



# Lithium Mining in San José de Valdeflóres, Spain

Critical Factsheets on Mining Projects

**This factsheet is part of a series of case studies on contested mining projects, to shed light on the reality of local populations and the environmental impacts by extractivism.**

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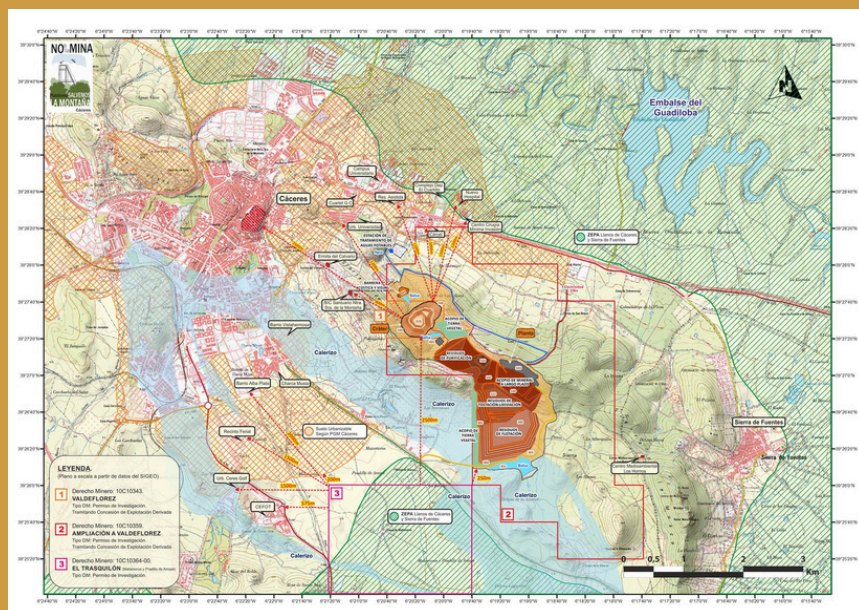
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## 1. BASIC INFORMATION

|                            |   |
|----------------------------|---|
| Municipality:              | Caceres, Extremadura, Spain   |
| Companies:                 | Extremadura New Energies (ENE), subsidiary of the Australian company Infinity Lithium |
| Minerals:                  | Lithium   |
| Status:                    | Pending mining permit   |
| Concession/mining area:    | 56 hectares   |
| Expected extracted volume: | 15.000 (2021) to 33.000 (2024) Tn/year lithium hydroxide                              |



Map of the lithium extraction mining project in the mountains of Cáceres and its close proximity to the urban area, the SPAs and cultural sites. Source: Plataforma Salvemos la Montaña de Cáceres

## SUMMARY

ENE is promoting the opening of an underground mine in the Valdeflores valley to extract lithium 1.4 km from the city of Cáceres, a UNESCO World Heritage Site.

The project plans include a chemical plant 600 metres from the urban area populated by 100,000 people. Furthermore, the construction of dumps and toxic waste ponds are planned right above a karstic and permeable aquifer, which currently serves as a water reservoir for the city during droughts. Moreover, the area has high ecological value and is home to several protected species of fauna and flora. Potential adverse effects on public health, the environment, and cultural heritage have led to widespread protests and public opposition. There are also serious concerns regarding the ability of ENE to execute a project of this scale in an ethical and efficient manner. It is crucial that integrity, transparency, and sustainability be prioritised when selecting projects for EU support. The project violates several Spanish and European environmental and urban regulations. Most importantly, the urban planning regulations, which do not allow any extractive or industrial activity less than 2 km from an urban area.

Due to the social pressure, the company abandoned its initial plan (initiated in 2017) for open-cast mining, shifting to underground mining (in 2021). However, this option remains incompatible with municipal planning regulations and continues to spark massive public opposition.



## 2. PERMITTING STATUS

The investigation permits for prospection granted by the Regional Government of Extremadura to Extremadura New Energies have been withdrawn due to irregularities in the granting process. In fact, the city's Municipal General Plan for Urbanism (PGM) does not permit extractive activities or mining research in the area, due to its natural values and because it is located less than 2 km from the urban area.

Despite the withdrawal of the permission, ENE unlawfully conducted mining prospecting and obtained data on the mineralogical composition of the subsoil. Using this, the company applied for a 'direct mining permit' from the Regional Government of Extremadura, which is currently under review.

