

# Business and Trade Sub-Committee on Economic Security, Arms and Export Controls

## Oral evidence: Critical Minerals, HC 132

Wednesday 20 May 2026

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Members present: Liam Byrne (Chair); Dan Aldridge; John Cooper; Alison Griffiths; Justin Madders; Mr Joshua Reynolds.

International Development Committee member present: Noah Law.

Questions 78 - 115

### Witnesses

[I](#): Nick Pople, Managing Director, Northern Lithium; Mike King, VP Business Development and Government Relations, Cornish Lithium; Andrew Monk, CEO, VSA Capital; and Alexandra Williams, Head of Government Affairs, Novelis UK.

## Examination of witnesses

Witnesses: Nick Pople, Mike King, Andrew Monk and Alexandra Williams.

Q78 **Chair:** Welcome to today's session of the Economic Security Sub-Committee as we complete our inquiry into critical minerals. Thank you so much to our witnesses for joining us for this session today.

Mike King, I will start with you. We have been looking at the current demand picture, but we are obviously looking into the future. We were asking ourselves whether the Government have a plan to help the country secure the supplies it needs for the years to come. We were not wholly convinced with what we have heard so far, but I want to ask you all first what you anticipate you can supply for the next 10 to 15 years. Do you think you have a particular bit of the UK's demand for the future covered? If so, give us a sense of what it is.

**Mike King:** On our main Trelavour hard rock project, we have just completed a definitive feasibility study, which was based in part on a very extensive drilling programme, to define the level of resource at a properly regulated level. We are very confident that we can deliver 10,000 tonnes per annum over 20 years, so probably from 2029-30. If you look at the critical minerals strategy, that represents about 20% of that target for lithium production by 2035.

The other side of our business is the lithium from geothermal waters, which is a few years behind in terms of its maturity. That would probably generate, from 2030 or 2035 onwards, about the equivalent. If everything comes to pass, we are talking about 20,000 tonnes per annum of lithium carbonate equivalent, which is 40% of the target.

Q79 **Chair:** With a fair wind, how long will it take you to get up to that kind of capacity?

**Mike King:** We are aiming to be up at 10,000 by 2030. We are just about to submit the development consent order in August of this year for the Trelavour project. It was designated as a nationally significant project two years ago. If the planning consent is delivered on time, we are looking at two years of construction followed by going into production, so we are pretty confident on that.

On the lithium from geothermal waters, this year we will start our first demonstration scale of the lithium from geothermal waters and direct lithium extraction. That is the first of what would be a number of discrete developments, each of which delivers between 1,000 and 1,500 tonnes per annum. That is a multi-site development.

Q80 **Chair:** What about your confidence level? Give us a sense of your confidence level in terms of being able to get all that away.

**Mike King:** Confidence level on Trelavour is at P90, so 90% probability. The definitive feasibility study resource estimates are very strong. A lot of people come to see our demonstration plant. They think they are going to



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see something in this room. It is a large, industrial-scale, end-to-end process. It is working very well. It is producing battery-grade lithium hydroxide. Some of that is out to test with battery cell manufacturers and CAM, so we are very confident on that.

The lithium from geothermal waters is subject to subsurface risk, so the probabilities are to be confirmed by drilling. So far we have been successful with our drilling campaign. We have consistently encountered lithium-enriched geothermal waters at about 2 km, and we have tested those and refined our approach to the direct lithium extraction, so now we have matched that technology to the particular brine that we are seeing in Cornwall. It is progressing down the same path. It is a different type of lithium resource, but we are fairly confident that it will come to pass.

**Nick Pople:** It is fairly similar for us. Our focus is on the brines side of it, rather than the hard rock, so we refer to ourselves as briners, not miners. We are up in the north-east. We are about 40 minutes west of Durham city, and the area is the Northern Pennine Orefield. We have long-term exclusive mineral rights over 240 square kilometres there. That was the starting point, and that is with the Church Commissioners, so we have established a relationship with them that gives us up to 45 years for exploration, appraisal and then production.

We have proven commercial viability of our first site. Very similar to Cornish Lithium, we are looking at establishing a series of production sites across the north-east and across that area. In fact, we have, going on right now, a conversation with the Environment Agency this afternoon on its priority tracking service to help us in terms of permitting. Subject to permitting, planning and funding, we are looking to try to get to first commercial production at our first site by 2028, expanding that up to around 1,500 tonnes per annum at our first site and targeting 20,000 tonnes per annum by 2035 across the 240 square kilometres.

Q81 **Chair:** Together, that is a pretty big chunk of the UK's future demand for lithium. Super, thank you.

