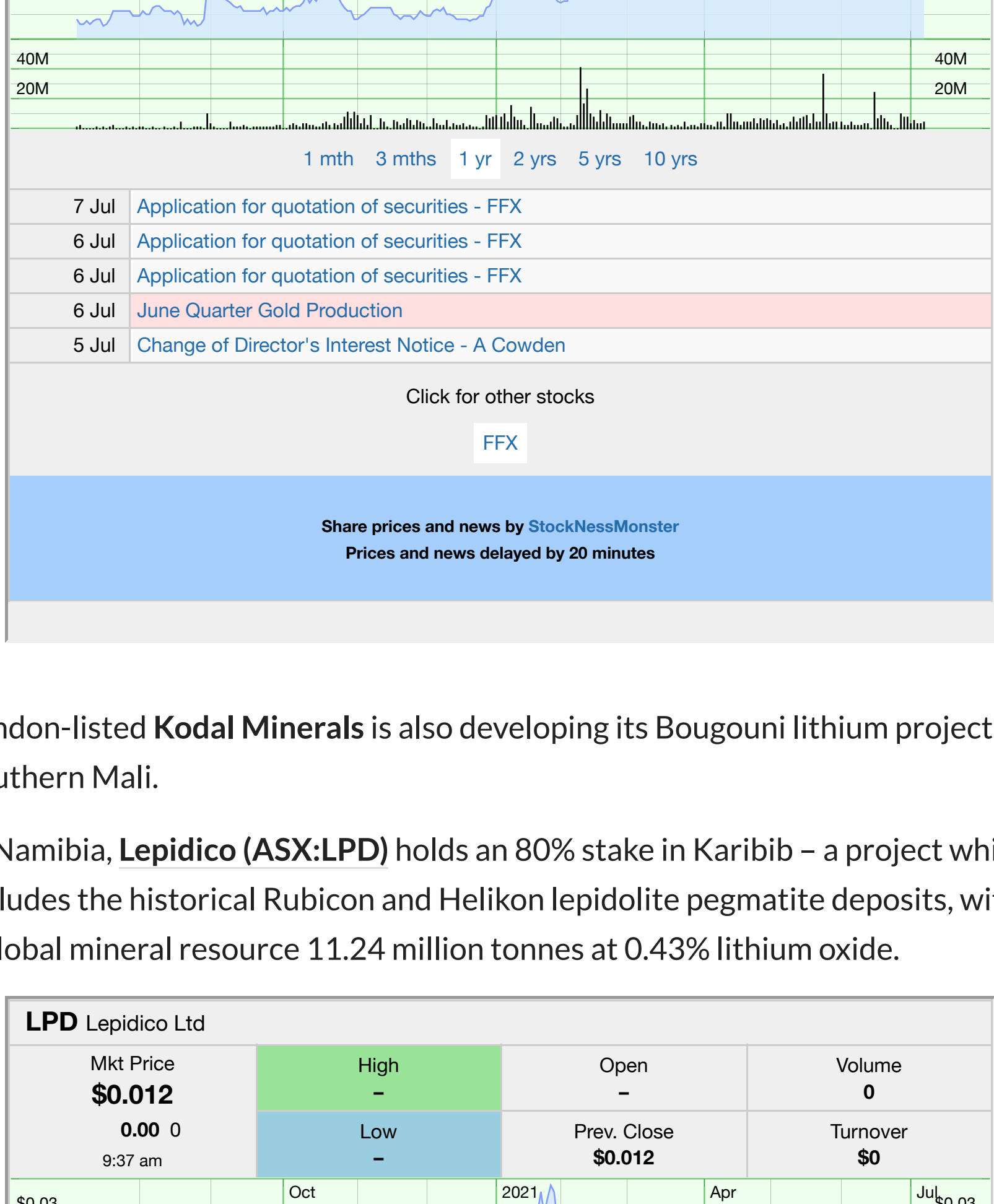


Over at Zulu – some 80km from Bulawayo – Premier African Minerals currently has a DFS underway and has set an exploration target of 120-160 million tonnes.

Outside of Zimbabwe, Cronwright identified Namibia and Mali as areas of promise in the lithium arena.

