

White House News: Trumps test positive for COVID-19 and critical materials national emergency declared

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As Americans wake up today they will learn that their President and First Lady have both tested positive for COVID-19 (coronavirus). This follows the other big news from the White House just two days earlier that an Executive Order has been issued declaring "[a national emergency](#)" to deal with the threat of a lack of critical minerals supply chain for the US. If we add in the debate earlier this week, it certainly has been a busy and bruising week for the White House.

With just one month to go to the US election on November 3, the White House has been thrown into chaos. US futures have reacted negatively and are down. President Trump has been criticized for his poor handling of the COVID-19 crisis that has now infected almost 7.5m Americans and killed [212,694](#). Now he is one of them. There is no doubt as many Americans still await a long delayed stimulus package many will have mixed feelings about today's news. For investors they will be watching the fallout as markets open.

But there is a ray of sunshine for investors in critical materials companies. On September 30 The White House announced: "[Executive Order on addressing the threat to the domestic supply chain from reliance on critical minerals from foreign adversaries.](#)"

The U.S. List of 35 critical minerals include the [following](#): (1)

Aluminum (bauxite); (2) Antimony; (3) Arsenic; (4) Barite; (5) Beryllium; (6) Bismuth; (7) Cesium; (8) Chromium; (9) Cobalt; (10) Fluorspar; (11) Gallium; (12) Germanium; (13) Graphite (natural); (14) Hafnium; (15) Helium; (16) Indium; (17) Lithium; (18) Magnesium; (19) Manganese; (20) Niobium; (21) Platinum Group of Metals; (22) Potash; (23) The Rare Earth Elements Group: (Cerium, Dysprosium, Erbium, Europium, Gadolinium, Holmium, Lanthanum, Lutetium, Neodymium, Praseodymium, Promethium, Samarium, Terbium, Thulium, Ytterbium and Yttrium); (24) Rhenium; (25) Rubidium; (26) Scandium; (27) Strontium; (28) Tantalum; (29) Tellurium; (30) Tin; (31) Titanium; (32) Tungsten; (33) Uranium; (34) Vanadium and (35) Zirconium. The six underlined are those included in the ORE Act, which also seeks to secure US supply of these 6 critical materials.

Major US import sources of non-fuel mineral commodities – China dominates



[Source](#): Courtesy US Geological Survey

The key points of the September 30 President Trump critical minerals Executive Order are:

- The US's undue reliance on critical minerals, in processed or unprocessed form, from foreign adversaries constitutes an unusual and extraordinary threat. "I (President Trump) hereby declare a national emergency to deal with that threat."
- "By expanding and strengthening domestic mining and processing capacity today, we guard against the possibility of supply chain disruptions and future attempts by our adversaries or strategic competitors to harm our economy and military readiness."

In response to the threat President Trump proposes several measures to be taken with different time frames ranging from 30 to 60 days from September 30, 2020.

The Executive Order says the US Gov. will look into giving “grants to procure or install production equipment for the production and processing of critical minerals in the United States”, “loan guarantees” and for projects that support domestic supply chains “funding awards and loans pursuant to the Advanced Technology Vehicles Manufacturing incentive program.”

For investors in the critical minerals mining sector this is good news and very welcome. The main winners so far have been the US or Canadian based critical minerals companies or those that can help supply the USA with critical minerals. Some examples have been Lithium Americas (lithium), Westwater Resources (graphite), most of the rare earths companies, and most of the electric vehicle (EV) metal miners.

InvestorIntel Rare Earths Watchlist Top 5 from October 1, 2020



[Source](#)

The Tesla Battery Day revelations now mean that the EV revolution will rapidly accelerate. Tesla plans to have 3TWh of battery capacity by 2030, which will be enough for Tesla to make 20 million (m) EVs per year plus energy storage products. To get a feel for the demand shock wave to hit EV metal miners, if Tesla produces 20m EVs in 2030 that will require 2.7m tonnes of lithium carbonate equivalent (LCE), which is 9x total 2019 global supply. Wow!

Investing in the critical materials miners and other parts of the supply chain to support the US this decade, as the world

rapidly moves to renewable energy and EVs, just got a HUGE boost.

Now we wait and see what happens next with President and Lady Trump, the US election, and the COVID-19 pandemic. No-one can say that 2020 has been a boring year!

As Chinese rare earths' stock prices rally, pressure rises for the rest of the world...

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Rising [US-China tension](#) has resulted in some rare earths' stock prices rising sharply, particularly those in China. Given the recent US moves to introduce [critical materials legislation](#) it seems likely that the non-Chinese rare earth stocks will also rally strongly this year, particularly if the new bills and financial support are passed.