**Nick Pople:** It is quite important to say as well though—and we sit here alongside each other—that we are not competitors. This is really important. If we are targeting 20,000 tonnes and they are targeting 20,000 tonnes, and we have others down in Cornwall as well, the demand will be there for everything that we can produce. The critical minerals strategy was key to that. It is about how quickly we can all deliver, but we need the support and help to be able to do that.

**Chair:** Let us get into some of those questions.

Q82 **John Cooper:** That point about how quickly you can deliver sounds like guarded good news. You seem to be on the right path. The Critical Minerals Association told us that permitting can lead to 16 years between discovery and production. That is scarcely credible. The other bugbear



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that we hear all the time in the Business and Trade Committee is about energy costs. I wonder whether you could walk me through perhaps not specifically yourselves but just the general picture. What is the permitting situation like, and what about energy costs? Our costs are four times what they are in America, and perhaps a multiple of that in China.

**Nick Pople:** We were both outside talking about permitting. Permitting is probably our biggest concern in terms of bottleneck to delivery over the next few years. We are probably four to six weeks away from putting in our full planning application for our first commercial site, and our abstraction and re-injection licence will go in at the same time.

We have to date had all the planning and permitting we have needed under what is called GIC and under PD rights with the planning. We have had everything to date. Going forward, and in particular looking at funding and needing to raise the big funding for the first commercial production next year, we cannot do that until we have our permitting in place.

On planning, we have been working a lot with Durham county council in that area. In terms of education, we have been working closely with the regional team in Newcastle on the EA, but our biggest concern is hearing that it could be seven to eight months before our envelope even gets to the top of the pile and is opened, and before we are even given a case officer. If that is the case, we are literally stuck. We will have planning and be looking for funding. We need help, and it is about pace in terms of permitting now, within what we are doing. Certainly on the brine side that I will talk about, it is relatively low risk, but this is about getting the Environment Agency to work with us in terms of pace of processing.

Q83 **Chair:** How many envelopes are on this pile? You just said that it is about eight months to open the envelope. Even with today's Royal Mail deliveries, that implies that there are many—

**Nick Pople:** This is not the fault necessarily of the Environment Agency. It is how long the process is taking and has traditionally taken in the UK with the permitting side of it.

Q84 **John Cooper:** On that point, the system seems to be a legacy system. Is there a way of fast-tracking that? Is there a way of reaching into that pile and bringing this up?

**Nick Pople:** As part of the critical minerals strategy, the Environment Agency has said it will focus on the priority tracking, and that is something that we have just engaged with. My team have had a lot of experience in the past, across—dare I say it—oil and gas onshore, fracking and other areas in their previous worlds, of dealing with the Environment Agency. We have our first meeting this afternoon to discuss the priority tracking process and how that can help us.

Q85 **John Cooper:** Mike, you are nodding there. Are you in the same situation?



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**Mike King:** Yes, very similar. We have benefited from the main Trelavour project being designated as nationally significant. From a planning perspective, that is a much more prescribed and probably well-resourced way of achieving that consent.

Rather like Nick, the issues of planning and environmental, or EA, consenting need to be separated. They do not work at the same pace. Critical minerals has been given priority within the Planning Inspectorate and within Government, with designation as nationally significant. To our mind, if that was extended to giving that priority in the EA world as well as from a Planning Inspectorate perspective, that would accelerate the other side of our business and the business that Nick is in, which is the lithium from geothermal waters.

Q86 **John Cooper:** That is a key ask from you. You think that we should try to line those things up on that fast track.

**Mike King:** There is Government as an investor, but there is Government as an enabler. Nick has mentioned the word "pace". If we are attracting investment, it is about certainty around pace. If it is two years, that is great. If it is two years or 10 years, that is a problem. It is that certainty that delivers investor confidence. From both a strategic perspective and a development perspective, we are looking at attracting the investment to deliver that domestic production, because the resource is there. The capital to fund it is internationally mobile and will go to wherever that delivery can happen.

Q87 **Chair:** Andrew Monk, is this a common story?

**Andrew Monk:** The 15 years that you quoted to get a mine from start to finish is very common, so that is definitely correct. There are certain countries in the world where it is better. If you take, for instance, Namibia, it would quote you five years, but it has a country that is bigger than ours and a population of only about 3 million, so it is a little bit easier.

But it is correct that the two biggest hurdles for any mine in the UK are planning permission and energy prices. Energy prices make the whole thing virtually impossible. While we have energy prices where they are at the moment, we do not really have a critical metals policy. The two do not go hand in hand.

Q88 **John Cooper:** That is incredible, really. It is not commercially viable, you think, given energy costs at the current level.

