

# Vital Metals' Rare Earths off-take MOU with Ucore positions Vital as a key supplier for a non-Chinese Total Rare Earths' Supply Chain

written by Investor News Writer | October 25, 2021

A key element for junior miners to demonstrate progress is to secure off-take agreements. This then typically leads to a greater degree of confidence that the company is credible as a supplier and that there is demand for its mined material. Such progress attracts not only investors but also potential project financiers. In the case of Vital Metals, the production of ore concentrates containing the key magnet rare earths neodymium & praseodymium (NdPr) that commenced in the summer of 2021 in the past year coincided with [strong price gains](#) that confirm strong demand.

**Neodymium 1 year price chart shows strong price gains the past year**



Source: [Trading Economics](#)

### Vital Metals MOU with Ucore

[Vital Metals Limited](#) (ASX: VML) (“Vital”) recently [announced](#) news of signing a non-binding MOU with Ucore Rare Metals Inc. (TSXV: UCU | OTCQX: UURAF) for the supply of a mixed rare earth carbonate, beginning H1 2024. Ucore’s Alaska Strategic Metals’ Center, SMC, facility is planned to be commissioned in the first half of 2024 with an initial 2,000tpa total rare earth oxide (TREO) separation and purification capacity, ramping to at least 5,000t/year TREO by 2026.

That means Ucore is looking to secure concentrate supply over 2.5 years in advance of when it is needed, showing the strength of demand for Western produced rare earths concentrate. It also means Vital has a growing off-take partner, making it a win-win relationship for both parties.

Vital Metals' Managing Director Geoff Atkins [stated](#): "Vital to commence product acceptance with Ucore in Q4 CY21 by supplying a sample of concentrate produced from its Nechalacho rare earths project in NWT, Canada....**The MOU will position Vital as a key supplier of rare earths in the North American market**, building on its offtake agreement with REEtec in Europe.....We are continuing to grow our operations in Canada and are well-placed to supply both geographies with the complete suite of rare earths."

Ucore Chairman and CEO, Mr. Pat Ryan, P.Eng, [stated](#): "This partnership with Vital is an integral step in the development of the Alaska SMC, as Ucore continues to cultivate relationships with potential like-minded upstream and downstream partners in the evolving Western world market; with the ultimate goal of ensuring that original equipment manufacturers transforming to an electrified economy continue to have access to a comprehensive North American raw material and finished goods supply chain."

### **A reminder about Vital Metals**

Vital is already mining ore at its Nechalacho Mine in Canada's Northwest Territories (NWT), with commencement of ore processing, at Vital's now under construction Saskatoon cracking and leaching facility, expected to begin in 2022. The Nechalacho Mine is a high grade, light rare earths (bastnaesite) project with a world-class resource of 94.7Mt at 1.46% TREO (measured, indicated and inferred). Nechalacho's North T Zone hosts a high-grade resource of 101,000 tonnes at 9.01% LREO (2.2% NdPr). Vital's strategy is to develop Nechalacho in two stages. Stage 1 of the operations focuses on the North T Zone resource, now in production, and is fully funded; Stage 2 will involve the development of the much larger Tardiff deposit.

## Vital Metals' Nechalacho rare earths project in the NWT's of Canada – production of beneficiated ore commenced in June 2021



Figure 2 - Overhead image of site with ore sorter in the foreground and pit in the background

Source: [Vital Metals Annual report – June 2021](#)

Vital has successfully produced a beneficiated product which is to be further processed at the Company's, now under construction, extraction facility in Saskatoon targeted to commence by late 2021 and with [commercial production by mid-2022](#). Vital aims to produce a minimum of 5,000 tonnes of contained REO by 2025.

### Vital's off-take summary

- Binding off-take agreement with Norwegian company REEtec for Stage 1 production with the supply of 1,000t REO (ex-Cerium)/yr for an initial five-year period. This was recently increased to rare earth carbonate product containing a minimum of 750t NdPr, contained within [2,000t/year total rare](#) earth oxides (TREO) with a maximum of 25% cerium. Amended agreement extends Vital's product sales to REEtec to 2028 with option for an additional expanded 10-year agreement.
- Non-binding MOU with Ucore Rare Metals Inc. to sell to Ucore a minimum of [500t REO \(ex-cerium\)/year](#), commencing H1 2024. Vital to expand production to support a minimum of 50% of Ucore's envisioned 5,000t TREO/yr processing capability (ie: 2,500t TREO/yr) by 2026.

The off-take agreements above combined, if completed, amount to 2,500t REO/yr (2,000 + 500) out of Vital's production target to achieve "5,000 tonnes of contained REO by 2025". It looks quite likely the Ucore off-take will be increased later.

**Vital Metals' Nechalacho rare earths project is a simple open pit operation in northern Canada's NWT's**



Source: [Vital Metals Annual report – June 2021](#)

## **Closing remarks**

Vital is now the first rare earths producer in Canada and only the second in North America, from their Nechalacho rare earths mine, with commercial production set to be reached in mid-2022. Vital's extraction facility in Saskatoon will be built and produce a rare earths concentrate from about June 2022. Vital has secured off-takes in Europe with REEtec and now with Ucore in North America. These companies will take Vital's concentrate for further separation and purification.

Vital has agreed to acquire the Zeus heavy rare earth project (& 68% of the Kipawa Project) in Canada and it also owns a second light rare earths project in Tanzania.

Vital Metals Limited trades on a market cap of A\$248 million and certainly looks to be a company with a very bright future in the non-Chinese total rare earth supply chain.