



Osmond's Nevada lithium foray is a lookalike of Albemarle's Clayton Valley

Osmond will have the right to acquire the Salt Wells lithium-borate project in Nevada. Pic: Getty Images.

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Osmond is taking the dive into battery metals with its agreement to assume 5E Advanced Materials' rights to earn-in and acquire the Salt Wells lithium-borate project in Nevada.

Under the agreement, the company will have the right to an initial 80% interest in the project, which covers about 36km² of ground, with a limited right to move to 100%.

Salt Wells is located in Churchill County, Nevada, within close proximity to major highways and the town of Fallon, and has seen historical borate production from surface salts in the 1800s from the northern part of the project area.

Surface salt samples from this area have returned up to 810 parts per million lithium and 1% boron.

Osmond Resources (ASX:OSM) notes that the agreement allows for all expenditure to go directly towards exploration and testing, with no outgoing cash or shares as part of the acquisition.

The new project will complement the company's existing projects such as the Sandford project in Victoria and the Yumbarra and Fowler projects in South Australia.

It will also benefit from the incentives provided by the US\$369bn Inflation Reduction Act that seeks to build up domestic critical minerals, raw materials and processing capability in the US.

As such, the company is understandably keen to get stuck in with its new project, outlining plans to quickly define an exploration program, with a targeted maiden drilling program to commence in the second half of this year.

“In the context of the opportunity to be a part of the transition to new clean energy economies, the acquisition of the Salt Wells lithium-borate project offers a tremendous prospect for all Osmond shareholders.

“Not only is the project located in Nevada, which is considered one of the most attractive mining jurisdictions in the world, but the deal terms allow us to direct all our expenditure into exploration.

“We now plan to move quickly into assessing existing exploration results, which will shape an exploration plan, with the target to commence on ground activities and a maiden drilling program in the second half of CY2023.”

Salt Wells project

Salt Wells is located in what is believed to be an internally drained, fault bounded basin, covering an area of around 110km² that is similar to the Clayton Valley, Nevada, where lithium is currently produced by Albemarle Corporation.

Beside recent surface salt sampling and reconnaissance magnetotellurics surveys, the project has seen limited modern exploration.

Like the Clayton Valley, the geological model for Salt Wells is believed to be that of a closed basin setting where lithium enriched brines are developed due to the interaction between geothermally influenced inflow waters and basin fill sediments.

Clayton Valley is the singular locality for closed-basin lithium brine production in North America and has been in production since the 1960s.

The brine is dependent on inflow waters and sources of Li either outside and/or inside the basin.

Lithium brine resources may also regenerate in place by processes of subsurface leaching from Li-rich lacustrine sediments followed by long-term migration of brine into permeable stratigraphic zones, which may be enhanced by a high geothermal gradient that aids in lithium leaching from the abundant lacustrine sediments in the subsurface.

Based on this model, Osmond plans to target more permeable potential lithium hosting stratigraphic layers at depth

It intends to carry out an initial assessment of existing geophysical and geochemical data to help with the design of an exploration program.

Agreement terms

Under the existing earn-in agreement, 5E has an exclusive right to earn and acquire 100% of the Salt Wells projects by expending US\$3 million – inclusive of annual lease payments – through to 31 December 2025.

5E has already spent US\$543,931.99 on the project, leaving Osmond with a remaining expenditure requirement of about US\$2.456m.

Once this is satisfied, the company will hold 80% of the project with 5E owning the remaining 20%.

Should 5E not decided to form a joint venture, Osmond can earn the remaining 20% by incurring another US\$3m in project related expenditure.

It will also grant 5E a first right of refusal as its exclusive sales and marketing agent for the sale of borate produced from the Salt Wells project.

Capital raising

To help fund exploration on Salt Wells, the company will seek to raise about \$2.3m through a non-renounceable rights issue of one new share priced at 14c for every three shares held by shareholders.

This represents a 27.1% discount to the 20-day volume weighted average price.

Proceeds will be used to assess the existing exploration data, carry out site visits to undertake geological mapping, and potentially fund exploration such as surface geochemical sampling, 2D seismic surveys, geophysical surveys and drilling.

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