**Andrew Monk:** No, not at all viable. By the way, I really hope these guys get their projects off the ground. The one issue you have to bear in mind is that they are quite small on a global basis. We would describe them as fairly niche, not being rude to them. I know both of them, by the way—I know Nick very well. If you look globally at some of the projects in, say, Australia and Canada, which are very good allies of ours, they are multiple times the size and can produce in a significantly cheaper way.



I want them to succeed. You have to put it into the right category. Let us be honest: there is lithium everywhere. There is lithium in the sea. It is just very low grade. These are not world-class projects, but they are good projects to develop and great projects for the areas, to bring jobs and other things. You have to put it into that perspective when you are looking at mining.

**Q89 John Cooper:** The Canadians and Australians are obviously working with different energy prices. They have scale to start with and cheaper business models.

**Andrew Monk:** They have scale, different commodity prices and different planning permission, although even there they still have time lengths.

**Mike King:** It is important to add one thing, not to be contradictory—

**Chair:** It is fine to be contradictory, if you want to be contradictory. You can be as controversial as you like. You are even protected by privilege when doing so.

**Mike King:** There is what you might describe as the rack rate of electricity pricing. Because of the level of demand that our large project has in terms of power, we will benefit from it being designated as an energy-intensive industry project. We have passed the business test and the sector test, which takes away a lot of the levies that are applied. We are in effect purchasing power at wholesale plus a margin, not wholesale plus a margin plus levies. That fundamentally changes the dynamic.

We went to great lengths to establish what was a credible input, in terms of energy costs, into our feasibility study. Andrew is absolutely right. The difference between rack rate and what we believe we can achieve in the market, based on current conditions and current green levy reliefs that we can get, is the thing that makes a fundamental difference to the NPV and the rate of return. It is our biggest element of opex, as it is with almost every project.

**Nick Pople:** The British industrial competitiveness scheme that I think was clarified in the last few weeks now looks to bring the electricity cost down for up to 10,000 qualifying companies. I believe that it was ratified that the critical minerals will come in under that, which is a good start. From what I hear, that will bring electricity costs down to probably just below where Germany is at the moment. That is good, but that has been one of the biggest issues. Permitting, planning and energy costs have been the biggest barriers to bringing other parties into the UK, where we need, as well, the inflow of technology and help within this critical minerals area.

Thinking about the midstream and downstream refining that goes alongside the primary production that we are looking to do, there is CAM production. The UK has been looking to bring a CAM—cathode active material—producer into the UK. I know that there have been Japanese



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and Korean parties looking. One of the biggest issues has been energy costs and regulation, which has stopped them coming here.

Q90 **Chair:** Before we leave permitting, is there a gigantic team at the Environment Agency that is working on this 24/7? You are shaking your head, Nick.

**Nick Pople:** No, not that I am aware of.

Q91 **Chair:** How many people do you think are in the EA? We will ask the Minister later obviously.

**Nick Pople:** I think that you deal with the local team anyway, down in Cornwall.

**Mike King:** Yes.

**Nick Pople:** We deal with a team up in Newcastle. What we are doing is new, in many respects. It is low risk on the brine side because, in a way, it is water well drilling, abstraction of water and re-injection, and we can prove that what we are putting back in is very similar to what we take out. It is the resource within the local area we are dealing with, rather than necessarily with a national body that is pushing for all of us.

Q92 **Chair:** How many people are you dealing with locally?

**Nick Pople:** One. I know that she has a team behind her, but it is one contact who we deal with.

Q93 **Chair:** Do you have a sense of how big that team is?

**Nick Pople:** Two or three people.

**Chair:** I see.

**Mike King:** Could it be better resourced? Yes. We have a very good relationship with the local team at the EA. One thing that is important to us is that we have dedicated people within our team who work on the EA and the permitting 24/7. You have to be an intelligent client of the EA as well as looking at its resource. It is making sure that everybody on the consenting and permitting side is aware of the critical role they play in the pace of development and what that means in terms of attracting investment.

Q94 **Chair:** One fact we were given was that, even when a mine has very recently stopped producing—I think back in 2018—it still takes a couple of years' worth of new permitting to get it back open again. Why is that?

**Mike King:** You are probably referring to South Crofty, the tin mine in Cornwall, which closed in 1998, I think. The regulatory environment that exists today is different from that, so it has to go through that. That is a long time and that mine was completely full of water. It is thousands of feet deep and all that water had to be taken out.



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It is perfectly legitimate for the Environment Agency to have oversight over that water coming out, being cleaned and discharged into the watercourses in a way that is not in any way harmful to the environment. That is perfectly appropriate. That is one of the reasons these things take time, because conditions change. Crofty is a great example. It is not just a continuation of operations that stopped in 1998. There is a big piece of work to be done prior to getting started.

