

## Broker says this lithium-boron play is overdue a re-rating



**Special Report:** A number of lithium plays have made gains this year. Broker Ord Minnett believes that Sydney-based ioneer is overdue a share price rerating of its own.

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With China in its week-long Lunar New Year, market activity in Asia has wound down leaving lithium prices testing five-year lows.

[>> High Voltage: Patience ... lithium prices could be in the toilet for a while](#)

Despite this, ASX lithium producers have enjoyed a significant resurgence this year with most marking gains of about 20 per cent to date.

[Galaxy Resources \(ASX:GXY\)](#) is up 13 per cent to \$1.06 from the beginning of this year while [Orocobre \(ASX:ORE\)](#) and [Pilbara Minerals \(ASX:PLS\)](#) have each gained about 20 per cent this year.

Several lithium explorers have also recorded varying gains in the early part of 2020.

Consultancy Wood Mackenzie has [forecast](#) that key electric vehicle markets are likely to start growing again this year with several major automakers due to launch 'mass-market' electric vehicles on dedicated platforms.

This is due in part to China's move to not slash new electric vehicle (NEV) subsidiaries this year, which is expected to boost confidence in the industry across the supply chain.

Benchmark Minerals noted that China is seeing a massive supply chain expansion to feed the 83 lithium-ion battery megafactories that are in the pipeline.



ioneer's Rhyolite Ridge project.

Broker Ord Minnett believes that lithium stocks are re-rating after hitting bottom, and highlighted [ioneer Ltd \(ASX:INR\)](#) as one of the laggards that is overdue for a catch-up.

ioneer ended 2019 on a strong note after reaching a binding offtake agreement for the supply of more than half of its expected boric acid production from the Rhyolite Ridge lithium-boron project in Nevada.

The world's largest boron consumer/reseller Dalian Jinma Boron Technology will buy 105,000 tonnes of Rhyolite's expected boric acid production of at least 170,000 tonnes per annum.

It will also act as ioneer's exclusive distributor and representative for customers in China and Taiwan.

Ord Minnett also expects ioneer's first half of 2020 to be busy with a number of key catalysts coming up.

This includes the release of the definitive feasibility study in the current quarter as well as reaching further offtake agreements and strategic partners deals.

ioneer's Rhyolite Ridge is a large, shallow lithium-boron deposit that the pre-feasibility study estimated will produce 20,000 tonnes of lithium carbonate and 173,000 tonnes of boric acid per annum at full capacity from a resource containing 12.4 million tonnes of boric acid and 1.3 million tonnes of lithium carbonate.

A pilot plant has already demonstrated the project's ability to produce high-quality lithium and boron products, with samples sent to 30 potential offtake partners.

Analyses by SGS Canada have also confirmed that lithium carbonate produced from the pilot plant had low levels of key impurities that are in line with or less than amounts accepted by customers.

**[>> Now watch: 90 Seconds With... Bernard Rowe, iioneer Ltd.](#)**

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