Let's start with a recap of the recent US support highlights for rare earths:

- May 18, 2018 – The US declared a [list of 35 critical materials](#). A large part of the list includes rare earths.
- May 2, 2019 – U.S. Sen. Lisa Murkowski and others submitted the [American Mineral Security Act](#)
- In mid May, 2020, Senator Ted Cruz submitted the [Onshoring Rare Earths Act – the 'ORE Act'](#)
- On May 28, 2020 US Representative Michael Waltz submitted the [American Critical Mineral Exploration and Innovation](#)

[Act of 2020](#)

The ORE Act focuses on six critical materials – **Rare earths**, scandium, lithium, cobalt, graphite, and manganese. The Critical Mineral Exploration and Innovation Act directs the U.S.G.S. to complete updated resource assessments for each critical mineral. It has been reported that there will be a focus on **rare earths** and other so-called strategic minerals.

Then just last week rare earths expert and [Technology Metals Show](#) host Jack Lifton [stated exclusively to InvestorIntel](#): “The US Defense Department has announced last week that it will seek \$1.7 billion for rare earths purchases in the 2021 National Defense Authorization Act that means the budget for fiscal 2021. In addition they will ask for another \$300 million (**a total of \$2 billion**), for rare earths for specialized weapons which they name as hypersonic missiles...”

Given all of the above proposed support to the rare earths sector, it is abundantly clear that the US is now finally moving rapidly to secure critical rare earths supply, particularly from US deposits, where possible. Current rare earths producers and listed rare earths stocks stand to be beneficiaries. Especially if they have US rare earths projects, but quite likely any non-Chinese rare earth juniors that can achieve funding and production should find very strong western demand for their products. Most of the western world is now looking to diversify their supply chains especially after the trade war and COVID-19 problems of the past 2 years.

Some rare earth miners with US projects include:

- MP Materials (private)
- Rare Element Resources Ltd. (OTCQB: REEMF)
- Texas Mineral Resources Corp. (OTCQB: TMRC)
- Ucore Rare Metals Inc. (TSXV: UCU | OTCQX: UURAF)

Some miners with US rare earth processing potential include:

- [Energy Fuels Inc.](#) (NYSE: UUUU | TSX: EFR) recently stated their White Mesa Mill in the USA could be used in future for rare earths processing.
- Lynas Corporation (ASX: LYC) has received US support for a planned US rare earths processing facility.
- Peak Resources (ASX: PEK) plan to have a US rare earths processing facility.

Some rare earth miners with Canadian projects include:

- [Avalon Advanced Materials Inc.](#) (TSX: AVL | OTCQB: AVLNF)
- [Appia Energy Corp.](#) (CSE: API | OTCQB: APAAF)
- [Search Minerals Inc.](#) (TSXV: SMY)

Some rare earth miners with Australian projects include:

- [Alkane Resources Ltd.](#) (ASX: ALK | OTCQX: ALKEF)
- [Scandium International Mining Corp.](#) (TSX: SCY)

Rare earths are vital ingredients for modern technology



Closing remarks

The massive recent news of two new rare earth/critical materials related Acts and a proposed “US\$2 billion towards rare earths in 2021”, appears to have been somewhat missed by the market. The Chinese rare earths stocks have already bounced leaving the potential rest of the world rare earth miners to play catch up.

News flow in future months should continue to be extremely promising for the rare earths sector following on from the tremendous news from the last few weeks.

Investors should not wait too long as any further increased US-

China tensions, threats of China supply loss, or passing of rare earths related Bills, will likely send non-Chinese rare earth miners stock prices higher.

Don Bubar on the ORE Act and Avalon's lithium and rare earths projects

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"The ORE Act is a great start. There is no doubt that if we are going to see these rare earths supply chain established in North America government has to help by providing incentives to businesses and entrepreneurs to make that whole supply chain happen. It is not as simple as just starting a new mining operation and everything will happen easily after that. I think it is encouraging that they recognize that now that they do need to provide these incentives and maybe we will actually start to see them." States Don Bubar, President, CEO and Director of [Avalon Advanced Materials Inc.](#) (TSX: AVL | OTCQB: AVLNF), in an interview with InvestorIntel's Tracy Weslosky.

Don went on to say that the whole COVID-19 pandemic has raised awareness in the public about the vulnerability of supply chain in North America by relying on a sole source of supply, especially when it comes from a country like China. He added, "There is increasing trade tension between China and the US. If that continues to grow then for sure there is real risk of China weaponizing their control on the supply chain of rare earths and other critical minerals."

Don also provided an update on Avalon's Separation Rapids Lithium Project. He said that the company is increasingly seeing real opportunities with their Separation Rapids Lithium Project. There is a lot of innovation happening in the glass ceramics space that prefers a form of lithium that is in the high purity mineral petalite at Separation Rapids. The demand from the battery sector is also continuing to grow.

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

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