**Andrew Monk:** I think, if it is 2018, you are talking about Hemerdon actually, which closed down in 2018, not Crofty.

**Chair:** Yes, that is the one.

**Andrew Monk:** Crofty was closed down a lot before that. I was actually involved in that. I did the IPO for Tungsten West about three years later, raising £40 million. Yes, there was no question that it was absurd that it was going through a huge amount of re-permitting, and some of the issues were de minimis, but being done at a very local level and by a person who maybe would decide whether you wanted a greenhouse in your garden or whether you wanted to restart a £200 million plant. It is a completely different skillset. It was absurd.

**Chair:** Okay, that is very useful.

Q95 **Noah Law:** Thanks for having me guest from the International Development Committee. I should also declare my role as the chair of the APPG on critical minerals. One thing that we talk about a lot in that group, in addition to permitting and energy costs, is financing. Perhaps, Mr Pople, you can start us off with your succinct view on what some of the financing challenges that exist are.

**Nick Pople:** We have not raised quite as much as Cornish Lithium has over the last few years, but we have raised just over £10 million to date. We have had about £1.2 million on top of that of Government grant funding through the APC for two feasibility studies we have done. We are currently raising further funds to see us through 2026. We have been lucky that we have knowledge-intensive EIS clearance, which has helped us a lot, because we are a private company. We have largely UK individuals who have invested.

Q96 **Chair:** We are going to need to make sure we know what acronyms are—EIS in this case.

**Nick Pople:** It is the enterprise investment scheme, so it is the tax incentive within the UK for qualifying companies. We are knowledge intensive because of the R&D we are doing with our brines and with the development of the technology for the extraction of those brines.

We have raised what we have needed to date. That sees us through this year. We are doing a FEED—front-end engineering design—study for our first commercial plant. We are putting our planning in, preparing and submitting, and our permitting. We will also do further drilling, like



Cornish Lithium, at a second site in the second half of this year. At that point, we get to a final investment decision, subject to planning and to permitting, where we will then need to raise up to £30 million to get through to first commercial production with our first site by 2028.

Where will that come from? That will come partly, potentially, from some strategic investors within the industry, or industry players. It will come partly, potentially, from UK Government, through the APC, DRIVE35 and the scale-up funding that is available, as well as other sources. That is where we are. The combination of public and private funding will be very important. That just gets us to first commercial production. Beyond that, it is a much larger amount.

**Q97 Noah Law:** You have mentioned a number of sources of Government funding there that are available to various projects. Before coming on to our other panellists, are there any particular gaps that you would identify within that?

**Nick Pople:** The public-private partnership funding which has begun with the National Wealth Fund has helped a number of parties already—critical minerals projects, including Cornish Lithium, which it has supported. We need wider support to other companies within the critical minerals space now from those sources and from the Government. We need it sooner, in order to get the private funding that is there but is looking to see what will come from the Government before it commits.

**Q98 Noah Law:** Very briefly, which other sorts of support?

**Nick Pople:** The actual mechanisms that are put in place are there. It is about larger amounts being put out there more quickly in the market and working with the parties, with us.

**Q99 Noah Law:** That is understood. Mike, what is your view, please, on the financing gaps?

**Mike King:** Nick summarised it. We have been very lucky with the main project, in that we have attracted two rounds of National Wealth Fund funding, which crowded in both US and EU-domiciled funding as well. If there is a gap, though, it is probably related to the early stage of exploration. If I look at all the boreholes that have been drilled in Cornwall over the last five years, every single one, not just for lithium but for tin and everything, has either confirmed and/or found additional resource.

In essence, we do not know what we do not know. Provinces such as Cornwall—and Nick's is the same—are probably the most heavily exploited but underexplored provinces in the world. Where there is not Government funding is at that higher-risk early stage, which would prove up that larger resource base that then could crowd in capital from the National Wealth Fund, but it is at a smaller scale.



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**Nick Pople:** Thinking about the National Wealth Fund and the funding from it to date, with the requirements it has in terms of minimum size of the project, it requires others to be alongside it. If it has a minimum of £25 million, and two others, let us say, have needed to be alongside it, you have a project size of £75 million before it will play. We are not there yet. I can be if I turn up and say, "Actually, I will do two plants at once."

Q100 **Chair:** We are the only country in the G7 without a dedicated critical mineral fund, I think. One question I think we are going to have is why the National Wealth Fund is not creating a kind of fund of funds approach that can move into some of the smaller investments that are needed, too.

**Mike King:** There is the National Wealth Fund, and Nick has mentioned the APC and DRIVE35. Both are extremely well capitalised, so it is not about new money. It is about the eligibility for where that money can be spent within the value chain.

