

# What was really said on the rare earths market in our last Critical Minerals Corner

written by Tracy Weslosky | July 30, 2021

Friday, June 18, 2021. In a Zoom room of more than a dozen rare earths industry leaders, we had the pleasure of hosting: Critical Minerals Corner, hosted by [Jack Lifton](#) with guests Pini Althaus from [USA Rare Earth, LLC](#) and Geoff Atkins from [Vital Metals Ltd.](#) (ASX: VML) – it has taken me over a month to publish my notes.

Reviewing Pini's LinkedIn post today, he starts: "Yesterday, President Biden reiterated the need for a stronger, more resilient domestic supply chains for components used in semiconductors and advanced batteries..." I am committed to regular geopolitical coverage on InvestorIntel.com for all of us investors' trying to understand how these positions may impact our portfolios.

Numerous people wrote me asking how our 1st Critical Minerals Corner went, here you go as we are planning our 2nd one on August 27th...

There was initially muted discussion after presentations by Pini Althaus, Geoff Atkins and notable rare earths expert Jack Lifton, but as the hour transpired, the discussion became more lively, interesting and informative.

## What did we learn?

USA Rare Earth, LLC as a private company has looked at the opportunity of becoming a publicly-traded company and has pondered the possibility of use of a Special Purpose Acquisition

Company (SPAC).

Similarly, Vital Metals Ltd. (ASX: VML) is only traded “down under” and was asked about where and when they are going to trade elsewhere (US or Canada). “Considering and examining all options” was the reply...patience is a virtue and virtue is its own punishment....

And we also learned that patience is required when it comes to Canada’s next producing rare earths mine. According to Geoff Atkins of Vital Metals, while the Nechalacho project is proceeding, the key to the output will be consistent measurable product output specifications. We should note that Geoff is the only rare earths company executive who has actually seen an exploration project become a mine and a rare earths producer (through his executive role at Lynas and now leading Vital).

**There was much discussion around actual demand for rare earths.** Of note is that it appears that China is or is on the verge of becoming a net importer, so to Jack Lifton’s point “This time it really is different” for the rare earths, unlike the past rare earths bull market 10+ years ago.

As the world looks to remove China from the global supply chain, there was also discussion around what is the cost of building a rare earths processing facility. The answer? “It depends” and we have seen in the market facilities costs that range from tens of millions to nearly a billion dollars.

The burning question on people’s minds was related to pricing. Would buyers accept a higher-than-market price to source rare earths (or metals and magnets) that were not from China? Well, we know that the US Department of Defense will, but historically (and currently) the profit-oriented users of rare earths metals and magnets are not likely to do that. We were reminded that initially, Tesla said they would only use motors source from the

USA. And where do they come from now....? Of course, the world's primary supplier.

However, it was pointed out that the industry is going to change. The world knows what an ecological and environmental disaster China has perpetrated through their industrial processes in the rare earths processing chain. And while it may not be important now, think about blood diamonds. Eventually, the world said no more and that was a watershed moment. How long will it be before the manufacturing world and, more importantly, consumers, also say "no more" to China for their distressing lack of environmental considerations? At a slightly higher cost for clean, ethical rare earths that could already be happening. And like it or not ESG (environmental, social and governance) really is a "thing", even in the world of rare earths.

There's a lot more to be said on this and the other topics that were discussed in the hour, so don't miss the next one on Friday, August 27! This is the best information from knowledgeable rare earths experts from around the world.

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## **Pini Althaus on USA Rare Earth's \$50M Series C Funding to acquire rare earths and lithium project in Texas**

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In a recent InvestorIntel interview, Jack Lifton speaks with

Pini Althaus, CEO and Director of [USA Rare Earth, LLC](#) about USA Rare Earth's progress towards production at its Round Top heavy rare earths, lithium and critical minerals project in Texas.

