

AUSTRALIA'S PITCH IN A NET-ZERO FUTURE: CRITICAL MINERALS STRATEGY

Date: 12 July 2023

Australia Corporate Alert

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The Australian Government recently released its [Critical Minerals Strategy 2023–2030](#) (CM Strategy).

BACKGROUND

Australia holds some of the world's largest repositories of cobalt, lithium and vanadium— elements critical for key emerging technologies such as electric vehicles, batteries, wind turbines, solar photovoltaics, and hydrogen electrolyzers. This, together with Australia's reputation of governance effectiveness, regulatory quality, and rule of law, puts it in the enviable position of being well-placed to service and facilitate the rapid global transition to net-zero emissions.

The Australian Government has initiated a comprehensive CM Strategy to foster sector-wide development, forge strategic partnerships with major trading partners and support critical minerals projects through supportive debt finance and other funding mechanisms.

PURPOSE OF THE CM STRATEGY

The overarching purpose of the CM Strategy is to achieve the Australian Government's 2030 goals by:

- Creating diverse, resilient, and sustainable supply chains through strong and secure international partnerships;
- Building sovereign capability in critical minerals processing;
- Using Australia's critical minerals to help become a renewable energy superpower; and
- Extracting more value onshore from Australian resources.

A particular area of focus is to improve Australia's downstream processing capability in a market that is currently dominated by China. Australia seeks to move beyond its traditional reliance on exporting ore to develop its sovereign capability in downstream processing operations such as concentration, separation, refining, and smelting.

WHY THE CM STRATEGY IS NEEDED

Critical minerals projects face a series of complex challenges. These include:

- Technical risks due to complex mineralogy and the need for specialised processing;

- Project risks associated with operating in remote areas, significant capital and energy requirements, and the fact many proponents are junior miners; and
- Market risks from concentrated supply chains, opaque markets and limited pricing data.

The Australian Government aims to provide targeted and designed support to the industry to help de-risk investment and attract private sector and foreign investment funding.

CURRENT AND ONGOING ACTIONS

Some of the actions the Australian Government has taken to implement the CM Strategy include establishing and maintaining the following funds:

- The AU\$225 million Exploring for the Future program, which provides geoscience data and information to encourage investments in new resource projects. It has stimulated investment into 419 new exploration tenements taken up by 49 different companies;
- The AU\$100 million Critical Minerals Development Program, which has provided grants to 19 early- and mid-stage critical minerals project recipients to help overcome technical and market barriers to production; and
- The AU\$2 billion Critical Minerals Facility, which supports projects of national significance that align with the CM Strategy where standard financing opportunities are inadequate or unavailable.

FUTURE ACTIONS

To implement the CM Strategy, the Australian Government proposes to provide the following loans, guarantees and equity investments through:

- Asking the Northern Australia Infrastructure Facility to earmark AU\$500 million to support projects that align with the CM Strategy;
- Establishing the National Reconstruction Fund, which includes AU\$1 billion for value-add in resources and AU\$3 billion for renewables and low emissions technologies; and
- Reviewing licensing and commercialisation settings for federally funded research (relevant to the critical minerals sector) to ensure it provides domestic benefit aligned with the vision of the CM Strategy.

HOW CAN WE HELP?

We work with clients in all industries to ensure their projects are consistent with, and take advantage of the opportunities presented by, this development of the critical minerals sector and the broader energy transition underway in Australia.

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