Q101 **Noah Law:** Last but certainly not least with regards to this question, Mr Monk, what would be your view on the financing gaps?

**Andrew Monk:** I will give you a few as quickly as I can. First, on the National Wealth Fund, one thing is that, if you have a really good project, you should not need to rely upon Government money. A good project should get funded, and they do elsewhere in the world.

We have a problem in the UK. Forty years ago, we were the centre of mining finance but, over the last 40 years, our stock exchange has withered on the vine. No Government have had any interest in supporting it. I have a very strong view that if you want a strong economy, you need a strong stock exchange. Our stock exchange is becoming, dare I say it, a joke globally. I travel a lot. If you really want to get finance into the mining industry, get the stock exchange working again, because it can work.

Q102 **Chair:** We have a very useful report about to be published on just this topic.

**Andrew Monk:** I will look forward to reading it. You can raise money. It is getting harder every year. I raise money for exploration. Nick took the opportunity, sitting outside, to try to get me to raise him some money. That is one part.

We work with the National Wealth Fund. I have done deals with it. They are really nice people. They are not experts in mining. They take advice sometimes, but probably not as much as they should do, so they struggle a little bit looking at the big picture of mining. This ties in a little bit with what Mike was saying. They use a sort of roulette-type approach, putting a bet on one number here and one number over there. They need to have a proper mining fund that really understands it and can spread those bets evenly to get the right results.



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The other thing that I believe very strongly in—I know I have spoken in the past to Noah about this—is that the other way that you can bring in substantial money is to make sure that the local communities of these mining projects, first, can have additional benefits if they invest. In Cornwall, I believe that Cornish people, when investing, should get some form of benefit from investing in their own industry, because they are going to go and plonk a process plant next door to them. They should get a benefit from it if they invest in it. Likewise, any mining company in a local district, such as Cornwall, should also pay a royalty back to the communities, so that people benefit from it. If you put all that together, you will find that more investment will come from local people—good investment—that can actually get a lot of this off the ground.

**Q103 Mr Reynolds:** Nick and Mike, how much of the output that you are looking at is likely to be exported? Should we look at bringing in more strategies to be able to keep that in the UK, rather than exporting it overseas?

**Nick Pople:** We should be supplying, and all the players in the UK could be supplying, all the domestic demand needs of the UK with what our targeted plans are. Even recently, SC Insights, on the research side, came out with something last week that said that 140 new lithium assets, at an average of 19,000 tonnes per annum, are needed to meet demand by 2035. The interesting figure was that average of 20,000 tonnes, because it is not far off what the UK parties are all targeting.

I will come back to what Andrew said earlier. The reason we are relatively small is that we are all saying 20,000 by 2035, because it is all we believe we can produce with permitting, planning, all the other needs and funding. If we had all those in place, we could all produce a lot more. We can meet the demands of the UK for lithium by 2035, which, according to the critical minerals strategy, is near enough 400,000 tonnes per annum, even though the commitment is only to get to at least 50,000 tonnes per annum produced domestically. That is a good start but should be a minimum because the ceiling can be much higher.

Where are we going to sell it? We should be selling to CAM producers, really into the market. At the moment, and with the origin rules that are coming into Europe next year, with the requirement to supply X% of the cells and the battery packs from within the region, including the UK, there is going to need to be a real focus on domestic supply of lithium and other battery materials from within the region.

At the moment, we do not have a CAM producer in the UK, so initially we are going to have to focus on Europe. A lot of the parties will be the Japanese, Koreans or Chinese, who are developing, or have developed already, CAM production and manufacturing in Hungary and elsewhere within Europe. If our ambition is to bring all this together, from upstream through midstream—we have Tees Valley Lithium looking to do its refining on Teesside—what is missing is the CAM production and that bit



to then feed into the battery manufacturers in the UK, and into the OEMs as well.

Q104 **Mr Reynolds:** Alexandra, in 2024 aluminium was added to the UK critical mineral list, yet we still do not have a dedicated strategy for retaining aluminium scraps domestically in the UK. Is aluminium the critical mineral that the UK is ignoring? What should we be doing?

**Alexandra Williams:** That is a great question. Aluminium being on the critical minerals strategy is a good step. The fact that the critical minerals strategy wants to look at recycling and end-of-life products, and wants to have about 20% of industrial demand, is a good step. At the same time, aluminium is an at-scale recycling process. We have not necessarily called out to say that there have always been issues in the market. We have kind of got on with things. Now that we are starting to see supply challenges and demand challenges, this is putting it into sharp focus. I do not think that there has been enough focus on aluminium.

