Is American Rare Earths sitting on the largest rare earth deposit in the USA?

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Commodities these days can be a bit of a fickle investment. They are definitely in demand for numerous reasons, including the world's move towards a lower carbon future. Putin's attack of Ukraine has placed further emphasis on security of supply, overall supply chains and the politics of commodities. However, we can't seem to align all the interested parties into coming up with a cohesive game plan to maximize the production of critical commodities, while optimizing their environmental and social impact.

What do I mean by this? In late February the White House ordered action across the US Federal Government to secure reliable and sustainable supplies of critical minerals and materials just before the first anniversary of Executive Order (EO) 14017, America's Supply Chains. However, a year after detailed reports of vulnerabilities in the critical mineral and material supply chains were produced by US federal agencies, detailing the over-reliance of the U.S. on foreign sources and adversarial nations for critical minerals and materials, posing national and economic security threats, the U.S. government isn't exactly walking the walk. In the last year, we've seen Rio Tinto's (NYSE: RIO) Resolution copper project in Arizona and Antofagasta's (LSE: ANTO) Twin Metals project (copper/nickel) in Minnesota both get the red light from the Biden Administration. It has also taken steps to slow down development of a lithium mine in Nevada from ioneer Ltd. (ASX: INR) to help preserve a rare flower. You could also include Northern Dynasty Minerals

Ltd.’s (TSX: NDM | NYSE American: NAK) Pebble mine in Alaska in this list because there is a lot of copper as part of the resource, but to me, it’s more of a gold mine so not necessarily critical.

I’m not saying that these actions to delay or cancel projects aren’t justified for environmental and social reasons. I’m simply pointing out that it’s easier said than done. Investors can’t simply pick all the companies pursuing critical minerals in the U.S. and think it’s going to be a slam dunk. Certainly, there is a renewed focus on addressing the critical minerals and materials supply chain, but it likely won’t come at the expense of the neighbors of these projects. That’s why one has to look a little deeper at any potential investments to ensure the project has a chance to see the light of day. You can’t just have a viable, economic resource, you need to tick a lot more boxes.

That’s my long-winded intro to an Australian listed company with assets in the growing rare earths sector of the United States, looking to help the U.S. diversify away from China’s market dominance of the global rare earth market. American Rare Earths Limited’s (ASX: ARR | OTCQB: ARRNF) mission is to supply critical materials for renewable energy, green tech, EVs, National Security, and a Carbon-Reduced Future. The Company owns 100% of the world-class La Paz Rare-Earth Project, located 200 km northwest of Phoenix, Arizona and the Halleck Creek rare earth project in Wyoming, USA. La Paz is a large tonnage, bulk deposit, that is potentially the largest rare earth deposit in the USA and benefits from containing exceptionally low penalty elements such as radioactive thorium and uranium. The Company is currently drilling in the new Southwest Zone of the project where an exploration target of approximately 742 – 928 million tonnes could be added to the 170.6 million tonne JORC compliant (Australian equivalent of NI 43-101) resource.

The size and the grades at La Paz are impressive, as well as close to surface, but remember it's not just about an economic resource. The reason I think American Rare Earths should be on an investor's watchlist, if you have any interest in the rare earths space, is their attention to politics. On March 4th the Company announced it had welcomed a delegation of elected officials from all levels of government to its flagship La Paz project. Key members of the group of 25 federal, state and county officials and staff delivered enthusiastic and encouraging speeches about American Rare Earths and its work underway to help secure the United States' domestic critical minerals supply chain. Additionally, Company executive Marty Weems will speak to several dozen State Legislators about La Paz at an event held in collaboration with the Arizona Mining Association. That's the type of proactive effort required to get your project to the finish line in the world of today.

From a macro perspective, there are significant tailwinds for domestic rare earths production from both a market pull and a government push. Additionally, there are several near-term catalysts for American Rare Earths with an on-going drill program at both properties and applications have been filed for 36 additional drill sites at La Paz. The Company is well funded, finishing 2021 with over A$8 million plus having raised another A$1.4 million in the first two months of 2022. With a market cap of roughly A$161 million (US$ 117 million) it's not your typical junior mining stock, but then again, your typical junior mining stock isn't sitting on potentially the largest rare earth deposit in the USA.