

Catching the world with our rare earths contingency pants down

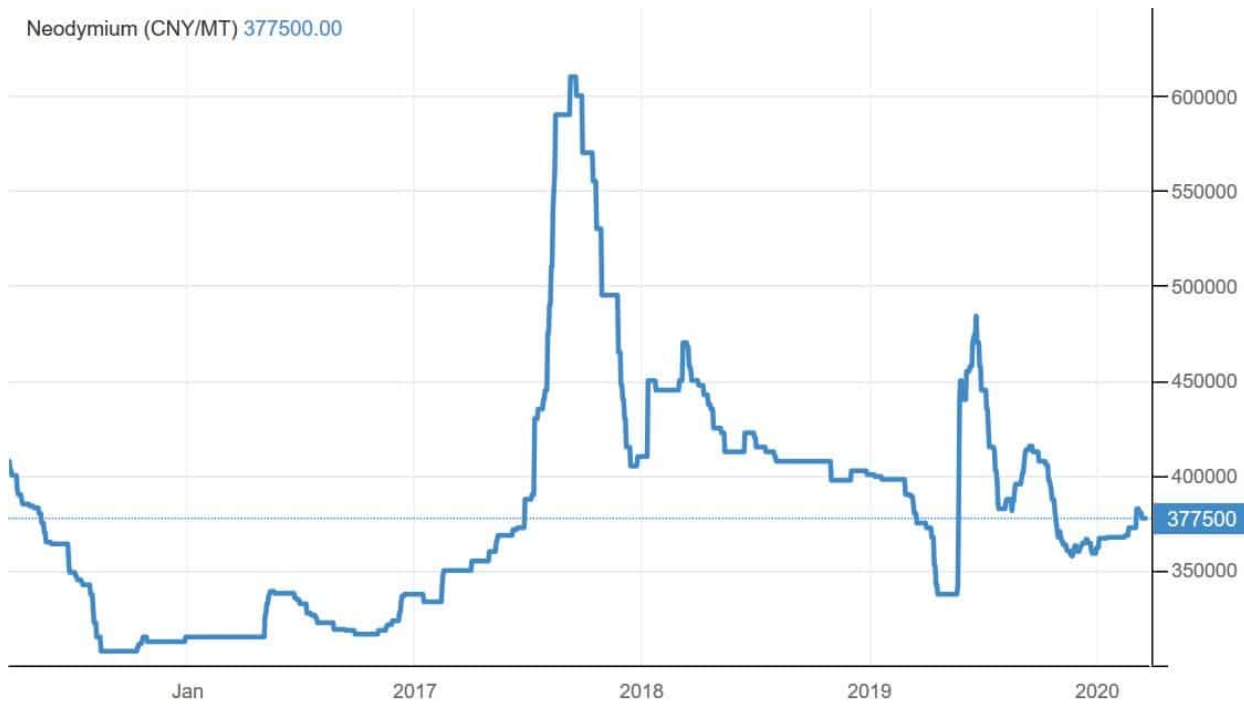
The rare earths market has had its ups and downs the past few years. In particular, the US-China trade war brought a new focus to the sector highlighting the world's dependency on China for rare earths supply.

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

Diversifying our industrial footprint

United States



MOU with a skilled US based partner, Blue Line Corporation, to produce separated Heavy Rare Earths and value added Specialty Materials.

Malaysia



A dynamic operation in Gebeng with Cracking & Leaching, Solvent Extraction, Product Finishing and opportunities for further downstream processing.

Western Australia

Tier 1 deposit at Mt Weld: Mining and Concentration. Cracking & Leaching to be relocated to WA by 2023



A summary of Lynas' progress towards their 2025 plan

Making significant progress on Lynas 2025 initiatives



Mt Weld, WA: Production ramp up to meet forecast demand growth



Kalgoorlie, WA: Building a new Cracking & Leaching in WA



Malaysia: Investing in increased downstream processing, product range, recycling



United States: Filling a market gap with new separation and product finishing capability

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!

