

The company České Lithium calls on the Czech Government to create a joint project for lithium mining and processing at Cínovec. České Lithium, in line with the EU strategy, offers partnership in the form of cooperation between the public and private sectors

The Czech company České Lithium, which forms a part of the investment company Krupa Global Investments of Pavol Krúpa, calls on the Czech Government to form a joint venture or another form of cooperation between the public and private sectors for lithium mining and processing at Cínovec. The offer of partnership in this project, which is in line with the concept of the European Battery Alliance, was delivered by České Lithium in their letter from 20th August 2018 to the Ministry of Industry and Trade, Ministry of the Environment, DIAMO State Enterprise and the Prime Minister of the Czech Republic.

Following the Czech Government programme statement, which presents the DIAMO State Enterprise as a company preferred for lithium mining and processing in the Czech Republic, the aim of České Lithium is to participate in executing the lithium mining and processing project jointly with the Czech state, this for the purpose of realistic project implementing within the shortest time possible.

The added value of mining and in particular the subsequent lithium processing remains in the Czech Republic in the event that the project is executed by the DIAMO State Enterprise. As a financial partner, České Lithium is interested in supporting the project in cooperation with the Czech state, and in starting negotiations regarding the cooperation and ensuring the project execution in particular from the perspective of financial and managerial supervision, which would eliminate risks and limit possible negative impacts of the project on the Czech state.

České Lithium offer state authorities their support from the position of a financial partner, managerial support in the area of the project development, as well as the role of a connecting link between the Czech Republic, DIAMO State Enterprise, the academic community, and bodies on the European Union level. The project is in accordance with the European Union strategy and the European Battery Alliance joint European initiative, the aim of which is to create adequate conditions for battery production in Europe.

The intention is to support the Czech state and the DIAMO State Enterprise because the rest of the world is progressing quickly in the field of lithium. To make the lithium mining and subsequent processing on the Czech territory profitable, the project must be executed within the term of approximately 3 and maximum 5 years. According to an analysis by České Lithium, if a private entity is involved in mining, the state would acquire the total of 21.2 milliard CZK in the state budget within the next 21 years. Moreover, the state would save on employment policy by creating 1000 new stable skilled job positions for at least 21 years in a region with the highest unemployment rate in the Czech Republic. Another benefit of the state's partnership with a private entity would be know-how sharing and linking mining with a full-bodied production of batteries in the Czech Republic, which would ensure the formation of a product with a high added value in the Czech Republic. However, the project also brings about risks and mining is associated with a large capital investment of over 9 milliard CZK. An investment of such extent with a high ROI uncertainty should therefore not be undertaken by the state alone but rather shared with the private sector.

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The existing European Metal Holdings Group with a non-transparent foreign ownership structure and its Geomet subsidiary, which disposes of a priority right to lithium mining at Cínovec, in our opinion does not in the long term proceed with developing and actually implementing the project. With regard to the situation in the recent months, we deem it necessary to create a new transparent group of state enterprises and private Czech enterprises, so that funds acquired from lithium mining at Cínovec are not drawn without any control away from the Czech Republic and so that the project is truly implemented.

About Krupa Global Investments:

Krupa Global Investments is a private investment company focusing primarily on the field of opportunity business. We execute projects applying the so-called activist approach with the aim to remedy and eliminate steps taken by management having a negative impact on the company. We do this, aiming to achieve a positive change in strategy, financial structure, or management. Our vision is to advocate the rights of ordinary shareholders, increasing the value of publicly traded companies. We select investment opportunities having the potential of increasing their value by tens of per cent annually with regard to their quality and the dynamic growth of the company.

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