

Byron King on the comeback kids – Rare Earths, Copper and Gold

“85% of rare earths come from China and China has been shut down. Rare earths are really in good shape and it is going to reflect well on potential exploration, development, production plays outside of China.” states Byron King in an interview with InvestorIntel’s Tracy Weslosky at PDAC 2020.

Byron continued, “I am a copper guy. I think what is built into the supply-demand situation right now...there is not enough out there for the demand that is coming down the line.” Byron also provided an update on the gold market. He said that gold is in great shape and the metal is making a comeback.

To access the complete interview, [click here](#)

Byron King on the destructive business model of the mining industry

March 11, 2018 – “In the mining industry they build a mine, they dig it out, they destroy the asset and make some money along the way. The trick to investing in it though, is you need to understand this idea that it’s a wasting destructive asset. You need to know when to get in at the right time when value starts to be created. You need to know when you get out and you can’t just think you’re a genius because the stock

price went up..." states Byron King in an interview with InvestorIntel's Jeff Wareham.

Jeff Wareham: Byron is very well known by many of our viewers as a letter writer. Byron, I've got two quotes that I want to ask you about. First of all, I have heard you say the mining industry does not make sense. Tell me more.

Byron King: Here we are at PDAC, which is the world's largest mining convention, surrounded by mining companies. The lights and air being paid for by the mining industry and we are in the midst of an industry that makes no sense. Couple of reasons. First of all, the mining industry has done a terrible job of telling its story of how necessary it is to the world. People generally do not like the mining industry. They see movies about evil miners, whether it is science fiction, like Avatar, or whether it is other movies that show what bad guys they are.

At the same time while people are belly aching about mining, they drive around in their cars that are made of metal, they live in their house, which is made of everything that came from a mine, they talk with each other on their cell phones and smart phones. I mean, your iPhone has something like 63 of the 92 elements on the periodic table in it. None of them are there by accident. So the mining industry has done a terrible job of explaining why it is important to the world.

Another thing is more internal to the mining industry, and that is because the mining industry has a destructive business model. You discover something, you create value in the sense that you drill it up and identify minerals and ores and elements that are of value there and then you destroy it. You dig a mine and you pull it all out and you process it and something goes someplace, the value stream goes someplace and you are left with a big hole in the ground in the end. That is the tradition of the mining industry, a wasting, sort of, an asset.

This morning I gave a talk. I said, what if Boeing, the big airplane builder, built airplanes using the mining business model? Now if you know anything about Boeing you know they design their airplanes down to the last screw and the last nut and the last wire bundle. The colors of the seats, they design it all. No, if they use the mining model they would design about 30% of their airplane. They would build a construction shed and they would hire a bunch of people to come in and they would start banging it together. They would put together this odd looking bird at the end of the production line. It would be overweight, overpriced, it would crash. The first couple of airplanes would crash and finally they would get it right. They would sell about 15 or 20 airplanes that were actually good airplanes. Then they would shut down the airplane assembly line, fire everybody, tear down the construction shed. A very strange business model for a company like Boeing.

Jeff Wareham: Yeah, it sounds more like software actually.

Byron King: That's the mining industry! In the mining industry they build a mine they dig it out they destroy the asset and make some money along the way. The trick to investing in it though, is you need to understand this idea that it's a wasting destructive asset. You need to know when to get in at the right time when value starts to be created. You need to know when you get out and you can't just think you're a genius because the stock price went up and now you're sitting on a gain. It's not a gain unless you get out at the right time. And there are cycles. There are exploration cycles, followed by development cycles and production cycles. And as you look at mining companies, that's one of the things you want to keep in mind...to access the complete interview, [click here](#)