They're back – The Rare Earths Sequel Returns with a Vengeance.

A tidal wave of performance in today's rare earths market reminded me of the release of JAWS in 1975 – no one really saw this coming.

Here's a snapshot for you:

◆ Name	◆ Last Price	◆ Change	◆ Volume	52 Week Range High [Low]	Market Cap
▶  LYSDY LYNAS CORPORATION LTD	\$2.145	+\$0.425 +24.71%	817.5k	\$1.92 [\$1.054]	\$1.43B
▶  ANLKY ALKANE RES LTD	\$2.20	+\$0.45 +25.71%	1.4k	\$2.23 [\$1.29]	\$111.34M
▶  AVL AVALON ADVANCED MATERIALS INC	\$0.125	+\$0.05 +66.67%	10.9M	\$0.115 [\$0.045]	\$34.79M
▶  AVLNF AVALON ADVANCED MATERIALS, INC	\$0.0925	+\$0.0307 +49.68%	2.6M	\$0.0927 [\$0.0287]	\$25.74M
▶  REEMF RARE ELEMENT RESOURCES LTD	\$0.599	+\$0.359 +149.58%	4.5M	\$0.265 [\$0.0301]	\$47.68M
▶  SMY SEARCH MINERALS INC	\$0.04	+\$0.005 +14.29%	77.7k	\$0.07 [\$0.03]	\$7.29M
▶  CRE CRITICAL ELEMENTS CORP	\$0.60	+\$0.13 +27.66%	841.6k	\$1.11 [\$0.39]	\$95.18M
▶  LL CANADA RARE EARTH CORP	\$0.095	+\$0.025 +35.71%	3.1M	\$0.09 [\$0.04]	\$16.85M
▶  UCU UCORE RARE METALS INC	\$0.23	+\$0.075 +48.39%	2.4M	\$0.25 [\$0.085]	\$65.11M
▶  NMI NAMIBIA CRITICAL METALS INC	\$0.24	+\$0.09 +60.00%	179.9k	\$0.46 [\$0.08]	\$43.28M

The Pentagon news conference told us nothing new. We know we are dependent on the Chinese for rare earths but for some reason today's news spurred undeniable action worthy of action.

If you missed the Bloomberg story that got the market running, [click here](#)

I asked leaders in the rare earths industry to respond to this Bloomberg article. This CEO asked for anonymity and wrote: *"The silliness drums are beating. On the article (WSJ?) suggesting that Apple will be crippled as a result of a rare earth embargo: How can these idiots write nonsense like this? i-Phones are made in Donguan (By Foxconn from Chinese and Japanese components, including vibration motors (made by Nidec in Shenzhen with magnets made by Daido in Suzhou with powders made by us in Tianjin) and capacitors made by Murata in Kyoto with Dysprosium made in Jianyin...So how will an embargo of RE exports to the US hurt Apple again?"*

Another CEO wrote: *I believe the article summarizes the situation quite well. The threat of disruption appears to be ever closer to becoming a reality...am wondering if only oxides will be subject to the restriction, if implemented.* – Tracy Moore, Canada Rare Earth Corporation

Not to be outdone, Reuters just added their illustrious sizzle on the Pentagon press conference an hour ago, [click here](#)

Arguably experts ourselves in that we owned watched these mysterious metals go from being the source of being for a dirty dozen in 2009 to nearly 700 companies in less than 12-months flat, and then back down – to the original players in less than 3 years, we have a particular soft spot for what one of our editors (Jack Lifton) renamed the Technology Metals.

One friend called me today and said: *“I cannot believe that Company X traded millions of shares today!”*

My response was: *“I can. Because I remember when that same stock, now less than a quarter skyrocketed to nearly \$10.”*

During our decade of following rare earths, we have learned that no one can ever agree if there are 15 or 17 rare earths. We have also learned that the companies that have the magnet metals such as neodymium, dysprosium or praseodymium they have an industry cult following. And then there are those who enjoy the discussion of rare earth separation processes as an unquestionable sign of intellectual superiority, and finally if you want to sound really cool you should be able to sound impressed when a company touts that their rare earths have more “heavies” (heavy rare earth elements or HREEs) than “lights”.

