

Catching the world with our rare earths contingency pants down

written by InvestorNews | March 18, 2020

The rare earths market has had its ups and downs the past few years. In particular, the US-China [trade war](#) brought a new focus to the sector highlighting the world's dependency on China for rare earths supply.

Then in early 2020 with much of China closed down by the coronavirus the Chinese [rare earths supply](#) was put to test. While the Chinese market is often quite opaque, market pricing for key rare earths such as neodymium give an indication of the supply and demand dynamics.

Key rare earths price movements in 2020 as the China disruption was taking place

Neodymium (Nd) prices are up [4.28%](#) so far in 2020, despite the slowdown in industrial production of goods that contain neodymium. [Asian Metal](#) reports praseodymium (Pr) prices are slightly down in 2020, and dysprosium (Dy) prices are up ~5% over the past 2 months.

Neodymium 5 year price chart



[Source](#)

All of this suggests that despite the coronavirus chaos in China the key rare earths market remained very stable. It would appear from this that China's inventory was adequate to cover any

mining disruptions; however, demand was also lower due to the industrial slowdown.

Experts view

In this [exclusive February 18, 2020 InvestorIntel video](#), rare earths expert Jack Lifton discussed with Tracy Weslosky the impact the coronavirus is having on critical metals:

Jack Lifton states:

*“(China) Shipments could stop at anytime.....logistics are compromised.....**The coronavirus has caught the West with its contingency pants down.....this is a warning bell for everyone in the world.**”*

Jack also revealed that we do not even know if the Chinese possess enough stockpiles of rare earths to handle their own demand, never mind the needs of Americans.

Rare earths are vital ingredients for modern technology and the world relies largely on China



[Source](#)

Lynas Corporation Limited

Outside of China, the rare earths supply chain is completely reliant on one company. That company is [Lynas Corporation Limited](#) (ASX: LYC). Lynas is the world's second largest supplier of rare earth materials, and the only significant rare earths producer outside of China. Most of Lynas' rare earths go to long term contracts mostly with Japan. This means if we get a rare earths supply disruption from China and higher NdPr prices, then Lynas Corporation will be the key global company to benefit. This is worth keeping in mind in case we get a second wave of

the coronavirus outbreak in China.

The latest news with Lynas Corporation

- [February 3, 2020](#) – Australian government awards major project status to new Lynas WA plant. The Lynas Kalgoorlie plant will undertake cracking & leaching of rare earth concentrate from Lynas' Mt Weld mine, which is also located in Western Australia's Goldfields region. Lynas will also explore opportunities for additional processing in Kalgoorlie.
- [February 27, 2020](#) – Lynas Malaysia operating license renewed for three years.

The good news here for investors is that Lynas has achieved good progress towards their new cracking & leaching (C&L) facility planned for completion by 2023. This will tie in nicely with the 3-year Malaysian license renewal given the relocation of the C&L facility to Australia should be able to be done in the 3 year time frame. This clears the cloud over the stock from 2019 when they had uncertainties over their Malaysian license renewal due to environmental concerns. This is good for Lynas and good for security of rare earths supply ex-China.

Lynas Corporation to diversify its rare earths operations under their 2025 plan



A summary of Lynas' progress towards their 2025 plan



[Source](#)

Closing remarks

Japan recently [announced](#) they plan to stockpile rare metals as

part of an effort to reduce dependence on China. Let's hope the US and others finally get their act together to financially support the critical materials miners. This includes not only rare earths, but also the key EV metals cobalt and lithium.

The 2020s will be a decade of enormous technological advancements with AI, IoTs, robotics, electrification of transportation, renewable energy, and energy storage. All of these need a secure supply of the [35 critical materials as identified by the U.S. Government](#), including rare earths.

For now, the West is lucky to have [Lynas Corporation](#), but clearly we need many more great critical materials miners and processors to help build up our severely damaged local supply chains.

As Jack said: *"this is a warning bell for everyone in the world."* Western leaders please listen and let's not get caught with our pants down!

