

MEDIA RELEASE  
July 2, 2020

## Efforts to develop the battery value chain progressing as planned

**During its first two years of operation, Finnish Minerals Group has built a robust foundation for investments into a battery value chain in Finland.**

This summer, Finnish Minerals Group celebrates two years of operations. Since 2018, the company has, in accordance with its mandate, managed the state's mining holdings and worked to develop the Finnish lithium-ion battery value chain.

According to the CEO **Matti Hietanen**, the state owned special-purpose company, which operates on a commercial basis, has been well received in the global market. The company's solid background generates interest and opens doors, which is important in developing a Finnish battery value chain. Given the country's mineral resources, Finland is in a good position to respond to the cathode material needs of one large electric car battery plant.

At the end of May, the state as the owner of Finnish Minerals Group informed that it was preparing to capitalize the company by a total of EUR 450 million. This funding is included in this year's fourth supplementary budget. The funding allows investments in the Finnish battery value chain and mining, as well as in related circular economy projects.

### Concrete preparations ongoing

During the next five years, Finnish Minerals Group will pursue investments totalling approximately EUR 1.5 billion in the Finnish battery value chain. This includes the production of intermediate product materials and cells needed in the manufacture of batteries, as well as business supporting the recycling of batteries and materials used in battery production.

In addition to the company's own contribution, all targeted investments are intended to involve industrial partners that have the potential to bring technological know-how and funding to the projects. Negotiations concerning precursor and cathode active material plants for the lithium-ion batteries have progressed the furthest.

"Since the fall of 2018, we have done a great deal of preparatory work to identify strategic partners and define a common direction. As for the precursor and cathode active material plants, we have reached the stage of concrete project planning this spring. Our aim is to submit the environmental impact assessment report on these plants to the coordinating authority in late autumn," says Hietanen.

According to Hietanen, investment decisions on the plants can be expected realistically within about a year. Thereafter, depending on the capacity of the plant, the construction phase would take approximately two years, with significant economic impacts already in the construction phase. The first phase of the investments could start with a relatively small capacity, and the production could be ramped up as the demand for batteries and electric cars increases.

### Mining holdings support the development of the battery value chain

In addition to the negotiations related to the battery value chain, Finnish Minerals Group has invested in the mining companies in its portfolio. Finnish Minerals Group is the majority shareholder of Terrafame Oy. In addition, the company owns approximately one-fourth of Keliber Oy, a company focused on the lithium project.

The multi-metal company Terrafame started the construction of the battery chemicals plant two years ago. The construction of the plant buildings in the industrial site in Sotkamo has been completed, and the installation of process equipment has proceeded well. The production of nickel and cobalt sulphates for the manufacture of electric car batteries will begin in early 2021.

“Terrafame plays a significant role as part of the Finnish battery value chain. The company and its production are continuously attracting interest globally. Terrafame has a substantial impact on Finland’s profile as an interesting destination for battery value chain investments,” says Hietanen.

During the midsummer week, Terrafame achieved another milestone, as its nickel production exceeded the threshold of 100,000 tonnes. In zinc production, the milestone of 200,000 tonnes was achieved already earlier.

The lithium project of mineral and chemical company Keliber in Central Ostrobothnia is also essential for the development of the battery value chain, as lithium is another important raw material for lithium-ion batteries besides nickel. This spring, Keliber has raised further funding for the project through a share issue and has continued the related environmental impact assessment procedures and other areas of the project.

“The increasing European battery value chain requires a significant amount of raw materials, including lithium. At the moment, there is practically no lithium mining or refining production in Europe. Thus, the Keliber project has strong potential, especially due to its profile as a responsible European producer of battery grade lithium chemicals,” Hietanen concludes.

**Terms used in the text:**

Precursor cathode active material, the cathode active material precursor of the lithium-ion battery, pCAM.

Cathode active material – a powdery end-product used in cathode manufacturing at cell plants, CAM.

**Further information for the media:**

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