

Lithium developer ioneer forecasts high margins for Nevada project

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By Ernest Scheyder

Australian lithium developer ioneer Ltd on Wednesday forecast production costs for its Nevada lithium mine far below current prices for the white metal, implying large margins once it begins production in 2023.

The forecast comes as U.S. politicians have been pushing for increased domestic mining of specialized minerals. Lithium is used to make lithium-ion batteries for electric vehicles. Albemarle Corp is the only current U.S. producer of lithium.

On Wednesday, ioneer published the definitive feasibility study for its Rhyolite Ridge lithium and boron project in the northern part of Nevada, forecasting cash costs of about \$2,510 per tonne of lithium carbonate.

Current prices for lithium carbonate average about \$7,000 per tonne, according to Benchmark Minerals Intelligence, which tracks prices for lithium and other commodities.

The company still needs to obtain additional permits as well as financing for the project, which it estimates will cost about \$785 million.

The feasibility study comes amidst weak lithium demand in part due to short-term oversupply and also weak oil prices, which have led some consumers to delay electric vehicle purchases.

Benchmark Minerals estimates a market surplus of lithium until at least 2023, with an average price for the metal of about \$9,850 per tonne thereafter.

The price forecast assumes that ioneer will be able to sell much of the boron found in the deposit. Boron is a chemical used to make a plethora of consumer goods, including fiberglass and ceramics. Rio Tinto Ltd is one of the world's largest boron producers.

Construction of the Nevada complex is expected to start in 2021, with the mine operational by 2023, ioneer said. The mine is expected to operate for at least 26 years, producing about 20,600 tonnes of lithium carbonate annually.

"This just shows our Nevada project is poised to be one of the biggest, low-cost players in the lithium industry," said James Calaway, ioneer's chairman.

The project has come under environmental criticism. The Center for Biological Diversity (CBD) sued U.S. regulators last year for granting ioneer exploration permits, arguing that ioneer's project would disturb a rare flower.

The CBD withdrew its suit in January after ioneer agreed to take additional measures to avoid the plant, but the environmental group has vowed to closely monitor the project.

Lithium Americas Corp is also developing a Nevada lithium mine and is expected to get final permit approval by 2021.