Wayne Tisdale on the palladium shortage and Eric Sprott's investment in Canadian Palladium Resources

written by InvestorNews | March 18, 2020

In an InvestorIntel interview during [PDAC](#) 2020, Peter Clausi secures an interview update with President & Director Wayne Tisdale on [Canadian Palladium Resources Inc.](#) (CSE: BULL | OTCQB:

DCNNF), an exploration company focused on the acquisition and development of deposits of production grade metal which are critical components to current and future vehicle technology.

Wayne said, "When I first looked at it (palladium), I did some research and realized the shortage that was coming. It has hit an all-time high of over US\$2,800/oz." He continued by saying that even the coronavirus outbreak didn't have much effect on palladium as the metal is still trading high.

Palladium is a vital metal for the 21st Century which many analysts agree will remain in a supply deficit for at least 7 years. Growth of the electric/hybrid vehicle market and strengthening global emissions regulations are both going to drive demand.

Canadian Palladium has announced drill results from its East Bull Palladium Property which has an inferred resource of 523,000 oz with potential target of 4 times the current resource. The company got financed itself in January this year with Mr. Eric Sprott also investing in the company.

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

Disclaimer: Canadian Palladium Resources Inc. is an advertorial member of InvestorIntel Corp.

Doobie Brothers and Oasis Top

the Coronavirus Market Music Hit List.

written by Tracy Weslosky | March 18, 2020

Amidst the non-prejudicial crucifixion of our markets from the beloved Covid-19 last week, we are all watching helplessly as many of our investment portfolios simply asphyxiate like many suffering from the impact of the coronavirus pandemic.

Call it an **Act of God**, the drowning process has just begun and many a lifetime of savings are presently under water; some will survive, some will not. Trusted sources in our sector reassure me that we will recover for selected stocks equally as fast as we went down – the themes are the same, isolate, utilize creativity and be brave.

Flashback to the lessons from history, let's review the [Spanish Flu](#) and rewind to 1918: "The Spanish flu infected 500 million people around the world, or about 27% of the then world population of between 1.8 and 1.9 billion, including people on isolated [Pacific islands](#) and in the [Arctic](#). The death toll is estimated to have been anywhere from 17 million to 50 million, and possibly as high as 100 million, making it one of the [deadliest epidemics](#) in human history."

Ugh, I read on...

The duplication of plot-lines between the past and present seemingly ensues, Wikipedia states: "To maintain morale, [wartime](#) censors minimized early reports of illness and mortality in Germany, the United Kingdom, France, and the United States. Papers were free to report the epidemic's effects in neutral Spain (such as the grave illness of [King Alfonso XIII](#)). These stories created a false impression of Spain

as especially hard hit, giving rise to the pandemic's nickname, ***Spanish flu.***"

Seemingly similar to today, every other CNN story is about how Italy is probably not the place to live – more local coverage is needed.

While social media has liberated some of us from being the media's pawn, I would like to add that the Spanish Flu in retrospect was just like Covid-19 in that "...analysis of medical journals from the period of the pandemic found that the [viral infection](#) was no more aggressive than previous [influenza](#) strains."

Flash forward to today, however, Covid-19 is *more aggressive* and is killing more than the flu, we have an unprecedented #StaytheFuckHome social media movement...and like any great moment in any great film, last week's market crash was both fast and furious. The soundtrack was the same everywhere with "I could have/should have/would have sold the week before...if only I saw this coming."

Remembering an award-winning analyst years ago who propagated fame for a report titled "What if I am wrong?" – this resonates with me. *Why?* Because I am going to take a run at discussing how I am going to manage my own finances while the Covid-19 Tango warms up for some serious cha-cha's on our bottom lines. A brutal dance for most of us to finesse at the best of time, going to do it with my own soundtrack selection with Tracy's Top-5 hits to listen to in the background while sharing my truths...

#5. Let it Breathe, by Water Liars. I used to reassure my teenagers years ago that "I don't know" was a real answer when they would look alarmed by not knowing how to answer the usual question from returning from a friend's home with "were you

smoking?" It was painful for me to watch them attempt to lie; with time they would understand that by answering with "I don't know" they were in fact – buying time. Today, with many readers and associates sending me all kinds of notes, endless toilet paper jokes and providing all kinds of advice on how to manage the carnage, when asked, my answer is the same: "I just don't know". Not only is the intent to buy time but I am hoping that its just somehow, going to get better as I cling to the news announcement that [China is opening Apple stores again](#) on Friday. So, while staying optimistic, one thing I have learned from previous market 'corrections' is that when billionaires resign from boards to rededicate their lives to philanthropy, it's usually not a good sign for any of us...