This is a fantastic opportunity to change that. At the moment, the global market is experiencing supply challenges in primary aluminium. Take, for example, what is happening in Iran. It is causing prices to become inflated across aluminium and energy costs. We have this fantastic opportunity to use recycling, because it is quite a mature market already.

In terms of the market for recycled content aluminium, as we call it, or secondary aluminium that uses recycling, this is a growing market and it is in the UK. We need this critical minerals strategy to really dig into how it can effectively support that recycling sector. At the moment, because it is a globally traded commodity, aluminium scrap is harder to retain in the UK, because it has a market in loads of different countries that are looking to decarbonise their supply chains or increase what they are doing around secondary aluminium. We have an issue with retaining.

We are having an issue with utilising that because of our sorting processes at the moment. I will try to go through this as quickly as possible. To be able to recycle aluminium at the most effective level and the most efficiently, we need to have aluminium scrap sorted by its alloy types. That means it is easier and more effective to recycle. It also means that we can address more end-of-life products that we produce within the UK. For example, take an end-of-life car. If we are able to separate the types of alloys in that, we can then put that back into car aluminium sheeting, so that it can be used for new products, which is where that market space hopefully will be progressing and something that the UK could also look at. I hope that that will also be part of its circular economy strategy to better utilise this.

At the moment, more aluminium scrap is leaving the UK. The trajectory is that, I think over the last five years, about 30% more aluminium scrap is leaving the UK, because either we do not have the right market space for it or the price overseas is so much more attractive. We are seeing that scrap going and are potentially not seeing it go back into recycling within



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the UK, which it should be doing, supporting the capacity we have already, but also for those that want to diversify the types of aluminium they are using.

The better way of doing this would be that, first, we need to improve our data around our trade codes for where aluminium scrap is going. It is currently way too broad. We do not have granular detail on understanding what types of aluminium is going, whether it could have been recycled in the UK and where those locations it is actually going to are, in terms of the types of scrap.

At the same time, we need to be thinking about the sorting technology that we have. We do not have the more advanced sorting at scale, which we could then utilise more. Also, we need to think about industrial processes, how our manufacturers use their scrap and whether they can then put that back into new products. We have what we call closed-loop systems. For example, in the car manufacturing space, we take aluminium scrap that comes from press shops. We take that aluminium, remelt it, put it back and transform it into aluminium sheeting for that car company again. Then they are able to use it again. It is a perfect way of keeping that material in the loop.

My last comment is that we need to have close relationships with our neighbours in Europe. For aluminium to be the most effective in terms of our recycling capacity and ability to scale, we need to have close partnerships. The UK is about to face an EU export trade restriction for aluminium scrap. We do not know exactly what that measure will look like, but it will be announced at the end of next month or the beginning of July, for implementation later down the line. That means that UK recyclers will not be able to access scrap from Europe, especially when they are having issues with trying to retain scrap and keep scrap within the UK.

We do not know what that will be, but potentially it could be a levy, which would cause inflationary pressure on aluminium scrap. It could even be a quota. It basically produces some form of instability. We are not really sure how much scrap we would be able to access, depending on the data that you use for that quota. At the same time, as markets start closing their doors, in terms of making it harder to get aluminium scrap, this means that foreign buyers will look elsewhere. The UK is a pretty open market to be able to take scrap. That is where the challenges are really strong and the Government need to be doing more.

**Q105 Mr Reynolds:** I was going to ask you about the EU trade measures, so I am glad you have covered that off. If you look at the amount of aluminium waste and scrap that we export, it is about £850 million. Compare that to copper scrap, and that is about £1 billion. It is a hefty number in terms of aluminium scrap that we are talking about, but the UK has aluminium recycling capacity still. If there are practical steps that we need to take to make sure that we get that recycled in the UK, rather



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than sending it overseas, what do we need to get the Government to practically do?

**Alexandra Williams:** We need to utilise what we have now. For example, at our site we recycle used beverage cans, so packaging recycling. We also recycle automotive scrap. How are we making sure that, for example, a site such as ours or others are getting the scrap they need?

Then, it is about helping those that already produce aluminium to bring more scrap into their processes, so that they can try to decarbonise, or further decarbonise, or reduce shocks to the system for themselves, especially if they are using primary aluminium, which is becoming so much more expensive. That would definitely help.

Also, looking at manufacturers and the demand they have, we need to protect within our automotive sector, making sure there is still demand for aluminium, as well as in the construction industry, and build that so we are able to better utilise it. As I say, if we can solve the scrap challenge in terms of being able to better understand where that scrap is going and what we could better utilise, we can grow the market quite substantially.

Q106 **Dan Aldridge:** We see that there is a vulnerability around global price volatility. Could you explain a little how that manifests in your business and what more the Government could do on this? Nick, is that something you could come back to us on?