### 2.1 STAKEHOLDER ENGAGEMENT AND ACCESS TO INFORMATION

Civil society organisations have not had any access to the processing permits. This is a violation of their right to access information about the project and its potential impacts on health, water, socio-economic development, and the environment - and by extension a systematic breach of the Aarhus Convention.

The original project was announced in 2017, and the underground mining project was made public in October 2021. It was not until September 2024 that access to documentation of this project was granted to the associations that had requested to be involved in the administrative process by the Regional Government. This access was however severely limited: the documentation contained 8,000 pages, with 95% of the most relevant data being concealed, denying the involved parties access to crucial information. While the Regional Administration claims to be protecting the company's commercial interests, they are in fact failing to safeguard the public's rights. Only when the Environmental Impact Statement is finalised will all information be made public. However, this will leave only one month to review, analyse and prepare objections, which is too short a time period for civil society organisations with limited resources. As a result, even seven years after the start of the administrative process, local citizens remain unaware of the true impacts of the project.





## 2.2 SOCIETAL OPPOSITION AND LITIGATION

The local opposition to the project has been led by the *Plataforma Salvemos La Montaña* (from now on the 'Plataforma'), a volunteer citizens' association. The Plataforma has organised several marches and activities<sup>1</sup> since the project started: From an initial concentration in the main square of Cáceres in 2018, to two human chains in 2021 (video) and in 2023 where thousands joined hands uniting the center of Cáceres with the Virgin of the Mountain in the Sierra de Valdeflores, to a 3-day march in 2021 to demand a meeting with the President of the Junta de Extremadura. After several protests over the last two years, the biggest march was on the 10th November 2024 with 7,000 people showing that opposition is growing despite the project being transformed to an underground mine.

There have been numerous legal claims against the project given its infringements of urbanism, administration, jurisprudence and transparency regulations. It has been a long judicial battle, marked by several key moments:

- Several court rulings by the Supreme Tribunal of Extremadura in 2021 and 2023 and by the Contentious Administrative court in 2022 have confirmed that extractive activities, as well as mineral resource exploration operations, are prohibited in the area.



- The project is not compatible with the city's municipal General Plan for Urbanism (PGM in Spanish), so the mining company requested in 2018 that the City Council modify the PGM. The proposal was rejected by the full City Council, due to land use incompatibilities.
- Citizens have responded by submitting allegations at different moments. The mine's restoration plan received 7,000 allegations in 2018. In 2022, 36,155 allegations were put forward against a regional decree that shortened the allegation period to 7 days. Due to the public uproar, the Regional Government decided to change it.
- In 2020, the Plataforma submitted three Petitions to the European Parliament's Petitions Committee :
  - 1) Unsustainability and illegality of the lithium mine project ('San José/Valdeflórez') in the Mountain of Cáceres (1140/2019).
  - 2) Lithium mine in the province of Cáceres (0273/2018).
  - 3) An open-pit lithium mine, the Valdeflorez mine, threatens the water resources of Cáceres, Spain (1174/2017).

An official from DG GROW, Peter Handley, assured the local population that the mine would not proceed unless there was social acceptance.

- In June 2024, the Plataforma filed an appeal before the Regional Administration regarding the direct concession of exploitation "San José de Valdeflórez, No. 10C10402-00", because the administrative procedure, the Mining Law and the Transparency Law had been violated. The Regional Administration rejected the claims. However in January 2025, they acknowledged that the documentation submitted by the company was 'deficient and inaccurate', granting the company a period of up to 9 months to rectify it.





### 3. PROJECT SUSTAINABILITY

#### 3.1 ENVIRONMENTAL IMPACTS

The projected mining area encompasses several ecosystems with a rich and diverse avifauna. Several species like black stork, red kite or booted eagle are included in the Regional Catalogue of Threatened Species of Extremadura and in Annex I of the Birds Directive. The area is adjacent to another area classified as 'Special Zone for Avian Protection' (ZEPA in Spanish) and 'Zone of Regional Interest' (ZIR in Spanish). According to the 'Guiding Plan for Use and Management' (PRUG in Spanish) these areas are "Limited Use Zone" allowing only traditional agriculture, livestock and forestry activities. In other words, the land use and management are incompatible with mining activities, which would lead to substantial modification of the ecosystem.

