

# Charging Rhyolite Ridge

One of the lithium sector's quiet achievers shot to prominence last month with an \$80 million capital raising that now has it firmly on track to break ground in the US by the end of the year.

Nevada-focused ioneer Ltd initially went to the market for \$60 million to pave the way for the start of construction at its Rhyolite Ridge lithium-boron project. However, strong demand from existing shareholders and new investors saw the company upsize the fully underwritten placement – cornerstoned by European ESG-focused institution BNP Paribas Energy Transition Fund – to \$80 million.

“We decided it was prudent to upsize it a little bit to make sure we had sufficient funding in place, but without scaling everyone back to the point that it became less attractive,” ioneer managing director Bernard Rowe told **Paydirt**.

“At the end of the day \$20 million more raised is \$20 million off the capex of the project because the bulk of what we raised here, regardless of whether it was \$60 million or \$80 million, will come straight off the capex with respect to the detailed engineering and pre-FID construction works that we're doing.

“You can look at this as being the first step towards raising the capital to build the entire project.”

Rowe said the company had committed about \$33 million to advancing detailed engineering on certain aspects of the project, including civils and earthworks, to a 100% completion level so the path is clear for the proposed start of construction in Q4 2021.

Overall engineering is expected to be about 60% complete at that stage, with the balance mostly attributed to longer-lead items such as the final plant design.

A further \$28-33 million will also be allocated to pre-FID construction works, although the company insists it will not be touching those funds until the final permits currently being reviewed by state and federal authorities are in place.

“The way we see this playing out is we'll have permitting in place and then we will make a FID, but of course there can be a lag between permits and FID and that's because you're putting debt and all kinds of other things in place that are all subject to the permitting,” Rowe said.

“What we're doing so we don't have any lag time is allocating some of that money we raised to what we're calling pre-FID construction works. And it's all discretionary because it won't be spent until we have the permits.”

According to the DFS ioneer released almost 12 months ago, \$US785 million is needed to develop a 2.5 mtpa mining and processing operation at Rhyolite Ridge which would produce 20,600 tpa lithium carbonate and 22,000 tpa battery-grade lithium hydroxide from the fourth year onwards.

Rowe said while the \$80 million raised last month was a relatively small amount in the grand scheme of project development, it demonstrated that both company and its investors were serious about building the operation which has an estimated lowest-quartile AISC of \$US2,510/t.

“When you're coming out and saying this money is to be used to actually build the project, that sends a very strong signal that you're serious and you're getting to that pointy end of the process where you're actually going to go out and break ground,” he said.

From a permitting perspective, the federal record of decision which ultimately clears the path for construction remains on track for Q4 2021. The company was also expecting to receive its notice of intent – the next step in the permitting process post approval of its draft plan of operation and EIS – at the time of print.

Once that notice is issued, ioneer will be able to start the public consultation process which, if successful, culminates in the record of decision.

At a state level the company is confident

of receiving the final permits for its air and water pollution control requirements by mid-year. Both are subject to a 30-day public comment period.

With sentiment returning to the lithium sector and US-based projects receiving extra attention on the back of the new Biden administration's strong pledges towards electrifying the country, ioneer is ramping up its negotiations for offtake on the one aspect of its production it has previously held back on.

Most of the company's proposed boron production over the first five years of operations at Rhyolite Ridge is committed under binding offtake, but no deals have been struck on the lithium side as yet.

“We deliberately went slow on the lithium offtake for various reasons, but one of the fundamental reasons was that last year we were in a very different pricing environment on lithium and we actually saw very, very few offtakes,” Rowe said. “If you take out spodumene offtakes, which are in a different sort of basket, I don't think there was any offtakes done for lithium chemicals last year, certainly not any that were disclosed to the public.

“We've seen a dramatic change in the last 5-6 months since the Tesla battery day in September where suddenly there's rising prices for lithium chemicals that has seen a marked change in the level of interest around offtake.”

Rowe said the company was also locked in “very advanced discussions” with potential strategic partners and hinted an agreement could be reached before the end of this quarter.

“Our idea is for a strategic partner to be the centrepiece of the funding solution for the project,” Rowe said. “We see a large part of the capex coming from a strategic partner who will buy a minority stake in the project.”

– Michael Washbourne

After raising \$80 million last month, ioneer is on track to break ground at its Rhyolite Ridge lithium-boron project in Nevada before the end of 2021

