

# Rare Earths, Looking Back at 2020 and 26 Companies with a \$17B Market Cap at Year End

In this article we review the 2020 rare earths space – *and what a year it was...!*

You don't need to have perfect vision to see what happened in the rare earths space. It's safe to say that with all the "hurrah" around last year being a great new year, a year of 20/20 vision *blah blah blah*, **the only thing anyone got right was the continued resurgence in the rare earths.** As a reminder, for a description of what constitutes a rare earth, see here. There are 15 of them, with two additional metals (yttrium and scandium) being considered as rare earths because they are typically found in the same ore as the true rare earths. The grouping is further broken down into heavy and light rare earths – there is a global abundance of the light rare earths, while the heavy rare earths are less available and more desirable for their applications in technology.

**Why should investors care?** Rare earths have become ubiquitous in our everyday electronics-driven lives, but there is a serious supply problem. Whether by design or by accident, the global rare earths supply is controlled by one country. We have known about the Chinese dominance of the rare earth space for years now. Some can vividly recall the market manipulation of 10-12 years ago that both caused a feeding frenzy, with rare earths prices soaring, stock promoters manufacturing "rare earths" companies as fast as possible and the inevitable market collapse of the sector. Ultimately, China became the market, producing about 80% of the rare earth metals etc. for industrial use while only supplying about 30% of the input. China arguably has the world's most complete rare earth industry chain, which means in order to make full use of the

rare earths mined in various countries, ore producers must go to China for processing.

Unfortunately, moving the rare earths processing away from China is no small feat, will cost billions of dollars and will take years. Already governments are taking notice and there is tremendous US government support to reinvigorate the domestic rare earths industry (partly out of strategic concerns) as well as the Province of Saskatchewan committing to build a rare earths processing facility in Canada. As we know, rare earths are crucial in military technology, from the manufacture of F-35 fighter jets, nuclear submarines, armored vehicles and night vision goggles to name a few. Having this supply chain controlled by a foreign power is a glaring oversight.

“Donald Trump has had more influence on rare earths industry in the US and probably the world because he is actually the first president to pay attention to this in light of his interest in critical metals production being brought back to North America from China and other places that he considers less friendly” said international rare earths expert Jack Lifton in an August 2020 interview. The move to end Chinese dominance is underway.

### **Looking at 2020**

What does this mean for investors? Well, (and I promise, my last clichés...) hindsight is 2020 but is not an indicator of future results. The world appears to have woken up (again) to the rare earths space as highlighted below – there were some tremendous gains in company share prices and corresponding market capitalizations. Half of the 26 companies listed below saw their share prices more than double! This is not unexpected for small-cap companies who all of a sudden garner market attention and see their share prices explode, but note that the share price appreciation was not confined to them – the multi-billion dollar MP Materials Corp. saw a triple from

their announced business combination in mid-2020.

## Changes in Share Price (2020)

		Ticker Symbol	Currency	Share price (local) Dec. 31, 2019	Share price (local) Dec. 31, 2020	Change in share price (%)	Market Cap (local) \$ millions	Market Cap (\$CAD) \$ millions
1	Pensana Rare Earths PLC	ASX: PM8	AUD	\$0.175	\$1.940	1009%	\$394	\$387
		LSE:PRE	GBP	\$0.240	\$1.100	358%		
2	Australian Strategic Materials Ltd	ASX: ASM	AUD	\$1.250	\$6.410	413%	\$763	\$751
3	Leading Edge Materials Corp	TSXV: LEM	CAD	\$0.085	\$0.370	335%	\$57	\$57
4	Rainbow Rare Earths Limited	LSE: RBW	GBP	\$3.150	\$10.750	241%	\$53	\$92
5	MP Materials Corp.	NYSE: MP	USD	\$9.910	\$32.170	225%	\$5,240	\$6,672
6	Medallion Resources Ltd	TSXV: MDL	CAD	\$0.090	\$0.285	217%	\$17	\$17
7	RareX Limited	ASX:REE	AUD	\$0.043	\$0.115	167%	\$18	\$17
8	Appia Energy Corp.	CSE: API	CAD	\$0.155	\$0.405	161%	\$30	\$30
8		OTCQB: APAAF	USD	\$0.124	\$0.313	152%		
9	Vital Metals Limited	ASX: VML	AUD	\$0.013	\$0.032	146%	\$84	\$83
10	Energy Fuels Inc.	NYSE American: UUUU	USD	\$1.910	\$4.260	123%	\$540	\$688
10		TSX: EFR	CAD	\$2.480	\$5.400	118%		
11	Avalon Advanced Materials Inc.	TSX: AVL	CAD	\$0.050	\$0.110	120%	\$38	\$38
11		OTCQB: AVLNF	USD	\$0.042	\$0.088	110%		
12	Greenland Minerals Limited	ASX: GGG	AUD	\$0.125	\$0.265	112%	\$355	\$349
13	Mkango Resources Ltd	TSXV: MKA	CAD	\$0.130	\$0.275	112%	\$37	\$37
13		LSE: MKA	GBP	\$0.086	\$0.175	103%		
14	Ionic Rare Earths Limited	ASX:IXR	AUD	\$0.009	\$0.017	89%	\$25	\$24
15	Lynas Rare Earths Limited	ASX: LYC	AUD	\$2.370	\$3.980	68%	\$3,580	\$3,521
16	Peak Resources Ltd	ASX: PEK	AUD	\$0.040	\$0.067	68%	\$104	\$102
17	Search Minerals Inc.	TSXV: SMY	CAD	\$0.040	\$0.065	63%	\$17	\$17
18	Canada Rare Earth Corp.	TSXV: LL	CAD	\$0.065	\$0.100	54%	\$20	\$20
19	Hastings Technology Metals Corp	ASX: HAS	AUD	\$0.115	\$0.170	48%	\$205	\$201
20	Texas Mineral Resources Corp	OTCQB: TMRC	USD	\$1.220	\$1.770	45%	\$130	\$166
21	Arafura Resources Limited	ASX: ARU	AUD	\$0.091	\$0.125	37%	\$146	\$144
22	Rare Elements Resources Ltd	OTCQB: REEMF	USD	\$0.920	\$1.075	17%	\$117	\$149
23	Neo Performance Materials Inc.	TSX: NEO	CAD	\$12.350	\$13.780	12%	\$514	\$514
24	Iluka Resources Limited	ASX: ILU	AUD	\$9.300	\$6.490	-30%	\$2,740	\$2,695
25	Northern Minerals Ltd	ASX: NTU	AUD	\$0.061	\$0.035	-43%	\$155	\$153
26	Ucore Rare Metals Inc	TSXV: UCU	CAD	\$2.300	\$1.180	-49%	\$49	\$49

**Combined across all 26 companies listed, there was a total of almost CAD\$17 billion of market value at year-end 2020.** Three companies (MP Materials, Lynas Rare Earths and Iluka Resources Limited) dominated this statistic and accounted for almost CAD\$13 billion of that value, making them all 600-pound gorillas. The two largest market capitalization companies (Lynas and MP Materials) saw significant market capitalization

increases – this signaling a shift in investor sentiment towards the sector and certainly increased recognition.

Note that of the 26 companies listed, 12 have an Australian primary listing, 9 have a Canadian primary listing, 4 have a US primary listing with one company listed in the UK. There are secondary listings in all but the Australian market for Appia Energy (Canada/US), Energy Fuels (US/Canada), Pensana Rare Earths (Australia/UK) and Mkango Resources (Canada/UK).

Oh, what a year 2021 is going to be! Watch for a second article in which we highlight our top five rare earths companies for 2021.