In this InvestorIntel interview, which may also be viewed on YouTube ([click here to subscribe to the InvestorIntel Channel](#)), Jack pointed out that the markets for lithium and rare earths are entering a bull market because of the lack of supply to satisfy demand. Pini went on to say that with the ever-increasing demand for rare earths in the US, "USA Rare Earths is in discussion with a number of companies around the world to source feedstock to separate rare earths and then provide those materials into the US supply chain." USA Rare Earth recently exercised options to acquire 80% of Round Top Project and completed [Series C Funding round of \\$50 million](#) making it fully funded through the completion of the Definitive Feasibility Study. The company expects to produce separated materials at the demonstration plant at its Round Top Project later this year leading to full-scale commercial production in 2023.

To watch the full interview, [click here](#)

### **About USA Rare Earth, LLC**

USA Rare Earth, LLC owns an 80% operating joint venture interest in the Round Top Heavy Rare Earth and Critical Minerals Project located in Hudspeth County, West Texas. Round Top hosts a wide range of critical heavy rare earth elements, high-tech metals, including lithium, gallium, zirconium, hafnium and beryllium. Based on the Preliminary Economic Assessment (dated August 16, 2019) projects a pre-tax net present value using a 10% discount rate of \$1.56 billion based on a 20-year mine plan that is only 13% of the identified measured, indicated and inferred resources. The PEA estimates an internal rate of return of 70% and average annual net revenues of \$395 million a year after

average royalties of \$26 million a year payable to the State of Texas. Based on the cost estimates set forth in the PEA, Round Top would be one of the lowest-cost rare earth producers, and one of the lowest cost lithium producers in the world. The Round Top Deposit hosts 16 of the 17 rare earth elements, plus other high-value tech minerals (including lithium), including 13 of the 35 minerals deemed “critical” by the Department of the Interior and contains critical elements required by the United States, both for national defense and industry. Round Top is well located to serve the US internal demand. In excess of 60% of materials at Round Top are expected to be used directly in green or renewable energy technologies. In 2020 USA Rare Earth opened a rare earth and critical minerals processing facility in Wheat Ridge, Colorado and in April 2020 USA Rare Earth acquired the neodymium iron boron (NdFeB) permanent magnet manufacturing system formerly owned and operated in North Carolina by Hitachi Metals America, Ltd.

To know more about USA Rare Earth, LLC [click here](#)

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If you have any questions surrounding the content of this interview, please email [info@investorintel.com](mailto:info@investorintel.com).

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## **Jack Lifton, Peter Clausi with Pini Althaus on the need for collaboration in the rare earths market**

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The Technology Metals Show hosts Jack Lifton and Peter Clausi

talk to Pini Althaus, CEO and Director of [USA Rare Earth, LLC](#) about the challenges in the North American rare earths supply chain and the need for collaboration in the industry.

In this promo clip from the full interview available exclusively to [subscribers](#) of the [Technology Metals Show](#), the panel discusses the Round Top Heavy Rare Earth and Critical Minerals Project in which USA Rare Earth has an option to earn and acquire an 80% interest from Texas Mineral Resources Corp. (OTCQB: TMRC). Pini discussed that the Round Top Deposit hosts 16 of the 17 rare earths with a high concentration of heavy rare earths, plus a significant amount of lithium. “We are projected to be the second-largest lithium producer in the US,” He said.

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For more information on the [Technology Metals Show](#) email us at [info@technologymetals.com](mailto:info@technologymetals.com) or reach us direct at +1 (416) 546-9233.

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## Jack Lifton and Pini Althaus on USA Rare Earth's mine to

# magnet strategy

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"You have formally announced a mine to magnet strategy. In the rare earths business, we have seen this before, in the round one of the rare earths boom in around 2011 or 2012. A company no longer in existence called Great Western Minerals announced a mine to magnet strategy. Then Molycorp announced a mine to market strategy. Neither of those companies ever achieved anything like that and neither of them advanced to where you have advanced which is the separation of the heavy and light rare earths. I would like to know if you are planning a vertically integrated company which would be not only mining and refining but producing metals and alloys and fabricated magnets" Asked Jack Lifton, critical materials expert and Technology Metals Show host, in an interview with Pini Althaus, CEO and Director of [USA Rare Earth LLC](#).

Pini replied, "The difference here is between announcing strategy verses implementing strategy and we have been very careful to annouce things as they actually take form and become a reality."

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