

Proactive Investors

**ioneer sets stage in busy quarter as it motors towards Rhyolite Ridge construction**

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Following the global shift toward electric vehicles to cut carbon emission, and the likely start of production from its Rhyolite Ridge Lithium-Boron Project in Nevada, USA, the company is expecting a surge in business in coming quarters.

ioneer Ltd (ASX:INR) (OTCMKTS:GSCCF) made solid progress with pre-development activities, including financing, during the March quarter at its 100%-owned Rhyolite Ridge Lithium-Boron Project in Nevada, USA.

Among the highlights was the completion of a fully underwritten institutional placement with strong demand from new and existing institutional investors, including large US and European investment groups, to raise around A\$80 million.

The company also successfully produced battery-grade lithium hydroxide from Rhyolite Ridge pilot plant feedstock with resultant product specifications provided to potential offtake partners.

**Offtake negotiations**

According to ioneer, the discussions on likely offtake agreements for various lithium products are progressing well with the first offtake announcement expected later in the June quarter.

ioneer is also advancing strategic partnering and funding discussions with short-listed parties.

An MoU was signed with Caterpillar Inc following the completion of the autonomous haul truck feasibility study while engineering work has progressed with US\$114-122 million in major work packages under negotiation.

The company expects to be construction ready from an engineering and financing perspective in late 2021.

**“Solid progress”**

ioneer managing director Bernard Rowe said: “The March quarter saw solid progress towards the advancement of the Rhyolite Ridge Project.

“Our strongly oversubscribed raising demonstrated belief in the quality of Rhyolite Ridge, and we thank new and existing investors for their support for the company and the project.”

**Capital raising initiative**

An A\$80 million capital raising will assist ioneer in accelerating the construction of Rhyolite Ridge. The company issued a total of 210.52 million shares at A\$0.38 per share and using its 15% placement capacity under the ASX listing rule 7.1.

This placement was strongly oversubscribed and was upsized by A\$20 million as a result of robust demand from existing and new investors.

Rowe said: “Cornerstone investment was provided by BNP Paribas Energy Transition Fund, a European ESG-focused institution.”

The company plans to use proceeds on various activities including:

- Advancing detailed engineering and vendor engineering to construction-ready status;
- Environmental, research and consulting expenses;
- Discretionary substantive pre-construction activities; and
- Working capital and general purposes.

Goldman Sachs and Ord Minnett acted as joint lead managers, bookrunners and underwriters to the placement.

#### Lithium hydroxide production

During the quarter, Ioneer's metallurgy and process engineering team announced the conversion of lithium carbonate produced at its pilot plant, into battery-grade lithium hydroxide.

This represented a key milestone in Ioneer's lithium hydroxide development path, demonstrating its ability to provide high purity technical-grade lithium carbonate and battery-grade lithium hydroxide to customers.

The capability to supply lithium carbonate and lithium hydroxide creates an important advantage, and potential revenue stream, for the company, and Ioneer is well-positioned to meet demand in North America and globally.

A DFS completed in April 2020, determined that Rhyolite Ridge will produce around 20,600 tonnes per annum of lithium carbonate for the first three years, before converting to the production of battery-grade lithium hydroxide in year four for the life of mine at 22,000 tonnes.

Rowe said: "Rhyolite Ridge remains the most advanced lithium project in North America and we're poised to take advantage of the ever-improving demand outlook for lithium and lithium products.

"We are extremely pleased to meet another milestone in the quarter in the conversion of lithium carbonate to battery-grade lithium hydroxide at our Rhyolite Ridge Pilot Plant.

"This is a higher premium product and will be an important contributor to Rhyolite Ridge production and sales."

#### Sales & marketing progress

During the quarter, the company, as part of its effort to increase sales of its lithium carbonate and lithium hydroxide, initiated offtake discussions.

A number of these are in advanced stages and an announcement in this regard is expected later this quarter.

The company notes a strong uptick in interest around offtake, which is likely reflective of increasing lithium prices over the past six months.

Ioneer has engaged with short-listed potential industrial and financial strategic partners and continues to note increasing interest in the sector from the US and European electric vehicle makers.

#### State and Federal permitting

During the March quarter, the company also made progress in applying for various project permits.

Ioneer is expecting the publication by the Bureau of Land Management (BLM) of the Notice of Intent (NOI) shortly, as part of its Environmental Impact Statement (EIS).

The company expects the BLM's final Record of Decision (ROD), which allows the company to commence construction, to be made in the fourth quarter of 2021.

Water Pollution Control and Air Quality Control permits are two State permits required to allow the company to begin construction at the site.

A draft Water Pollution Control Permit was issued for its 30-day public review period and the draft Air Quality Control Permit is expected to be issued shortly. Final permits are expected to be issued in during the current quarter.

During the quarter, Ioneer and its consultants, the US Fish and Wildlife Service and the BLM began developing a Candidate Conservation Agreement (CCA) to address Tiehm's buckwheat, a special status species that occurs within the project area.

The CCA is a formal agreement aimed at developing and applying specific conservation actions to remove and/or reduce threats to the species.

#### MoU with Caterpillar

An MoU with Caterpillar, the world's largest manufacturer of construction and mining equipment, sees both parties engaged in preliminary, non-binding negotiations regarding the terms of a proposed transaction and they are moving to negotiate formal agreements in the coming months.

This proposed partnership will operate through Cashman Equipment, and the fleet and initial auxiliary equipment will all be equipped with Cat® MineStar™ Terrain, sold and supported by Intermountain Mining Technologies.

This GPS system provides improved data for drilling, excavation, grading and dozing and should allow for better delineation of the overburden and ore for Rhyolite Ridge.

#### Strengthening of board

During the quarter, the company appointed two US-based independent non-executive directors Rose McKinney-James and Margaret R Walker to its board.

McKinney-James is a Nevada-based expert in environmental business and technology policy, renewable and clean energy advocacy, and sustainable development.

Walker is a Texas-based chemical engineer with significant experience working across the chemical, engineering and construction sectors.

Following the retirement of Pat Elliott, the board undertook an extensive search process for his successor.

The search provided the opportunity to broaden and strengthen the expertise of the board, reflecting the evolving needs of the company as it nears the construction phase.

Rowe said: "Finally, I'd like to welcome our new US-based directors Rose McKinney-James and Margaret R Walker to our board.

"Their skills and expertise in ESG and large-scale chemical plant construction will prove invaluable as we develop Rhyolite Ridge."