The planned waste dump is located directly over the karst aquifer of El Calerizo, the underground water resource that gave rise to the first human settlement in the area, around 67,700 years ago. This aquifer has sustained the water supply of Cáceres throughout history. Today, the water supply is moderately used by landowners for irrigation of historical urban vegetable gardens of the 'Ribera del Marco' stream, in the east area of the city, and by the City Council to clean the city's streets and irrigate its green spaces. This is considered a key reserve especially in a region like Extremadura, one of the most arid regions in Europe, with low rainfall and high summer temperatures. The aquifer's limestone rock is highly permeable, making it extremely vulnerable to pollution of toxic acid leachate (likely to be produced by mining activities), which could seep into the aquifer and contaminate it permanently.

Moreover, the project would lead to the overexploitation of El Calerizo. In January 2024, the parent company of ENE, Infinity Lithium, opened 4 exploration wells on the land where they plan to install the auxiliary facilities of the mine and the processing plant, claiming that they had been an initiative of the landowners. A month later, Infinity Lithium claimed on the Australian stock exchange, that thanks to these boreholes they could "guarantee access to the water of El Calerizo and other mining resources in the event of opening the mine" (more than 1,5 million cubic meters per year). Overexploitation of the aquifer also increases the risk of cave-ins and soil collapse, a problem that occurred in the 1980s and 1990s when the City Council overexploited its water reserves. In addition, the company has requested 1.1 million cubic meters per year of groundwater and surface water from the Valhondo stream valley, connected through underground geological fractures with the aquifer, but this request has been denied by the National Ministry due to a lack of accurate technical documentation.

