What was really said on the rare earths market in our last Critical Minerals Corner

written by Tracy Weslosky | July 30, 2021

Friday, June 18, 2021. In a Zoom room of more than a dozen rare earths industry leaders, we had the pleasure of hosting: Critical Minerals Corner, hosted by Jack Lifton with guests Pini Althaus from USA Rare Earth, LLC and Geoff Atkins from Vital Metals Ltd. (ASX: VML) – it has taken me over a month to publish my notes.

Reviewing Pinis' LinkedIn post today, he starts: "Yesterday, President Biden reiterated the need for a stronger, more resilient domestic supply chains for components used in semiconductors and advanced batteries…" I am committed to regular geopolitical coverage on InvestorIntel.com for all of us investors' trying to understand how these positions may impact our portfolios.

Numerous people wrote me asking how our 1st Critical Minerals Corner went, here you go as we are planning our 2nd one on August 27th….

There was initially muted discussion after presentations by Pini Althaus, Geoff Atkins and notable rare earths expert Jack Lifton, but as the hour transpired, the discussion became more lively, interesting and informative.

What did we learn?

USA Rare Earth, LLC as a private company has looked at the opportunity of becoming a publicly-traded company and has pondered the possibility of use of a Special Purpose Acquisition

Company (SPAC).

Similarly, Vital Metals Ltd. (ASX: VML) is only traded “down under” and was asked about where and when they are going to trade elsewhere (US or Canada). “Considering and examining all options” was the reply…patience is a virtue and virtue is its own punishment….

And we also learned that patience is required when it comes to Canada’s next producing rare earths mine. According to Geoff Atkins of Vital Metals, while the Nechalacho project is proceeding, the key to the output will be consistent measurable product output specifications. We should note that Geoff is the only rare earths company executive who has actually seen an exploration project become a mine and a rare earths producer (through his executive role at Lynas and now leading Vital).

There was much discussion around actual demand for rare earths. Of note is that it appears that China is or is on the verge of becoming a net importer, so to Jack Lifton’s point “This time it really is different” for the rare earths, unlike the past rare earths bull market 10+ years ago.

As the world looks to remove China from the global supply chain, there was also discussion around what is the cost of building a rare earths processing facility. The answer? “It depends” and we have seen in the market facilities costs that range from tens of millions to nearly a billion dollars.

The burning question on people’s minds was related to pricing. Would buyers accept a higher-than-market price to source rare earths (or metals and magnets) that were not from China? Well, we know that the US Department of Defense will, but historically (and currently) the profit-oriented users of rare earths metals and magnets are not likely to do that. We were reminded that initially, Tesla said they would only use motors source from the

USA. And where do they come from now….? Of course, the world's primary supplier.

However, it was pointed out that the industry is going to change. The world knows what an ecological and environmental disaster China has perpetrated through their industrial processes in the rare earths processing chain. And while it may not be important now, think about blood diamonds. Eventually, the world said no more and that was a watershed moment. How long will it be before the manufacturing world and, more importantly, consumers, also say "no more" to China for their distressing lack of environmental considerations? At a slightly higher cost for clean, ethical rare earths that could already be happening. And like it or not ESG (environmental, social and governance) really is a "thing", even in the world of rare earths.

There's a lot more to be said on this and the other topics that were discussed in the hour, so don't miss the next one on Friday, August 27! This is the best information from knowledgeable rare earths experts from around the world.