

Anson Resources Ltd

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Anson Resources study indicates high economic viability for Paradox Brine Project in USA

Anson Resources Ltd (ASX:ASN) surged as much as 70% after an independent preliminary economic assessment (PEA) for its Paradox Brine Project in Utah, USA, indicated a high economic viability and strong return on investment.

The company described the study as being 'exceptional' and attributed the results to the unique nature of the brine which flows to surface under a high concentration of world-class bromine grades.

This PEA confirms the advantage of first extracting bromine to fast-track the project to cashflow, that can then fund the development of plants to extract lithium and other minerals, validating Ansons multi-mineral and multi-revenue strategy.

Shares up

Shares have been as much as 70% higher to 5.1 cents and are up from 1.7 cents at close on May 12.

Key financial highlights include stage-1 production of 15,000 tonnes per annum of sodium bromide, the addition of a 24,00 tonnes per annum lithium carbonate pilot plant for stage-2 and stage-3 expansion to 60,000 tonnes per annum of sodium bromide and lithium carbonate.

PHASE	PRE-TAX		POST-TAX	
	NPV (7%)	IRR	NPV (7%)	IRR
Phase 1	\$576m	40%	\$416m	33%
Phase 2	\$566m	39%	\$409m	32%
Phases 1, 2 and 3 (Combined)	\$2,673m	43%	\$1,934m	36%
Phase 3 (Stand Alone)	\$3,358m	55%	\$2,413m	43%

Table 1: Paradox Brine Project key financial highlights

Confident of future funding

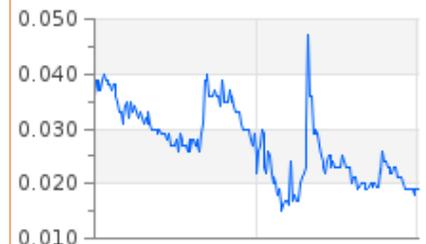
Anson believes there are 'reasonable grounds' to assume that future funding will be available for beginning the next stages of development:

The company's board has a financing track record which includes raising around A\$10 million over the last three years to advance the Paradox Brine Project.

Price: 0.019

Market Cap: \$14.89 m

1 Year Share Price Graph



September 2019 February 2020 September 2020

Share Information

Code: ASN

Listing: ASX

52 week High Low
0.051 0.014

Sector: Battery Metals

Website: www.ansonresources.com

Company Synopsis:

Anson Resources Ltd (ASX:ASN) is targeting lithium rich brines in the Paradox Basin in Utah. Lithium values of up to 1,700ppm have historically been recorded in close proximity to Anson's claim area.

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In addition, executive chairman and CEO Bruce Richardson has a proven track record of more than 10 years in exploration, mining and production in public and private companies, and more than 30 years of international business experience, having raised more than \$170 million of investment in mining projects.

Anson is confident it can continue the development strategy at Paradox based on its progress to date and 'exceptional' results obtained from the PEA.

The current bromine price is US\$5,033 with the long-term forecast average price expected to be \$5,280 per tonne and bromine benefits from a mature stable market which is expected to grow at a CAGR of 5.8%.

These market fundamentals support an anticipated increase in prices going forward.

Anson is also able to consider other methods of value realisation to assist funding the project, such as a partial sale of the asset, long-term offtake and joint venture agreements.

The strong production and economic outcomes delivered by the PEA are considered by the board to be robust and Anson plans to engage with various international groups for strategic investments and offtake arrangements.

Project timetable

The project will require around 2.5 years of permitting, detailed engineering and construction before the commission and operations of phase-1 begin.

Permitting, detailed engineering and construction for Phase 2 occurs in the second year after first production of bromine, with the pilot plant's operations lasting six months before being taken offline.

Permitting and well drilling for Phase 3 occurs during Phase 2's detailed engineering, allowing Phase 3's detailed engineering and construction to benefit from the results and lessons learned in Phase 2.

Detailed engineering and construction for Phase 3 occurs in the third and fourth years after first production of bromine with the Phase-3 plant coming online beginning early in fifth year after first production.

Assumptions

The PFS will build from the PEA to further refine resources, engineering, and design of the processing facility.

- Multiple drilling rigs will be used for the well drilling to accelerate the completion of the necessary drilling programs;
- The lithium pilot plant (Phase 2) will run for a maximum of six months;
- The Plan of Operation (PoO) work will not trigger the requirements for an Environmental Impact Statement;
- Baseline data necessary for the PoO process can be collected during one survey cycle and will not carry over into multiple years; and
- The project will not trigger the requirements for a major source air permit until Phase 3.

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