At the end of the day, the facts are simple – the investors are hoarding to the technology metals today. The real question now – is will this interest in sustainability return tomorrow? We will see.

Here are some charts, we were watching today...

Critical Elements Corp. (TSXV: CRE | OTCQX: CRECF)

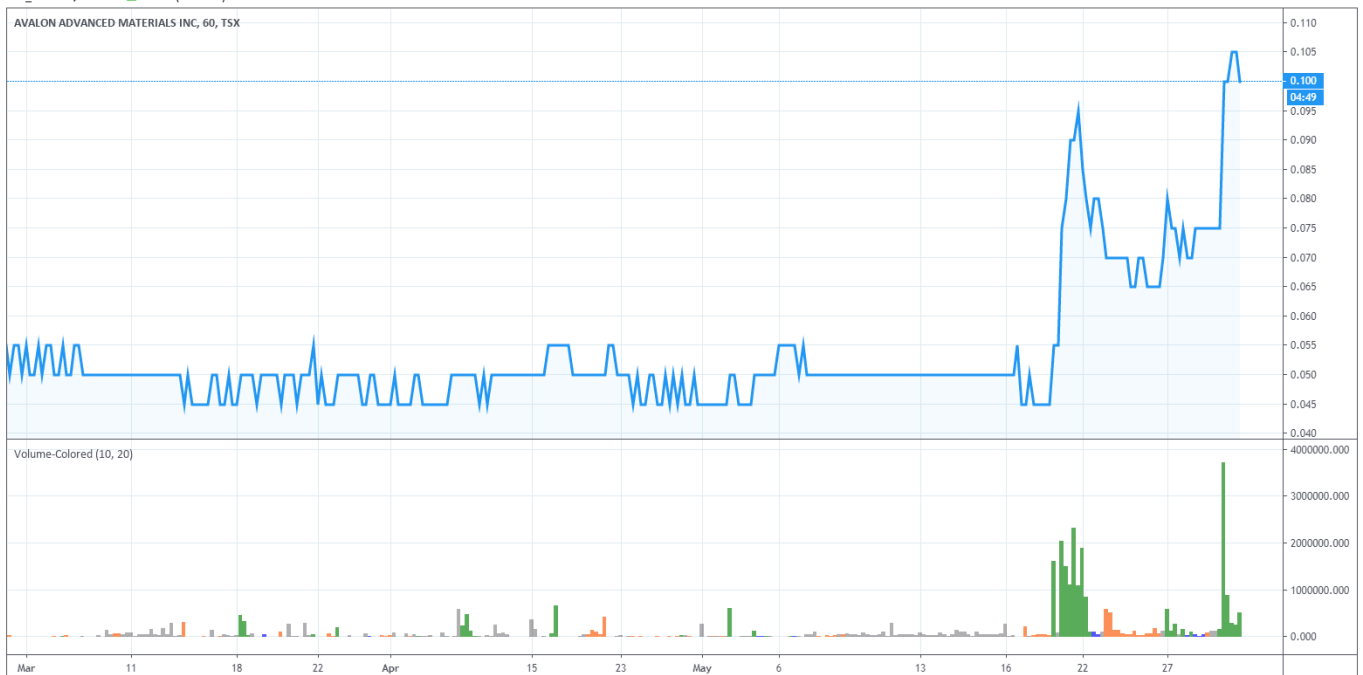
Sam_M published on TradingView.com, May 29, 2019 18:15:05 UTC
TSXV_DLY:CRE, 60 0.550 ▲ +0.080 (+17.02%) O:0.540 H:0.550 L:0.530 C:0.550



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Avalon Advanced Materials Inc. (TSX: AVL | OTCQB: AVLNF)

