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As the energy transition continues to unfold, US electric vehicle (EV) pioneer Tesla (NASDAQ:TSLA) has been making moves to secure supply of the raw materials it needs to meet its production targets.

Lithium prices went on to hit all-time highs, but swiftly declined last year and continuing on a downward trend in 2024. Prices for other key battery metals have also decreased as EV sales growth has fallen across most global markets in the face of economic uncertainty and higher interest rates. According to Goldman Sachs research, EV battery costs are at record lows and are forecasted to fall by 40 percent between 2023 and 2025.

In a mid-2023 Tesla earnings call, Musk seemed relieved to see prices for the battery metal had declined. "Lithium prices went absolutely insane there for a while," he said. Lower battery prices will bring EVs closer to cost parity with internal combustion engines vehicles, leading to wider adoption and increased demand.

During the 2024 US presidential election, Musk threw his support behind Republican candidate and former president Donald Trump, who has been historically critical on electric vehicles and subsidies. Following Trump's election win on November 5, AP News reported that these stances could support Tesla as they would be more likely to harm smaller competitors who were less established than the EV giant. Tesla's share price shot upwards in response to the election outcome.

This spring, Musk invited Argentine President Javier Milei to the Tesla factory in Austin, Texas, where the two reportedly discussed the investment opportunities in Argentina's lithium sector. As a prominent member of the prolific Lithium Triangle, the South American nation is the fourth leading lithium producer by country.

Australia's hard-rock deposits and Chile's brines are also top sources for the world's lithium supply. But lithium refining is dominated by China, which accounted for 72 percent of global lithium processing capacity in 2022.

In this article Which lithium companies supply Tesla?What are Tesla batteries made of?What company makes Tesla's batteries?How much lithium is in a Tesla battery?Will Tesla buy a lithium mine?Where is Tesla's lithium refinery? Which lithium companies supply Tesla? Tesla has deals with multiple lithium suppliers, some that are already producers and some that are juniors developing lithium projects.

At the end of 2021, Tesla inked a three-year lithium supply deal with top lithium producer Ganfeng Lithium (OTC Pink:GNENF,SZSE:002460), and the Chinese company began providing products to Tesla starting in 2022. Major miner Arcadium Lithium (NYSE:ALTM,ASX:LTM), which is set to be acquired by Rio Tinto (ASX:RIO,NYSE:RIO,LSE:RIO) also has supply contracts in place with the EV maker.

China's Sichuan Yahua Industrial Group (SZSE:002497) agreed to supply battery-grade lithium hydroxide to Tesla through 2030. Under a new, separate agreement finalized in June 2024, Yahua is set to supply Tesla with an unspecified amount of lithium carbonate between 2025 and 2027, with the option to extend the contract by another year.

Tesla also holds deals with junior miners for production that is yet to come on stream. Liontown Resources (ASX:LTR,OTC Pink:LINRF) is set to supply Tesla with lithium spodumene concentrate from its AU\$473 million Kathleen Valley project. The deal is for an initial five year period set to begin this year, and production began in July 2024. The company expects to reach nameplate capacity in calendar Q1 2025.

In January 2023, Tesla amended its agreement with Piedmont Lithium (ASX:PLL,NASDAQ:PLL), which now supplies the US automaker with spodumene concentrate from its North American Lithium operation, a joint venture with Sayona Mining (ASX:SYA,OTCQB:SYAXF). The deal is in place through the end of 2025.

Even though Tesla has secured lithium from all these companies, the EV supply chain is a bit more complex than just buying lithium directly from miners. Tesla also works with battery makers, such as Panasonic (OTC Pink:PCRF, TSE:6752) and CATL (SZSE:300750), which themselves work with other chemical companies that secure their own lithium deals.

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