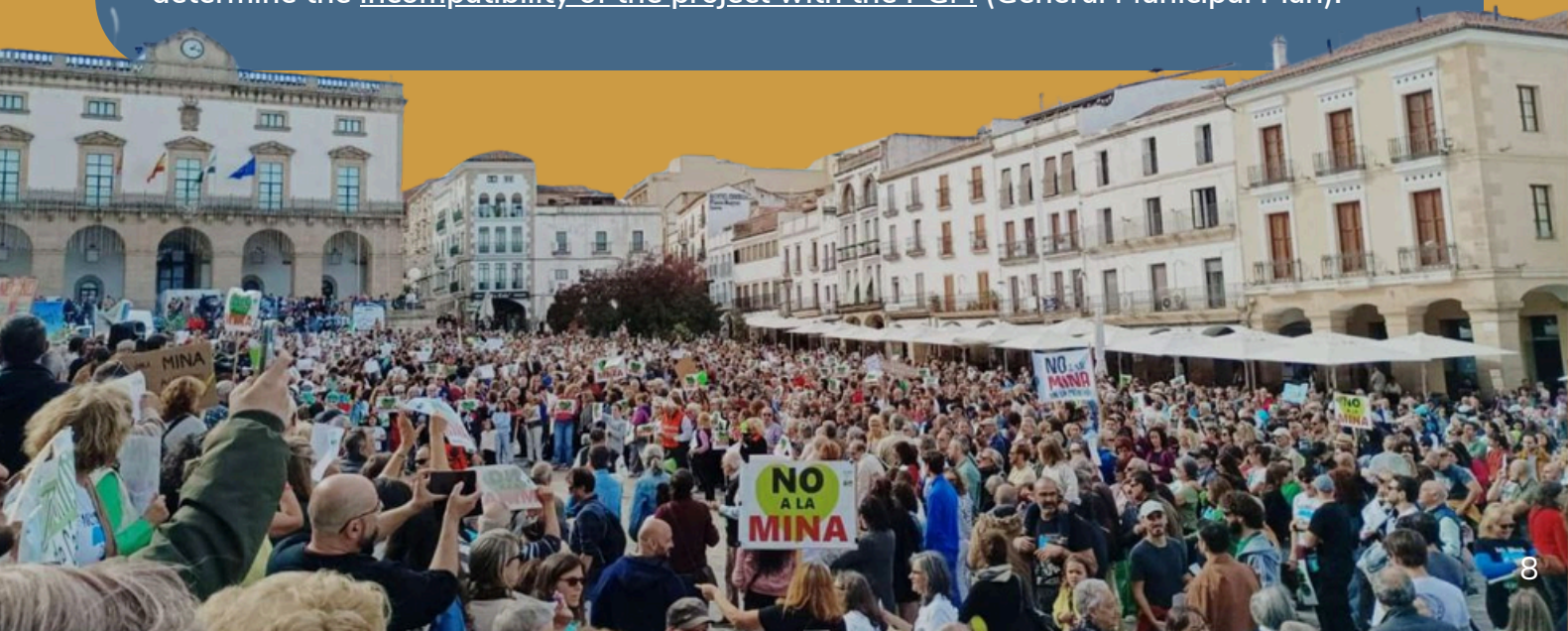


The company continues to claim that its project is green and sustainable, but based on an analysis of the technical documentation, the project would have a devastating impact on the local water resources and biodiversity. Although the company has publicly stated that all machinery and operations at the plant will be powered by renewable energy, this claim is misleading: researchers from the University of Extremadura have already indicated that the project may only achieve a 20% substitution of fossil fuels with renewable energy, that there is a high likelihood that this target will not be met. In reality, and that the project includes a connection to liquefied petroleum gas (LPG) and is expected to burn thousands of tonnes of diesel, among other non-renewable sources.

### 3.2 SOCIAL AND ECONOMIC IMPACTS

The city's identity as a UNESCO World Heritage City and its aspirations to become a European City of Culture in 2031 is one of its key socio-economic pillars, and profoundly at odds with the project. The project will change the image and narrative from a tourist, culture and pleasant destination to a “sacrifice zone” for the energy transition. The mining activities close to the city will cause nuisance and various types of disturbances (e.g. noise and dust) that will negatively impact current economic sectors and the quality of living. Moreover, the existing agro-livestock businesses in Valdeflores and surroundings would be jeopardised - and have been left in a state of uncertainty, since the project emerged in 2017.

The continued obstruction of access to information, as well as lack of public participation in decision-making, has led to an erosion of trust in the public administration and mining company. There has been a change in the local administration's stance on the project, ignoring crucial urban planning aspects that determine the incompatibility of the project with the PGM (General Municipal Plan).



## 4. COMPANY ESG PERFORMANCE

Tecnología Extremeña del Litio (TEL), as well as ENE, is owned by the Australian corporation Infinity Lithium and has been created just for the project in Cáceres. TEL has a controversial history: it has been sanctioned twice by both the Regional Government of Extremadura and the City Council of Cáceres. The Regional Ministry of Environment previously fined TEL and ordered the full restoration of illegal roads and tracks the company opened without the necessary permits, licenses, or environmental impact assessments. This administrative decision is final, yet TEL has failed to comply, instead initiating legal proceedings to challenge the ruling by the Extremadura Administration. Currently, the case is ongoing at the Administrative Litigation Court in Mérida. In the meantime, TEL is also suing the City Council of Cáceres to avoid paying a € 28,000 fine imposed by the urban planning discipline section.

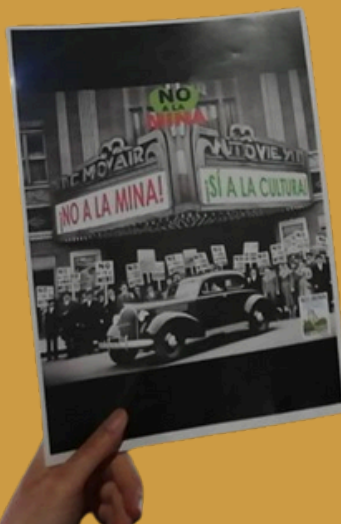
Furthermore, Ramón Jiménez, CEO of ENE alongside others, is currently on trial for fraud, falsification of public and official documents, bribery, illegal water extraction and data concealment. This legal proceeding known as the 'La Sal Case' relates to the Escombreras desalination plant (Murcia, Spain).

Partnering with a company entangled in potential corruption and mismanagement could damage the European Union's reputation and undermine public trust in its institutions and decision-making processes. Despite these issues, the company has publicly claimed that its project has been preselected by the EU for 'strategic' designation.

## 5. TECHNICAL FEASIBILITY

ENE lacks experience in the mining sector and Infinity Lithium, its parent company, has a track record of negligent behavior which it has tried to hide under different trade names over the years.

In England, it operated with a shell company, Wolf Minerals, at the Drakelands mine (tungsten) near the town of Hemerdon, close to Plymouth. What was supposed to be an exemplary mine co-existing with the nearby community, without adverse impacts, turned out to be an absolute failure. Instead of the projected 30 years of operation, it closed in less than three years of exploitation with losses between 70 and 100 million pounds and significant social conflict.