**Nick Pople:** In the lithium space, and probably across other critical minerals, there has certainly been pressure put by certain countries or Governments to push prices down.

Q107 **Chair:** Do you mean China or others?

**Nick Pople:** Yes, in terms of forcing the price of lithium down and keeping it down. At the moment, certainly within the lithium market, a lot of the price movement and volatility is driven by China, but I think that that will change in time. I think you will see, in a way, maybe even a premium within Europe. I think you will see a secondary pricing market within Europe, as the focus is there. Coming back to the origin rules and others, and as the market develops further in Europe, you will see a differential there. I think that that will come as the market matures.

Q108 **Dan Aldridge:** Nick, when you talk about pressure to bring prices down, is that a diplomatic thing, or is that something more about collaboration with similar powers? What are the mechanisms that could do that?

**Nick Pople:** I think that there has been a lot of control over demand and supply through China that has kept the prices at levels it has wanted them at over the years. In a way, it is unable to do it right now because the market has moved back into a deficit. As a result, we have seen lithium prices over the last nine months or so double and come up. We



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have come from a low of around \$10,000 per tonne. Previous highs were too high, but that, again, shows an immature, young market, in terms of where it got to. As we move into deficit, probably earlier than people thought, we have had prices now heading up nearer to \$30,000 again, but they have come off in the last few days.

It is going to remain volatile at the moment. The view of a number of the researchers is that you may well see prices in lithium go back up towards \$40,000 per tonne, but possibly, from 2030, as more supply comes online, that will come back down and settle between \$20,000 and \$25,000 per tonne. We base our own models on \$20,000 per tonne as our view for medium to long-term pricing on our economics.

**Andrew Monk:** I think that Nick is pitching for a job with me as an analyst. The Government should never interfere with commodity prices. They are globally set. It is a very dangerous game to play. If you are a world-class mine, it does not really matter what the commodity price is. If you have the lowest cost of production, you will always work out as a winner.

Commodities are fairly simple. When you see a price spike up—

Q109 **Chair:** Can I stop you for a second, Andrew? The challenge we are wrestling with is how we diversify supply away from China. We are conscious that China will be deliberately using price suppression in order to stifle us discovering and developing alternative supplies, which then leave the chokepoints in their hands. Things like offtake agreements and price floors are now part of the policy mix because we recognise that we have to pay for resilience. What is your perspective on that?

**Andrew Monk:** A lot of commodities are on very long-term offtake agreements. What you see—the spot price—is not always what companies are paying. For the majority of commodities, probably, it is all to do with long-term offtake prices, which are completely different, so be careful when you are looking at and being quoted spot prices. Interfering in spot prices is a very dangerous game. If you have a great mine, it will be successful.

Does China mess around with prices? Yes, it probably does a little bit. Tungsten is a classic at the moment and that is a metal that we focus on. There is no question that it is messing around with that. On that one, it has deliberately driven it up high. At some stage, it will release the button and it will come whizzing back down again. It comes down to the fact that, if you have a world-class mine, you will be fine.

Q110 **Dan Aldridge:** It is a big “if”, isn’t it? We have to get that, I suppose.

**Andrew Monk:** If the Government wanted to help out, it could offer very long-term offtake agreements with a fixed price that works for these guys.

**Dan Aldridge:** So it is practical.



**Andrew Monk:** That is how you do it, and that is pretty common around the world already.

**Alexandra Williams:** In terms of primary aluminium production, China takes about 60% of global demand. It is a huge player in primary, but that is growing in secondary as well, so recycling. Both markets are getting controlled in some ways there. China has also started to restrict how much primary aluminium it produces, so then that has a supply and demand challenge that comes into place.

There are other challenges that happen in the market that also affect the price, because it is so sensitive to supply. For example, as I was saying, with the Iran conflict currently, there have been many sites within the Gulf that have been faced with either having to close or being attacked. Then there is a supply challenge and the price goes up.

We had the US tariffs last year, or continuing obviously. There are two stories that happened in aluminium there. First, the UK had a competitive tariff cost, so it was able to take advantage of selling more to the US. At the same time, the US had no tariff on aluminium scrap. Because the price of aluminium in the US became a lot higher because of the tariff pressure, we saw an about 700% increase in aluminium scrap going to the US, because scrap can be used as a substitute for primary.

I guess that it is the whole thing of, "If the US sneezes, do we catch a cold?" It is kind of the same across lots of these issues around aluminium. Once supply is tackled or a price is more attractive somewhere else, the market moves, and the market moves quickly and effectively.