Sam_M published on TradingView.com, May 29, 2019 18:25:11 UTC
TSX_DLY:AVL, 60 0.100 ▲ +0.025 (+33.33%) O:0.100 H:0.105 L:0.100 C:0.100



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Alkane Resources Limited (ASX: ALK | OTCQX: ANLKY)

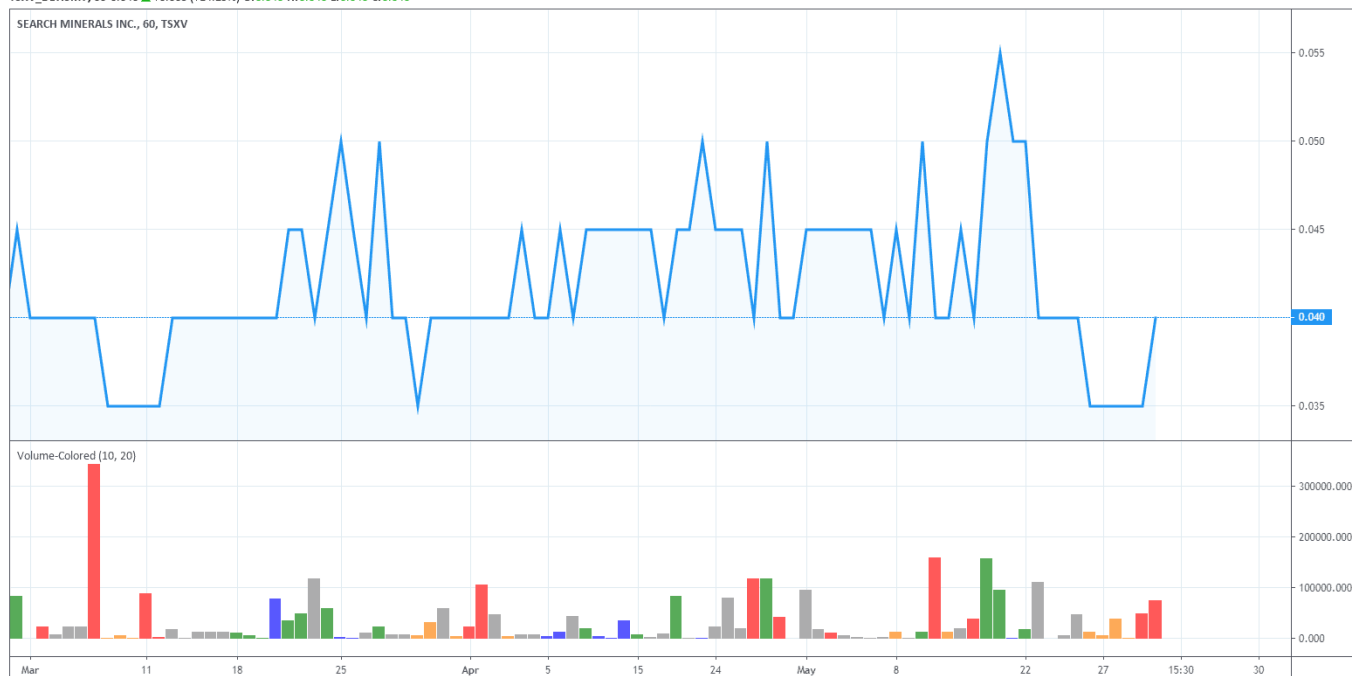
Sam_M published on TradingView.com, May 29, 2019 18:37:18 UTC
ASX_DLY:ALK, 60 0.320 ▲ +0.035 (+12.28%) O:0.315 H:0.330 L:0.305 C:0.320



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Search Minerals Inc. (TSXV: SMY)

Sam_M published on TradingView.com, May 29, 2019 18:32:43 UTC
TSXV_DLY:SMY, 60 0.040 ▲ +0.005 (+14.29%) O:0.040 H:0.040 L:0.040 C:0.040