The company is attempting to use a new method to extract lithium that includes a new high-pressure autoclave leaching (HPL) stage, marketed as innovative (Li-stream RPK). However, this technology has only been tested at the laboratory scale and has never been implemented at an industrial level for lithium leaching anywhere in the world. Moreover, this method has been constantly changing and modified, and they have not yet succeeded in getting the World Intellectual Property Organization (WIPO) to accept their lithium extraction process patented. WIPO argues, among other reasons, a lack of originality, as can be read in the 'Documents' section of the file 'WO2023081961 - A PROCESS FOR EXTRACTING METALS USING A SYSTEM COMPRISING CARBON DIOXIDE', filed by another company 100% owned by Infinity Lithium called Infinity Greentech PTY LTD.

## 6. FINANCIAL FEASIBILITY

At the end of 2024, ENE presented a document commissioned as a consultancy to a professor at the University of Extremadura, regarding the financial solidity of the mine project and its future role as an economic driver for the city of Cáceres. The document, according to other researchers of the university, contains errors and significant gaps in the analysis of the economic and social context. The study supported the project's financial solvency based on data from the lithium market in the fall of 2022, when the price of lithium was at its peak.

### 6.1 HISTORY OF FINANCIAL MISMANAGEMENT

As mentioned earlier, the local representative of ENE, Ramón Jiménez Serrano, is currently under judicial investigation for a previous project he led as General 'Director of Integrated Projects' at the company ACS (Actividades de Construcción y Servicios S.A). This project ended up costing the regional administration 3.4 times the original estimate, totaling €175,000,000. This financial mismanagement raises serious concerns about the company's financial integrity and management capabilities.

In 2020, Infinity Lithium sold its assets in Equatorial Potash Pty Ltd, a potash mine in Gabon, thus transferring and avoiding to pay "all costs associated with the discontinued operations and holding and holding costs of the potash assets" raising concerns about the intentions of the company to commit long term to the project and its rehabilitation.



## 6.2 POTENTIAL COST OVERRUNS AND BUDGET DEVIATIONS

The track record indicates that ENE (Infinity Lithium) may not be reliable in keeping projects within budget, raising concerns about the efficient use of European funds and the potential for significant economic losses.

The financial projections for the project are based on lithium prices from October 2022, when they were at their peak. Currently, lithium prices have dropped 25% of those levels. As a result, the company has been forced to pull back investments globally, with only the Cáceres project remaining. Additionally, ENE has made cuts to staff, salaries and planned investments in the project, raising concerns about its commitment to sustainability aspects, which require continuous efforts (including maintenance, monitoring and mitigation costs).

ENE's parent company is Australian, which creates uncertainty as to the possibility of gaining independence and having a guaranteed supply of ore for processing and application in the European Union. In the end, the (downstream) value chain would depend on decisions made by the parent company in Australia. If the price of lithium hydroxide drops, making it unprofitable for the company, it could shut down the operation. Therefore, the actual, long-term contribution to the supply security of lithium for the European Union is highly uncertain.



## 7. OTHER SOURCES

1

Primera campaña de alegaciones

Concentración 3 febrero de 2018

Primera manifestación 14 abril 2018

Primera cadena humana 27 febrero 2021 (vídeo)

Marcha a Mérida marzo 2021

Protesta presentación proyecto Cámara de Comercio 31 mayo 2022

Segunda campaña de alegaciones

Concentración 12 noviembre 2023

Concentración Festival de Cine patrocinado por ENE 4 marzo 2023

Cadena humana 15 diciembre 2023

Concentración 23 junio 2024

Manifestación 10 noviembre 2024

2

<https://www.hoy.es/deportes/baloncesto/caceres-abrira-nuevo-20220713191744-nt.html>

[lamarea.com/2023/02/01/caceres-litio-empresa-retuerce-opinion-publica-a-golpe-de-talonario/](https://lamarea.com/2023/02/01/caceres-litio-empresa-retuerce-opinion-publica-a-golpe-de-talonario/)

<https://extremaduranewenergies.es/2022/11/30/fundacion-extremadura-new-energies/>

<https://twitter.com/EXNewEnergies/status/1610719588664197149>

<https://twitter.com/EXNewEnergies/status/1610221743532113920/photo/1>



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