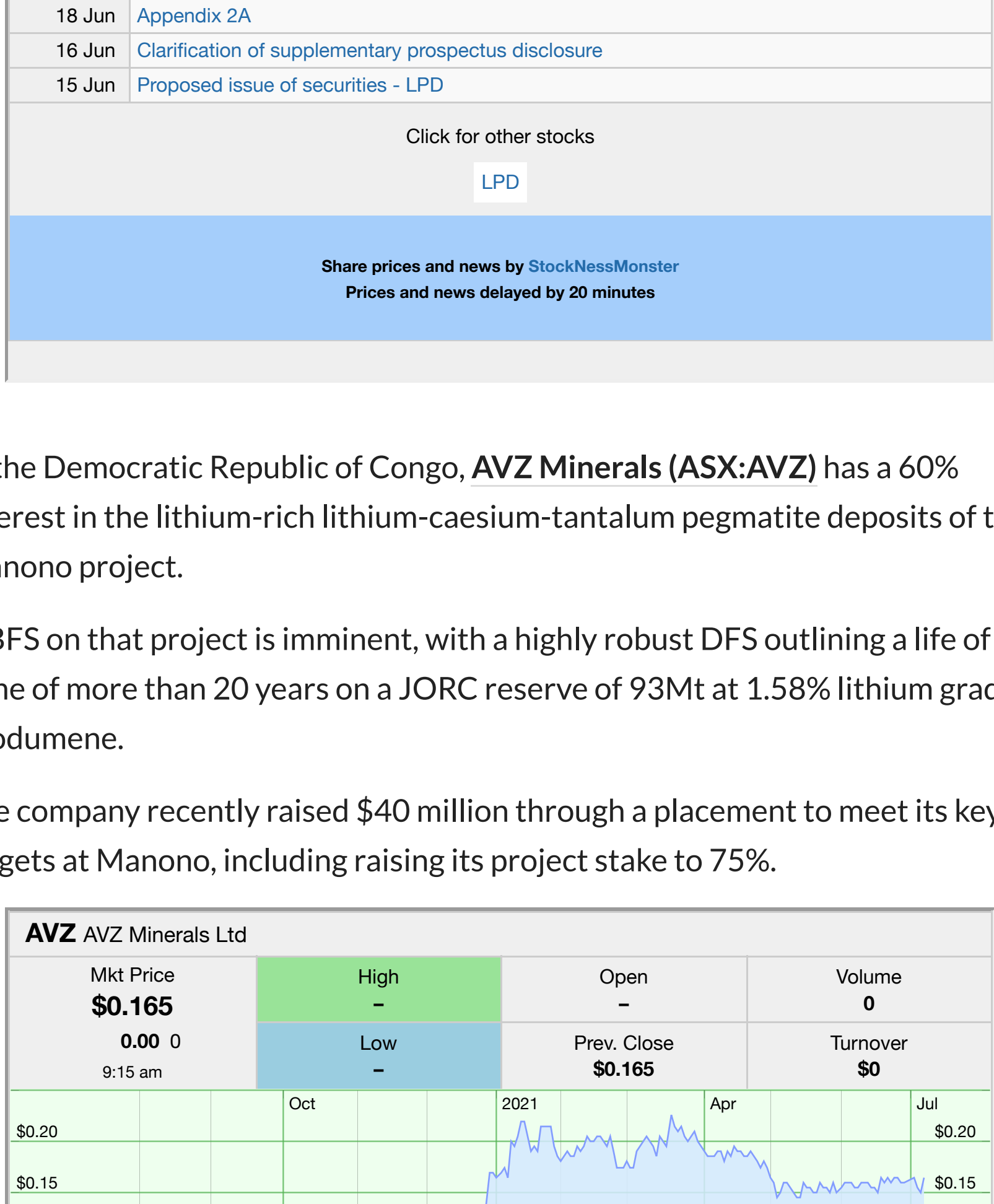
Mali is home to the aforementioned Goulamina project, where Firefinch recently attracted significant investment from Ganfeng.

Firefinch is concurrently producing at the Morila gold mine in Mali while developing Goulamina. Ganfeng plans to buy into a 50% stake in the project, which will be demerged into a lithium-focused entity following its initial payment.



London-listed Kodal Minerals is also developing its Bougouni lithium project in Southern Mali.

