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Codepar acquires 33% of CBL State Government invests in lithium exploration and processing project in Jequitinhonha Valley

The Minas Gerais state government, through Codemig Participações (Codepar), a subsidiary of the Minas Gerais Development Company (Codemge), devoted to be a minority shareholder in multiple strategic business partnerships with the private sector, bought a 33% stake in the Brazilian Lithium Company (CBL) - the only player operating in the exploration and processing of the mineral in the country, in Araguaí, Jequitinhonha Valley. The amount involved in the operation, which is still subject to approval by the Administrative Council for Economic Defense (Cade), was not disclosed.

According to information from the Minas Gerais state government, Codepar's stake in CBL's capital is in line with Aerotec fund's investment in UK's Oxis Energy, which should launch a lithium-sulphur battery cell production plant near Belo Horizonte soon.

Aerotec is an equity investment fund created by Codepar to invest in companies in the aerospace, defense and new materials sectors, with high growth potential, gross annual revenues of up to BRL 200 million, and headquartered in the state of Minas Gerais. With the investment, Aerotec Fund acquired around 10% of Oxis Energy.

CBL is a private company founded in 1986. In addition to the processing plants in Divisa Alegre and Araquai, MG, the company has an office in São Paulo and employs around 310 employees, mostly in the State.

The rising tide of interest and investments in research and exploration of lithium is attracting new companies to Jequitinhonha Valley region. One of them is Sigma Mining. The Brazilian company, with 80% of the capital in the hands of AIO Investimentos and 20% owned by creditors, has already announced that it will invest BRL 230 million in 2018/2019, in the first phase of a project to produce the mineral in Araguaí and Itinga.

The area evaluated by Sigma so far corresponds to a "small portion" of the mineral reserve. Yet, with the know area alone, Sigma intends to produce 240 thousand tons of lithium concentrate, thus becoming a relevant global player in the production of the mineral.

In addition to Sigma, the possible acquisition of a Falcon Metals lithium project in the State by Spanish company Emerita Resources may also strengthen the exploration and processing of the mineral in the Jequitinhonha Valley. The Spanish company, listed on Toronto Stock Exchange, has until June 13th, 2018 to exercise its right to purchase.

Application - Lithium is used in the production of batteries for cell phones, laptops and electric vehicles. Its use as component in electric batteries has been perfected to increase the time of use and the autonomy. In the case of its composites, the consumption is distributed between the chemical industry (manufacturing of greases and lubricants), metallurgical industry (manufacturing of primary aluminum), ceramics industry and nuclear industry (manufacturing of reactors).

Nowadays, due to its applications in modern industry, lithium, together with rare earths, is one of the most sought-after minerals. In Brazil, according to the National Department of Mineral Production (DNPM), lithium reserves are located in Minas Gerais (in the Jequitinhonha Valley) and in Ceará.