

Mining Journal

Rhyolite Ridge at bottom of global lithium cost curve, says ioneer

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30 April 2020

ioneer says it's in discussions with "strategic funding and offtake partners" for its US\$785 million Rhyolite Ridge lithium and boron development in Nevada, a project it claims will sit at the bottom of the global lithium cost curve.

A definitive feasibility study estimated all-in sustaining costs of \$2510/t of lithium carbonate equivalent, with "stable boric acid revenue" helping "ensure" an EBITDA margin of 68%.

The project's after-tax net present value is \$1.26 billion, with an unlevered internal rate of return of 20.8%.

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

A lithium carbonate equivalent price averaging \$13,200/t is used over the 26-year life-of-mine.

Benchmark Mineral Intelligence's current price range for battery grade lithium hydroxide is \$10,000-11,000/t.

Rhyolite Ridge's production of boric acid is modelled to provide the project with a credit of \$710/t, with the acid said to have traded in a range of \$600-900/t over the past century. Should boric acid's price fall to \$500/t, ioneer says its AISC would be \$4340/t.

The \$785 million capex estimate represents an increase of \$186 million from the PFS, with nearly half of the increase in scope being driven by the inclusion of an on-site steam turbine, the purchase versus lease of the mining fleet, and the purchase of sulphur tankers to materially lower sulphur transportation costs.

The changes would add \$30 million per annum to the project's bottom line.

The aim is to begin construction in the third quarter next year.

In terms of financing, managing director Bernard Rowe told a conference call the current expectation is a strategic partner will acquire an equity interest in Rhyolite Ridge.

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

Shares in ioneer were up 15% to 15c in morning trade, capitalising the company at \$252 million.