



Change the name, build awareness

Calaway has experience with chairing a lithium company with boron exposure, having been a non-executive chairman of Orocobre Ltd (ASX:ORE) (TSX:ORL) (OTCMKTS:OROCF) for eight years as the multi-listed company became a lithium carbonate producer.

Speaking on Ioneer, the chairman said that as Global Geoscience the company decided it would stop "investing in a name that doesn't reflect where we are and where we're going".

Calaway said: "We (are) focused on building a big mine and a substantial speciality chemicals facility that would produce critical materials for a sustainable future."

The company believed it should change its name before it became better known.

READ: Global Geoscience asks investors to back new ion-pioneer name Ioneer

The company followed a process to "rebrand and rethink" itself to reflect its new focus.

Then-Global was presented with about 150 names during its rebrand-and-rethink process, choosing Ioneer to reflect its ambition to become a pioneer of ion use for a sustainable future.

Calaway said: "Our mission as a company, we thought a lot about that, was to responsibly and profitably produce the materials that were necessary for a sustainable future.

"It's such an exciting future and one that we can obtain but just executing against our cornerstone project Rhyolite and really become a player in this."

Introduce pre-feasibility study

Less than two weeks ago the company debuted its PFS produced by Wood plc subsidiary Amec Foster Wheeler.

Ioneer's study put the Rhyolite Ridge project's after-tax net present value (NPV) at US\$1.8 billion at a 7% real discount rate.

The after-tax internal rate of return (IRR) was 27.7%, making the payback period on the 30-plus-year mine a short 4.1 years.

Initial capital expenditure (capex) was US\$426 million including indirect costs and contingency plus \$173 million for a lump-sum turnkey sulphuric acid plant.

Life-of-mine after-tax cashflow was tipped at US\$6.6 billion, with annual steady state revenues of US\$450 million and annual steady state earnings before interest, tax, depreciation and amortisation (EBITDA) of US\$297 million.

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Under the PFS, ioneer's lithium carbonate grade would be 0.95%, at 81.8% recovery rate, for total production of about 20,200 tonnes a year over the life of the mine.

The company's boric acid grade would be 7.81%, with 83.5% recoveries, for life-of-mine annual production of 173,000 tonnes.

ioneer's PFS figures were calculated with a June 2018 financial quarter US dollar and were based on lithium carbonate sale prices ranging from US\$12,693 to US\$16,862 a tonne (CIF China) and a constant boric acid sale price of US\$700 a tonne (CIF Asia).

Use standard technology

Calaway highlighted the study's low cost of lithium equivalent production, and the sophistication of its process sheet.

He said: "The smarter and more informed the viewer is, the more excited they get about it.

"The real important work was in the processing sequences and when we finished all of our work and all of our extensive metallurgical test work we realised we had a completely closed system fully accounted for and we really didn't have to use any kind of advanced technology.

"We've tested it extensively so we are very confident in being the low-cost producer in the planet, in the United States for goodness' sake."

Address capex questions

The chairman addressed excitement about the study and questions about the project's capital expenditure (capex) figure.

"We are certainly seeing large investment banks are excited about (the project), we're very excited about it and I think the only thing that people are a little bit surprised about is the capex was a little higher than ... market consensus.

"A lot of that just has to do with that the cost of the heart of the operation, the sulphuric acid plant, which really drives a lot of important components of our project — that those costs were higher than we thought — I think that the market was a little worried about that compared to our market cap."

The company's market capitalisation is \$382 million (US\$274.6 million), with the project's capex being US\$426 million.

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Calaway acknowledged the company was educating the market: "Look we are also doing a better job, now that the results of the PFS are out, of explaining to people that we have significant optionality in how we go about financing both the sulphuric acid plant and related power, that we think could easily offset the



(US)\$170-or-so-million that are associated with that.

"That would put our project well in line with the optimistic view of what our costs would be.

"I think that if we talk to the market, get out and explain what we've actually thought, and people get past the concern — about the capex — and they look at the IRR and levered returns that we think we'll get, and being the lowest cost producer in the world of lithium in the United States ... there'll be great uplift in our valuations."

ioneer's latest mineral resource statement for Rhyolite Ridge

Take next steps

ioneer is expected to soon choose one of three large engineering firms to work on its Rhyolite Ridge definitive feasibility study (DFS) and engineering design and procurement management contract, with work to then start straight away.

The company is hoping to receive the completed DFS early on in the September 2019 financial quarter.

ioneer's DFS will include pilot plant studies, with a decision upcoming on which laboratory the pilot plant should be constructed at.

The company has raised \$83 million with two placements in the past 14 months and is fully funded to its final investment decision (FID).

An investment decision from the company's board is targeted for the end of next year.

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