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ioneer hits new Rhyolite Ridge sales milestone

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Six months after locking in its first offtake agreement Nevada-focused, Australia-based iioneer has ensured the bulk of boric acid production from its Rhyolite Ridge project is also under offtake agreement.

It secured a five-year supply contract for 105,000 tonnes per annum of boric acid, commencing in early 2023, with Dalian Jinma Boron Technology in December, and today added to that to complete its boric acid distribution and sales network for Asia.

It has inked two separate three-year distribution and sales agreements covering critical additional territories in Asia with Kintamani Resources and Boron Bazar, each with a three-year extension option.

Dalian will sell into China and Taiwan; Kintamani territories are Malaysia, Indonesia, Singapore, Thailand, Vietnam, and the Philippines; and Bazar will distribute into Bangladesh, India, Pakistan, and Myanmar.

It means the company has accounted for about 100% of year one production, 85% of product for the subsequent two years, and 70% in years four and five.

The shortfall in 2024 and 2025 is expected to be met by North American offtake and sales in other Asian territories.

Boron production is expected to account for about 30% of revenue at Rhyolite Ridge, and an expected credit of \$710/t will help the project's lithium product stream sit at the bottom of the global lithium cost curve at of \$2,510/t of lithium carbonate equivalent.

The boric acid revenue is equivalent to 72% of all-in sustaining cash costs for the project, according to the recent definitive feasibility study.

Supply of boric acid will be based on prevailing market prices for similar volumes and quality for fixed periods that will be periodically reset.

All the agreements are contingent on a final investment decision being made in early 2021.

Outstanding items include advanced engineering studies, state and federal environmental and development permits, and funding.

Yesterday it submitted its air permit application, promising to use best-in-class technology including high-efficiency controls to reduce emissions, lowest emission class mobile equipment and vendor guaranteed sulphur dioxide emissions considered lowest in the US.

Discussions on options for funding the US\$785 million project are ongoing.

Rhyolite Ridge will average annual production of 20,600tpa of lithium carbonate, converting in year four to 22,000tpa of battery-grade lithium hydroxide, and 174,400tpa of boric acid.

The junior ended the March quarter with A\$53 million cash.

Shares in iioneer were up 4% to 12c in afternoon trade, capitalising the company at \$201 million.