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'We see a runway for Brazil to be one of the top producers in the lithium sector globally'

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Australia-based mineral exploration company [Latin Resources](#) plans to make a final investment decision on its [Salinas lithium project](#) in Brazil in 2024.

[Salinas](#) is one of several lithium projects being developed in Minas Gerais state, which is where Brazil's biggest [lithium projects](#) are being developed.

Christopher Gale, the founder and managing director of Latin Resources, talks with BNamericas about the progress in the Salinas project and tells us what he thinks of the business environment and lithium potential in Latin America's largest nation.

BNamericas: What is the current status of the Salinas project?

Gale: Latin [Resources] is accelerating the Salinas lithium project through its milestones at great pace.

We defined our maiden mineral resource of 13.3Mt at 1.2% Li₂O [lithium oxide] back in December 2022, and we announced in May 2023 that we had completed our expansion drilling program with an upgrade to that resource due out in June.

The latest program comprised 133 drill holes for over 38,000m, which is a big increase over the maiden drilling campaign of just 57 drillholes over 14,000m. So we are eagerly anticipating the results of the MRE upgrade.

Our metallurgical test work program is ongoing with average recoveries of 80.5% of Li₂O and production of high-grade concentrate of up to 6.6% from simple heavy liquid separation.

The results show consistency across the ore body of the resource and the potential for simple processing should have significant economic benefits for the project.

BNamericas: Could you detail the project schedule, including the estimated potential and start of production?

Gale: Our preliminary economic assessment is due to be completed in the third quarter of 2023 and that will feed into a definitive feasibility study scheduled for the first half of 2024. The final investment decision is expected in 2024.

BNamericas: Will production from Salinas all be exported? What will be the main destinations and the main customers for this output?

Gale: There is significant scope for export from Salinas. Our project is in a great location, positioned near Ilheus port [in Bahia state] which is the largest bulk export facility in Brazil. This is located 380km away from Salinas via the main routes in the industrial corridor.

This is where [Sigma Lithium](#) is now shipping their lithium spodumene to and out to their customers.

The port services all major global port routes and hence is advantageously positioned for supply into North America and Europe.

Both of those jurisdictions are seeing significant growth in the number of gigafactories planned and in construction and will need as much feedstock as they can get their hands on to satisfy the rise in EVs [electric vehicles] and other battery technologies. Importantly, both the US and the EU have recently made announcements around their supply chain requirements, with Brazil a preferred partner.

BNamericas: In general terms, how do you see the potential of the lithium sector in Brazil?

Gale: Brazil is a great place to do business and a very friendly mining jurisdiction. The state of Minas Gerais has the largest lithium resources in Brazil, and the federal and state governments are taking steps to nurture and support this to generate value for the country and to launch Brazil onto the world stage.

Testament to this was the launch of the [Lithium Valley](#) Brazil at Nasdaq headquarters in May, whereby the initiative seeks to transform the Jequitinhonha valley [a lithium-rich region of Minas Gerais state] into a technology hub for battery production and other value-added products by formulating public policies to attract companies and investments, qualify the workforce, promote technology and provide the necessary infrastructure for the region's growth.

Furthermore, Latin recently signed an MoU with the state of Minas Gerais to collaborate on building the lithium sector in the region, in particular using Latin's expertise and network in Australia to provide support.

In return, Latin has received priority project status from the state government which will facilitate fast-track approvals and development.

BNamericas: Do you see potential for Brazil to be as an import a player in the lithium sector as Chile, Argentina and Bolivia?

Gale: Our neighbor [in Minas Gerais state] Sigma Lithium, has progressed its [Grota do Cirilo](#) project rapidly, moving from the start of construction to shipping of concentrate in May 2023 in the space of just 14 months. Significantly, Sigma grew its resource from 13.5Mt at 1.56% lithium in 2018 to 106.8Mt at 1.43% lithium in 2022.

Sigma is set to be the 8th largest global producer of lithium carbonate by 2025. Latin estimates that the two companies collectively could be the third largest in lithium production in the next five years.

Add that to the stable currency environment and extremely supportive government initiatives described earlier, which is a key point of difference compared to some of the other emerging countries. We see a runway for Brazil to be one of the top producers in the lithium sector globally.

BNamericas: In general, what is your view of the business environment for investors in Brazil? Where are the biggest opportunities and also the biggest barriers in the country?

Gale: The business environment couldn't look better for Brazil. This is a country with a stable economy and currency, an active and liquid stock market and a government focused on facilitating and developing activities for local support.

This is a country with more than 300 mines in operation and the mining sector is the third largest sector in the country with US\$200bn revenue – over 9% of GDP.

The labor force is highly productive and cost-competitive relative to other countries, and there is strong community support for local mining projects.

We see great opportunity in Brazil and look forward to doing business there for many years to come.

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