

Serbia pulled the plug this year on a \$2.4 billion lithium mining project. Here's how it all began, and why it's still not over.

In 1997, a letter from Anglo-Australian mining giant Rio Tinto landed on the desk of Professor Jelena Obradovic at Belgrade's Faculty of Mining and Geology.

In the mid-1990s, a team led by Obradovic and involving her then research assistant, Nenad Grubin, had conducted an analysis of areas in the former Yugoslavia that they believed might hold deposits of borate and lithium.

They produced a series of journal articles that Rio Tinto says caught the eye of its own researchers in the United States.

Following the letter, Rio Tinto dispatched a team of geologists and Grubin gave them a tour of western Serbia, one region that the faculty's team had identified as potentially a good place to explore.

"Together with the guests, we visited the fields around Valjevo, Gornji Milanovac, Zlatibor, Aleksinac, Raska," Grubin told BIRN. "Apart from field trips, we had meetings at the faculty, we visited mines in Serbia, in order to get a picture of the geology and mining of our fields, as well as our country itself."

At the time, Serbia was still an international pariah under Slobodan Milosevic, who would be toppled by popular street protests in 2000. When the country opened up its market, Rio Tinto wasted little time in establishing a Serbian subsidiary in 2001, with Grubin at the helm.

Three years later, the company struck 'white gold' in western Serbia, kicking off a venture that promised to become the biggest lithium mine in Europe until environmentalists and worried residents whipped up a protest movement that this year forced the government to call it off.

This is the story of how it all began, and why some Serbs believe it won't stop.

First time lucky

As he described it in a text he authored for the Serbian newspaper Politika in October last year, Grubin "loved teaching and science, but my entrepreneurial and research spirit kicked in so I moved to Rio Tinto."

It was 2001; Milosevic had just been overthrown and the West was lifting sanctions that, alongside the effects of a decade of war, had crippled the Serbian economy and driven a dramatic 'brain drain' of talent.

Grubin had left Serbia for Canada with his family in 1999, working part-time as a "contract geologist" for Rio Tinto, he told BIRN, on projects in Ontario and concerning the former Yugoslavia. He officially left the faculty in Belgrade in 2001 and became Rio Tinto's director

in Serbia.

“When foreign investors appeared, a large number of our geologists found refuge there,” recalled Zoran Stevanovic, a retired professor of the Faculty of Mining and Geology and former president of the Serbian Geological Society. “They moved to foreign companies, but also their knowledge, and certain maps and data they had, moved with them. It’s hard to blame them for wanting to do their job somewhere,” he said, citing a lack of state funding or support for geological research.

In 2004, working in the Jadar River basin of western Serbia for Rio Tinto, Grubin was one of four geologists who were credited with discovering ‘jadarite’, a new mineral made up of both borates and lithium and which, to the delight of headline writers around the world, was found three years later to boast a chemical make-up almost identical to that ascribed to the green Kryptonite that saps Superman’s powers in the 2006 movie ‘Superman Returns’. Rio Tinto had only just received its exploration permit, which, Grubin recalled in a March 2021 interview with Bizlife, “covered a huge area of more than sixty square kilometres, which is only a part of the entire basin. We had a budget for only two wells, but we succeeded at the first attempt.” Grubin told BIRN they had been looking for borate, not necessarily lithium. Finding jadarite with the first drill was “phenomenal news for us,” he said.

Some 15 years later, Rio Tinto was readying the ground for a \$2.4 billion lithium mine that would position the company, for the next 15 years at least, as the largest supplier in Europe of the soft, silvery-white metal that is essential to the batteries powering the electric cars that are supposed to replace fossil-fuel vehicles on Europe’s roads.

‘It’s over’. But is it?

In 2020, Rio Tinto registered gross sales revenue of \$44.6 billion, or roughly \$8 billion shy of the total value of the Serbian economy that year. And it was flexing its muscles.

Rio Tinto donated to local communities, hospitals, schools and cultural centres and, according to the Centre for Investigative Journalism Serbia, CINS, bought up more than 40 per cent of the 250 acres of land where the mine would be located.

In July last year, Loznica local authorities amended the municipality’s spatial plan in order to align it with the spatial plan already adopted for the special purpose area of the Jadar project, previously adopted by Governments Decree. Agricultural land was reclassified as construction land, railway lines were moved and gas pipeline plans changed. All that, even before the project had received the necessary permits.

According to the Podrinje Anti-Corruption Team, PAKT, an NGO in western Serbia and fierce critic of the Rio Tinto project, the Faculty of Mining and Geology has earned more

than million euros from Rio Tinto for research work. Professor Biljana Abolmasov, the dean of the faculty, told BIRN the sum was around one million, but over a period of 17 years. "The work of our experts costs," she said, but denied Rio Tinto had any influence over the objectivity of the faculty's staff. Rio Tinto has not confirmed the sum.