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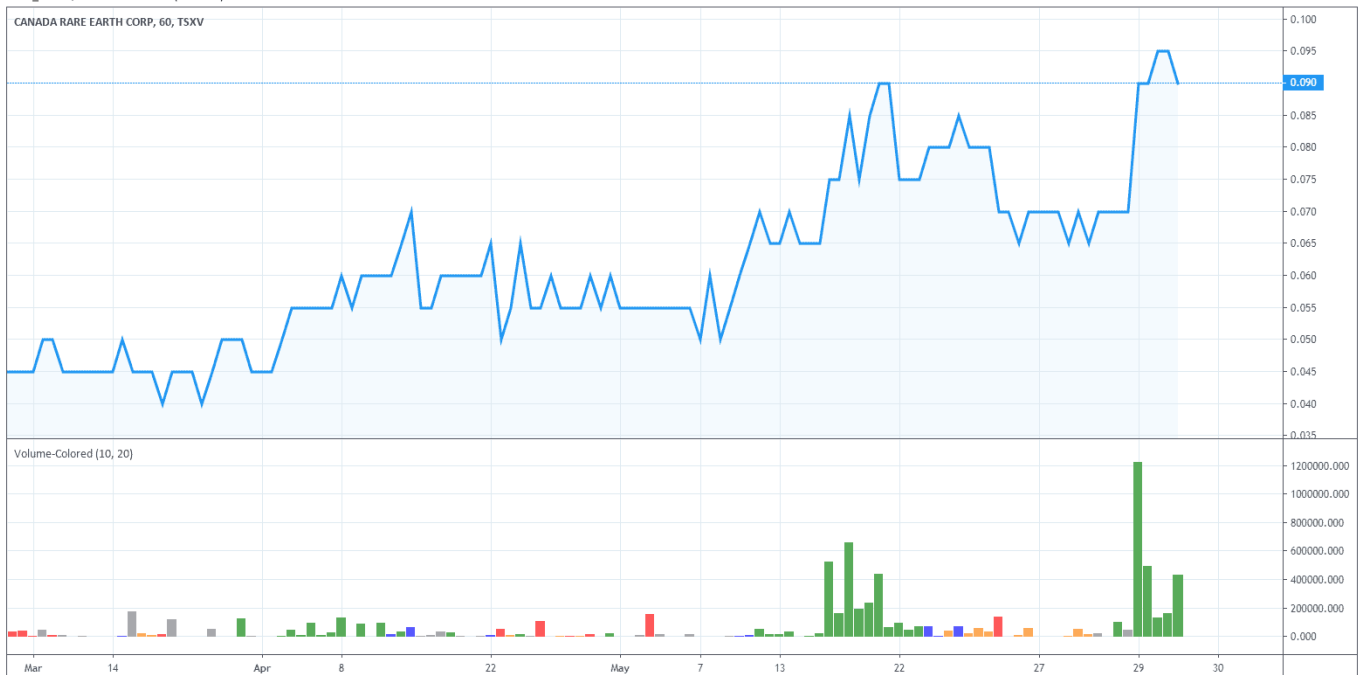
Lynas Corporation Limited. (ASX: LYC)

Sam_M published on TradingView.com, May 29, 2019 18:42:19 UTC
ASX_DLY:LYC, 60 2.76 ▲ +0.37 (+15.48%) O:2.72 H:2.78 L:2.71 C:2.77