Q111 **Justin Madders:** There are a variety of different partnerships and alliances—call them what you want—with the G7, EU, US and so on. Do you consider those to be effective? What are the strengths and weaknesses of them? Are there things that are not in them that you really think ought to be?

**Andrew Monk:** I am not sure that I totally get the question.

**Chair:** We are looking at things such as RESourceEU, the critical mineral plan, the G7 critical mineral partnership. We are trying to work out what is actually in these things.

**Justin Madders:** We had evidence on China yesterday, and there was quite a lot of concern about how it might dominate. One of our witnesses said that we do have an opportunity with strategic alliances.

**Andrew Monk:** I think that we do, by the way. I made the comment that we have very close partners in Australia and Canada, and we should lean on them more, because they have fantastic resources. In that question, you need to also look at—Alexandra touched on it slightly there—the fact that it is not just the primary source of the mineral. It is also the processing and the whole supply chain. That is where China has always



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not just dominated, but its costs are so low. It is very difficult to disrupt that supply chain. One or two people are trying, and that is good.

Maybe putting it all together, a view of mine, which perhaps is a bit of a pipe dream, but you never know, is that you should be able to take a lithium primary producer in Cornwall, a lithium recycler of batteries producing lithium, CAM, or whatever else, also in Cornwall, or maybe in Plymouth, which is Devon, and then add it on with all the other bits and make an integrated circular supply chain. That could be quite beneficial to the UK. You need to, in my view, put it all together, not completely together, but close by to each other, with one umbrella funding looking at all of it to get a really nice end result. If that could be done, it could be really exciting. Not wanting to be rude to Nick, Cornwall and Devon is probably the place that you should want to do it.

**Chair:** Nick, you are allowed to disagree.

**Mike King:** On the international Minerals Security Partnership, which is now US FORGE, our project was designated as a priority project. Looking at it at a project level, it needs to get more hard-edged to make a material contribution to what we are trying to do, which is to attract the finance and attract the market to take the lithium. It is about how much action they actually take, layered on top of all the strategies that are there.

What Andrew says is absolutely right. The focus in the UK should be on delivering a vertically integrated supply chain and attracting the investment, be it UK investment or non-UK investment. All the jurisdictions are trying to insulate themselves from concentration risk in the critical minerals market. That is the key here. The partnerships are useful because you can import knowledge and investment, but they have to be able to be applied at that whole supply chain level and at project level as well. Otherwise, we are open to the market.

**Nick Pople:** The UK itself will never be self-sufficient in all critical minerals, other than possibly lithium. Those international partnerships are going to be very important anyway, in terms of security of supply across the partners, whether that is domestic supply, where we can actually feed in elsewhere as well, or, more importantly, those critical minerals that we need within the supply chains but do not have domestically and need to source from elsewhere.

Q112 **Justin Madders:** Picking up on some of the evidence Alexandra gave about the EU and the recycling positions, I also understood that the EU was looking at different health and safety classifications for lithium. Is there anything in the partnerships that helps us influence and shape that?

**Mike King:** There is a significant issue with the potential classification of lithium within the EU. It is something that the industry—we were talking to one of the majors the other day—is very active in lobbying against. At



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the moment, it seems that that side of the EU regulatory machine is not in any way aligned with the critical minerals side of the EU regulatory machine, because, in effect, it is going to make it more difficult and expensive to get the projects away because of a regulatory envelope that has been wrapped around the product.

Q113 **Justin Madders:** Do you feel that the UK Government are aligned?

**Mike King:** The UK Government are very aligned with what we are seeking to achieve, in that, where we can produce lithium or critical minerals in the UK, we should. Their position on the EU regulation and whether it is adopted here is unclear at the moment.

Q114 **Justin Madders:** In my understanding, it is DWP that is responsible for that, and they would have a different take on it, potentially.

**Mike King:** It is more complex than having a single point of ownership, which is a common problem.

Q115 **Chair:** Alexandra, do you want to give us 30 seconds on any perspectives on international partnerships?

**Alexandra Williams:** It all comes down to what objective you are trying to achieve and what the UK is trying to achieve. If that is protecting a value chain, that is a really important and good thing to do, especially in the aluminium industry within Europe. We need to be talking regionally, especially as RESourceEU is ramping up a little bit more in terms of industrial policy and being a bit more interventionist than it has potentially been. We are on the other end of that. Especially when there are lots of integrated value chains already there, we do not want that to be harmed. RESourceEU is doing the right types of things for Europe, but it is not necessarily doing them for the UK. The UK Government need to be really aware of what that impact will be.

**Chair:** That has been a really helpful setting of the stage. Thank you so much indeed to our witnesses for those insights. That has helped us draw up some recommendations that we think will help. Thank you very much. That concludes this panel.