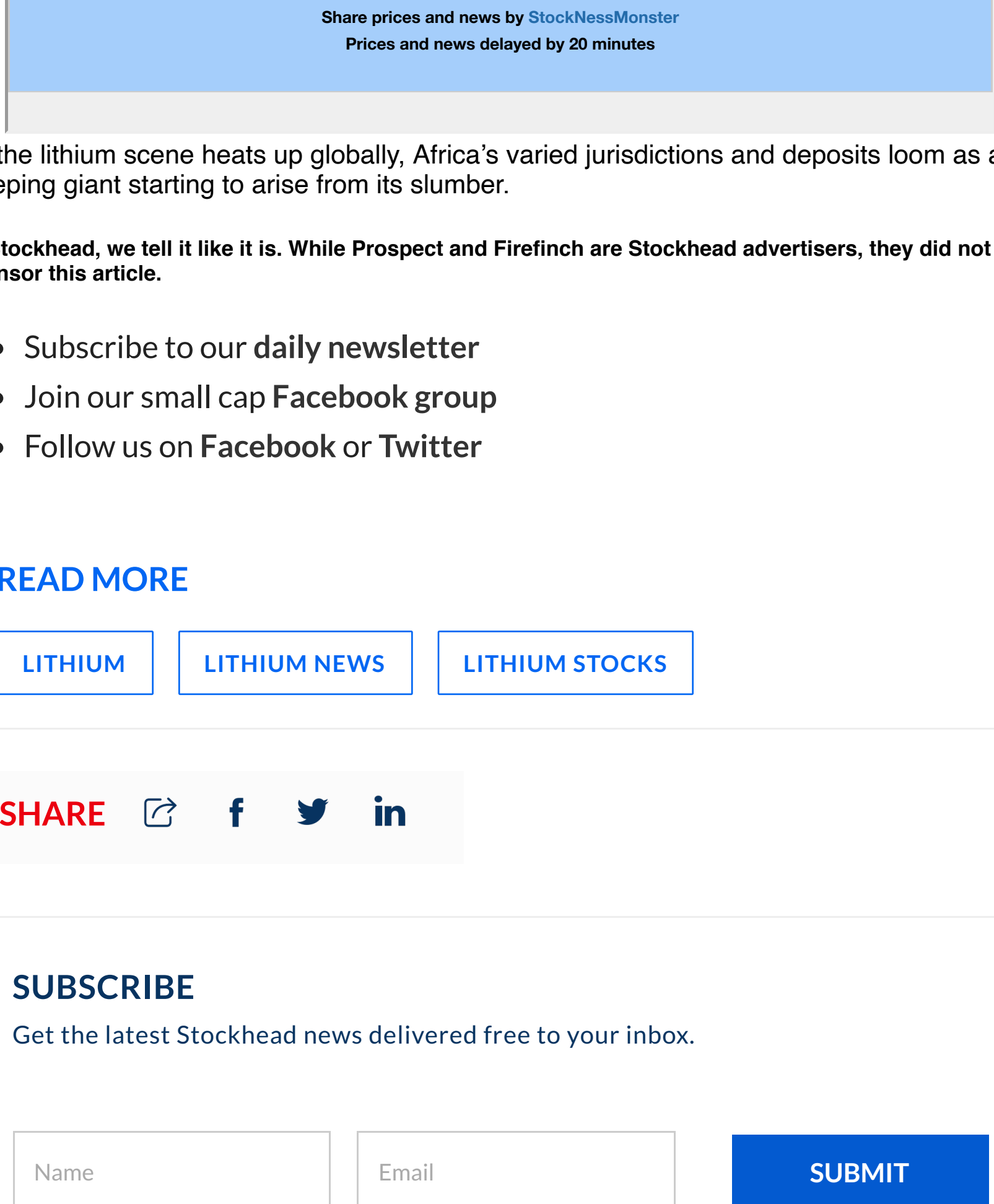
In Namibia, Lepidico (ASX:LPD) holds an 80% stake in Karibib – a project which includes the historical Rubicon and Helikon lepidolite pegmatite deposits, with a global mineral resource 11.24 million tonnes at 0.43% lithium oxide.



In the Democratic Republic of Congo, AVZ Minerals (ASX:AVZ) has a 60% interest in the lithium-rich lithium-caesium-tantalum pegmatite deposits of the Manono project.

A BFS on that project is imminent, with a highly robust DFS outlining a life of mine of more than 20 years on a JORC reserve of 93Mt at 1.58% lithium grade spodumene.

The company recently raised \$40 million through a placement to meet its key targets at Manono, including raising its project stake to 75%.



As the lithium scene heats up globally, Africa's varied jurisdictions and deposits loom as a sleeping giant starting to arise from its slumber.

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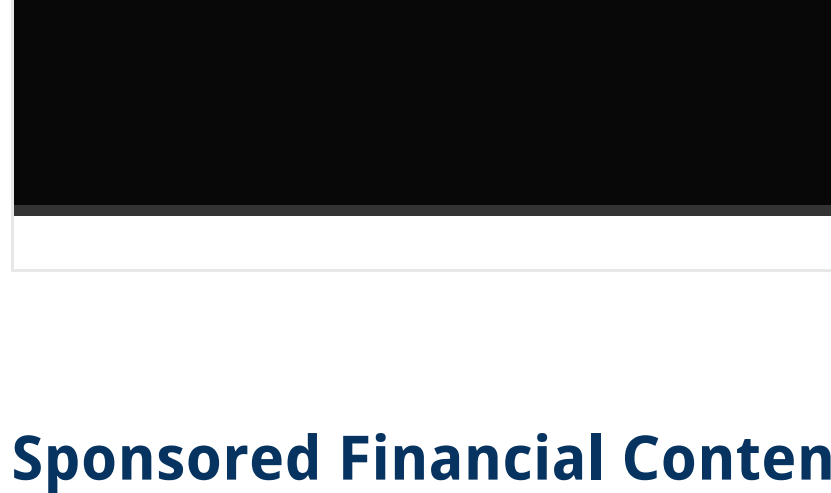
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