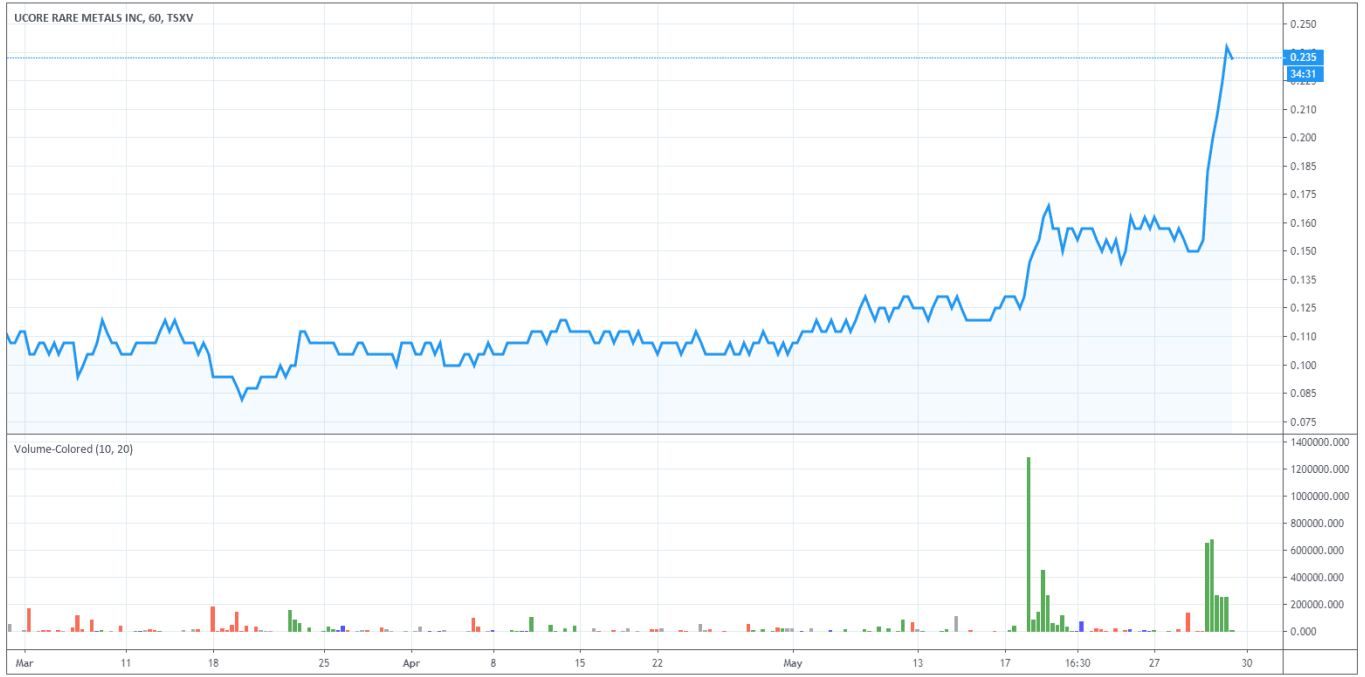
Canada Rare Earth Corp. (TSXV: LL)

Sam_M published on TradingView.com, May 29, 2019 18:46:50 UTC
TSXV_DLY:LL, 60 0.090 ▲ +0.020 (+28.57%) O:0.095 H:0.095 L:0.085 C:0.090



Ucore Rare Metals Inc. (TSXV: UCU)

Sam M published on TradingView.com, May 29, 2019 18:55:30 UTC
TSXV_DLY:UCU, 60 0.235 ▲ +0.080 (+51.61%) O:0.240 H:0.240 L:0.230 C:0.235



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Northern Minerals Ltd. (ASX: NTU)

Sam: M published on TradingView.com, May 29, 2019 18:59:19 UTC
ASX_DLY:NTU, 60 0.073 ▲ +0.006 (+8.96%) O:0.071 H:0.073 L:0.071 C:0.073



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Arafura Resources Limited. (ASX: ARU)

Sam M published on TradingView.com, May 29, 2019 19:02:31 UTC
ASX_DLY:ARU, 60 0.086 ▲ +0.016 (+22.86%) O:0.082 H:0.087 L:0.080 C:0.086



Texas Minerals Resources Corp. (OTCQB: TMRC)

Sam_M published on TradingView.com, May 29, 2019 19:20:31 UTC
OTC_DLY:TMRC, 60 0.3510 ▲ +0.1010 (+40.4%) O:0.3650 H:0.3750 L:0.3510 C:0.3510



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