

A centre piece for decarbonisation: boron flies under the radar

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Source: iStock

KEY POINTS

- Boron has a broad range of uses from fertiliser to high tech applications
- The boron supply chain is dominated by Turkey and China
- 5E Advance Materials is the most pure play boron company on the ASX

Boron rarely makes it into a conversation about decarbonisation and electric vehicles (EVs).

The little-known material is essential for plant life, so it is found in fertilisers, but also has high tech applications such as the heat-resistant glass for smartphones, materials for renewable energy - for both EVs, wind and solar projects, in ceramics and fibreglass insulation.

Global demand & supply dynamics

Boron plays into the supply chain diversification narrative faced by many commodities including Russia's use of oil and gas as a political weapon, China's dominance in rare earths production and Indonesia banning coal exports over domestic supply concerns.

As it stands:

- 60% of global supply comes from Turkey and its state-owned assets
- 80% of global supply comes from two companies - Eti Maden and Rio Tinto (ASX: RIO)
- 80% of downstream processing (i.e. Boron carbide) is supplied by China

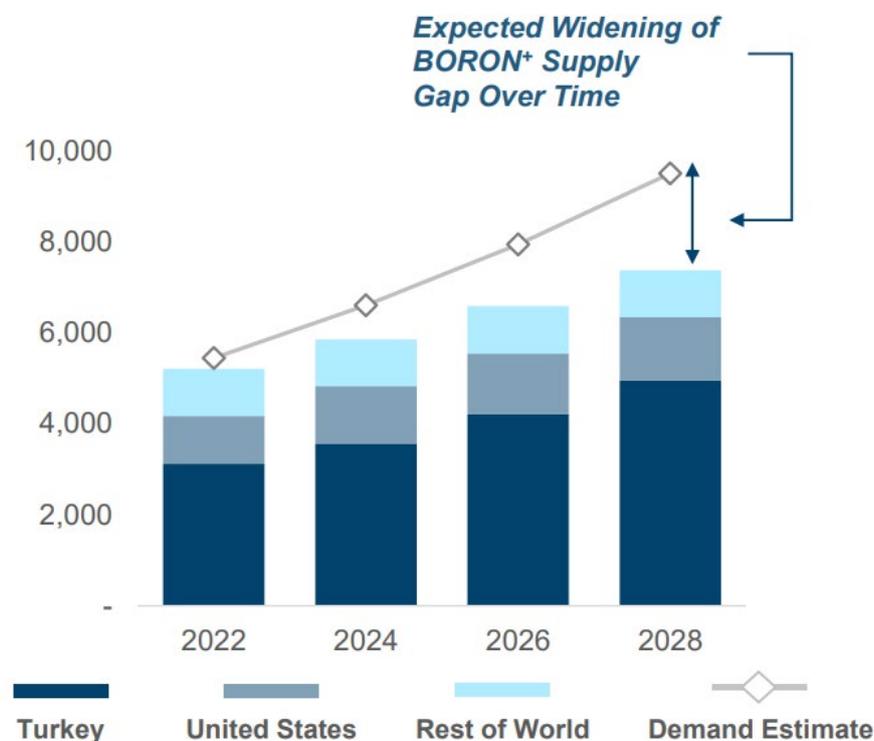
From a demand perspective, explosive demand growth is expected in the long-term, underpinned by key decarbonisation sectors.

Growing demand alongside few near-term supply alternatives is expected to widen the boron supply gap over time.

5EA has indicated a potential supply shortfall of circa 2m tonnes of boric acid equivalent by 2028.

Supply / Demand Imbalance⁽¹⁾

(k tonnes; boric acid equivalent)



Source: 5EA Advanced Materials

The low-key nature and balanced supply/demand has kept boron prices stable between US\$600 and US\$800 a tonne for many decades.

ASX-listed boron players

5E Advanced Materials (ASX: 5EA), formerly American Pacific Borates (ASX: ABR) is the most pure play boron stock.

The company's Fort Cady Project has a massive resource of 327m (enough for more than 70 years of global annual demand) and focused on advancing a small-scale boron facility this year.

As part of 5EA's rebranding from American Pacific Borates, the company is focused on becoming a fully integrated boron products business, running down the value chain.



Source: 5EA Advanced Materials

Additional catalysts for the 2022 calendar year include the completion of Fort Cady's Bankable Feasibility Study (BFS) and advance commercial partnerships and supply agreements.

Subject to the BFS, Fort Cady is currently targeting a run-rate of more than 400,000 tonnes of boric acid by 2024.

5EA Chart



Source: 5EA Advanced Materials (listed on 1 March)

loneer (ASX: INR) would be the next best mid cap alternative for boron. Though, the company is more known for lithium exposure.

The company's Rhyolite Ridge Lithium-Boron Projects is on a similar timeline as Fort Cady, pending the completion of a BFS.

The project is targeting 22,000 tonnes per annum (tpa) of lithium carbonate and 174,000 tpa of borates.

INR Chart



loneer 12-month price chart

Source: <https://www.marketindex.com.au/news/a-centre-piece-for-decarboration-boron-flies-under-the-radar>