#4. Elderly woman behind the counter in a small town, by Pearl Jam. Perhaps one of the most significant positives from the *Covid-19* is a reminder that we have not prioritized our elderly in our society. We need to examine the knowledge, leadership and value of wisdom our elderly, but more importantly we need to review their care. At InvestorIntel we have been championing Nova Leap Health Corp. (TSXV: NLH) ever since we discovered these rising stars in our market existed. [Nova Leap Health](#), whose CEO has been actively campaigning for the care for seniors at home is overdue a round of applause. Unquestionably companies like Nova Leap deserve greater support from us as investors, I personally plan on seeing what other gems that presently exist in the market for elderly care for the inevitable turnaround of the market. This is important, thank you Covid-19 for making all of us prioritize our health and the care of our family members.

#3. I will return, by Skylar Grey. My parents who live on a 28-acre mountain in Tennessee, already in self isolation as a matter of life choice with at least 2 industrial strength freezers fully packed and a solar powered generator prior to the pandemic, called me on Friday evening to check in. "It will

return” my mother reassures me with regards to the market, adding “this too will pass” with the comfort that only a mother can bring. My response was that I was reviewing Google News regularly for updates on a vaccine and was delighted that “a Canadian company says it has made a breakthrough in the [fight against the coronavirus outbreak](#), claiming to have developed a COVID-19 vaccine candidate that could begin human testing as early as this summer.” ([click here](#)) Equally as delightful I shared was the story on how [U of T and McMaster researchers at Sunnybrook Hospital isolate virus behind COVID-19](#), indeed the frontline warriors in this battle, are our medical scientists. So just as we see an ambush of market negativity, there is at the same time (as always) a ray of sunshine!

#2. Should I Stay or Should I go Now, by The Clash. A classic in any life adventure, has there ever been a time where one has not asked oneself if they may have simply been better by leaving earlier? Well for those of us who were not fully vested in cash as the market plummeted, we now must ask ourselves what do we do today? Today, I am holding. Perhaps I am lying to myself, but I do respect my intuition and over this last week of restless sleeps, I have concluded that the market ‘may’ recover faster than anyone anticipates – again, historically speaking, the market always does. Crazier perhaps to some, I plan on reviewing what companies have been needlessly mired with the belief that they will lead us out of this chaos...example, utilities/energy are being hit with no rhyme or reason, critical materials’ demand will be at an all time high during recovery and biotech, well – this one has my attention as biotech could save us all.

#1. TIE: Don’t Look Back in Anger, by Oasis and Long Train Running’ by the Doobie Brothers. Nowhere to go from here, I cancelled all my meetings this week and the Technology Metals Summit for May 14th at the Omni King Edward. Now with our final

music selection I wrestled with selecting the top track for “Tracy’s Coronavirus Mix”, it was neck and neck with Oasis and the Doobie Brothers. This morning...it feels like the Doobie Brothers had it right with a *Long Train Running*: “Life keeps moving and doesn’t stop- like a train won’t stop easily with all its momentum and weight. They’re going to go with or without you.” So, this Covid-19 is indeed like a train once it starts...it just keeps on moving. And our dear friend from Oasis, called it right perhaps as I enter my own period of self isolation, maybe its past due for all of us to “Slip inside the eye of your mind, Don’t you know you might find – a better place to play...” Perhaps its time for some introspection, and who knows what we may find?

Here’s to everyone’s health as we fight this all together.

Special thanks to our biotech industry as they lead the fight to find a cure for all of us.

Tom Meredith on the Coronavirus, the price of gold and West Red Lake Gold

written by InvestorNews | March 18, 2020

Last week during [PDAC 2020](#), InvestorIntel’s Tracy Weslosky had the opportunity to secure an update on [West Red Lake Gold Mines Inc.](#) (CSE: RLG | OTCQB: RLGMF) from Executive Chairman Tom Meredith.