Environmentalists, however, warned of huge potential damage to water and land in western Serbia, regardless of Rio Tinto's vow to invest \$100 million in environmental protection. In January this year, following months of escalating protests and growing public anger, Serbia's government announced it had blocked the project. "Everything is finished. It's over," Prime Minister Ana Brnabic said, possibly with one eye on an April 4 election in which the ruling Progressive Party and its leader, President Aleksandar Vucic, fear losing control of the capital, Belgrade.

But lithium mining in Serbia did not die. Rio Tinto remains. As do four other companies, some of them with ties to Grubin's older brother, Jovan, and a host of former Rio Tinto employees.

"You need to be extremely naive to believe Vucic's jiggery-pokery," said Miroslav Mijatovic, head of PAKT.

"The company [Rio Tinto] registered another plot on February 11, and they actually act on the field as if absolutely nothing happened," Mijatovic added, alluding to cadastral data and the accounts of locals that show Rio Tinto continues to buy up land in the Jadar basin and has registered ownership of three new plots since January 27 this year.

A family affair

As his brother was working up Rio Tinto's Jadar project on the basis of the 'jadarite' discovery, Jovan Grubin was also getting into mining, became CEO, in 2010, of two mining companies in Serbia, later merged under the name Lithium Li Balkan and owned by a Canadian company called LITHIUM HOLDINGS INC., represented by Petr Palkvosky. Jovan told BIRN that his brother's involvement in lithium mining was "irrelevant" to his own exploits.

"The coincidence of jadarite with that Kryptonite formula, but also the growth in global need for lithium, was a sign for investors to come here," he said in an interview. "We are brothers, but our wallets aren't sisters."

Lithium Li went on to partner with Canadian Pan Global Resources Inc., headed by Julian Bavin and involving Robert William Baxter and William Pennell, all former Rio Tinto employees, Pennell having also worked on the Jadar project. The work also brought together former Rio Tinto experts John Reynolds, Dejan Jovanovic, and Bob Kellie, the latter being another of the geologists credited alongside Nenad Grubin for the jadarite discovery.

Lithium Li Balkan closed in 2018, by which time Jovan Grubin had already founded GeoMin Consulting d.o.o., in 2015, in collaboration with Kellie. He eventually sold the firm to Palkovsky's EURO LITHIUM INC., later renamed EURO LITHIUM BALKAN, and resigned as director. EURO LITHIUM BALKAN has two active lithium exploration licences in central and western Serbia.

In March last year, Jovan Grubin became director of Asena Investments, founded in 2020 but sold in January this year by US citizen Rohan Patnaik - via Gibraltar-registered Ropa Investments Ltd - to Australian Volt Resources Ltd.

Through the acquisition, Volt acquired the rights to three exploration applications in Serbia in areas, including Jadar North which is over ground adjacent to Rio Tinto's Jadar Project. If Serbian authorities approve the applications, Volt says it expects to begin Phase 1 drilling in the third quarter of 2022.

Lithium mining long dominated by ex-Rio employees

Patnaik, 30, remains owner of Edelweiss mineral exploration, which was founded in 2021 with Jovan Grubin as its director having left Asena. The company applied for lithium and borate exploration permits in April 2021 and is waiting on state approval, though Grubin said Edelweiss was no longer interested in lithium. "That company's doing something else. It is some other mineral raw material," he said, without elaborating.

In February last year, Patnaik was granted Serbian citizenship on the basis of a discretionary government decision signed by Brnabic. The government reserves the right to grant citizenship to foreigners deemed of special interest to the Serbian state. The government did not respond to BIRN questions concerning the grounds for the decision in the case of Patnaik.

Two other companies hold lithium exploration permits in Serbia - 'Balkan istrazivanja', owned by Australian 'Jadar Lithium' via an investment vehicle called Balkan Mining and Minerals, and the recently-founded GeoMinPro.

The chairman of Balkan istrazivanja is Sean Murray, a former deputy chief executive of Rio Tinto Borax, while its CEO and head geologist - until he resigned in February this year - was former Rio Tinto employee Dejan Jovanovic, formerly of Lithium Li alongside Jovan Grubin.

GeoMinPro is the only Serbian-owned company with a lithium exploration licence in Serbia. It is owned by Nenad Rakic, a former associate of Lithium Li.

Biologist Vladimir Stevanovic, president of the Committee for the Study of Flora and Vegetation at the Serbian Academy of Arts and Science, SANU, said he had no doubt lithium exploration in Serbia would continue given the interest of foreign firms.

“There is no doubt about it,” he said. “The government’s move to stop the Rio Tinto project for now is just a way to pacify the rebels. Unfortunately, we became a colony for the extraction of natural resources. But lithium exploitation under those circumstances is just slaying an ox for a pound of meat”, Balkan Insight writes.