Tom started by saying that because of the coronavirus outbreak interest rates are going down and **when interest rates go down**

gold price goes up. He said that it is going to be very beneficial for gold over the coming months and capital is flowing into the gold sector. Tom also provided an update on West Red Lake Gold's drill results announced on January 15, 2020. He said that the company already has a NI 43-101 deposit with about a million ounces of gold. The drill results were from a new deposit nearby which has good potential and the company has put out some very good drill results from the deposit.

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

Disclaimer: West Red Lake Gold Mines Inc. is an advertorial member of InvestorIntel Corp.

Jack Lifton on how the impact of the coronavirus on the critical materials' (rare earths) supply chains are yet to come

written by InvestorNews | March 18, 2020

Today in an interview with critical materials expert Jack Lifton, Tracy Weslosky of InvestorIntel asks Jack about the real effects of the coronavirus outbreak in China on the global critical materials market and specifically, the North American supply chain.

Jack started by revealing that no one in this market has a

contingency plan for this kind of event. With the market already starting to feel the immediate affects from complex supply chains that rely on Chinese mining, refining, and fabrication of critical technology metals, Jack reveals that we do not even know if the Chinese possess enough stockpiles of rare earths to handle their own demand, never mind the needs of Americans. Chinese manufacturing, mining, and logistics in China have been severely compromised or shut down and this has started to reveal itself through downgrading restatements of supply and sales from technology product suppliers such as Tesla and Apple. He added that the manufacturing sector in the western world is very dependent on imports from China and is now running on inventory and unless the coronavirus is controlled in China we are going to see glitches across the supply chain of critical materials. He further said, "This is a great time for investors (in the critical materials space) because now all the ignoring of North American mining and refining is looking pretty foolish. There has been a lack of interest in the financial world in mining and refining for the last several years. I believe this period is ending."

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

The inevitable impact of the Coronavirus on the world's rare earths supply.

written by Jack Lifton | March 18, 2020

Critical materials-based supply chains may be hanging by a thread, the thread of the size of existing Chinese inventories.

The coronavirus outbreak in China has had a foreseeable but unintended consequence. Truck drivers have refused to make deliveries into areas either identified as or suspected of harboring the disease.

This has interrupted not only the flow of minerals out of the affected areas but also the refining and manufacturing of metals, food, and fuel. Among the under-reported deficiencies thereby caused the most important ones for the global rare earths production and utilization industries is the interruption in the flow of chemical reagents necessary for refining rare earths and for producing metals, alloys, and magnets.

It cannot be overemphasized that the shutdown of a supply chain on purpose is time consuming, and its re-start even more so. Supply chains are not turned on and off with the flick of a switch.

The dependence of American and European manufacturing on the just-in-time delivery of components means that their industries maintain limited or even non-existent inventories. We do not know much about Chinese inventories, but we do know that they cannot be infinitely large.

If the coronavirus outbreak continues, we will soon learn a lot about the size of Chinese inventories providing, of course, that export from China does not also shut down (It is certainly slowing down).

Rare earth enabled components for moving machinery, such as automobiles, trucks, trains, aircraft, industrial motors and

generators, home appliances, and consumer goods, almost all today come from China or Japan (which of course gets its rare earth magnets, alloys, phosphors, and catalysts from China). That flow is now slowing. This will have a domino effect on American and European industry. These items cannot be re-sourced due to China's monopoly of rare earths production and its monopsony of rare earth enabled component manufacturing.

We were told that even if the Chinese stopped the flow of rare earth enabled products to the USA in retaliation for tariffs it wouldn't matter. I said at the time that it would indeed matter.

Now we may have to face the consequences of such an interruption even if our countries have an amiable (or, better said, convenient) trade relationship.

There is an urgency now for the creation of a total domestic rare earth end-use products supply chain in the USA, Europe, and non-Chinese Asia.

The anchor of any such supply chain is a working mine-in this case many more than one, since we need both light and heavy rare earths, which are not usually found together in accessible, developable deposits.

The US Army's choice of vendors for its rare earths production solicitation is now more important than ever – the best projects must now be prioritized for development.

A domestic North American rare earth industry is now more important than ever.