Technology Metals Report (03.22.2024): US pledges $1.28B for ASX rare earths stocks and Biden takes a major step in tackling climate change

written by Tracy Weslosky | March 22, 2024

Welcome to the latest issue of the Technology Metals Report (TMR), brought to you by the Critical Minerals Institute (CMI). In this edition, we compile the most impactful stories shared by our CMI Director's over the past week, reflecting the dynamic and evolving nature of the critical minerals and technology metals industry. Among the key stories featured in this report are the US's pledge of $1.28 billion to ASX-listed rare earths firms to lessen China's dominance in the sector, the looming uncertainty over the future of Flow-Through Financings in Canada as the METC deadline approaches, and Albemarle Corporation's groundbreaking lithium auction aimed at enhancing pricing transparency. Additionally, the Biden administration's ambitious rule to expand electric vehicles (EVs) and the examination of factors behind cooling EV sales growth emphasize the ongoing transformations and challenges within the critical minerals sector.

This week's TMR Report also highlights several significant developments that further shape our understanding and approach to the critical minerals industry. The urging by the US Energy Secretary for Congress to ban uranium imports from Russia supports domestic nuclear fuel development, while China's

rebound in graphite exports for batteries signals geopolitical tensions and strategic resource control. The US's efforts to incorporate Central Asia into its critical minerals supply chains, Indonesia's investment in a new HPAL plant by Vale to boost nickel production for EV batteries, and CATL's enduring ambitions despite a slight dip in quarterly earnings showcase the global landscape's complexity and interconnectedness. Furthermore, Graphjet Technology's innovative approach to producing greener graphite and the push to recognize phosphate and potash as critical minerals in the US underscore the ongoing efforts to secure and diversify supply chains. Lastly, Kazakhstan's emerging potential to rival China in the production of rare-earth metals points to the shifting dynamics of global supply and the continuous search for strategic alternatives to current market dominators.

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US pledges $1.28b for ASX rare earths stocks (March 21, 2024, Source) – The US aims to allocate $1.28 billion to ASX-listed rare earths firms, Meteoric Resources NL (ASX: MEI) and Australian Strategic Materials Limited (ASX: ASM) (ASM), to diminish China's dominance in critical minerals necessary for decarbonization and defense. The US Export Import Bank's (US EXIM) potential loans aim to support projects in Brazil and New South Wales, contingent upon US companies obtaining project contracts. This funding is part of wider US and Australian efforts to establish non-Chinese critical mineral supply chains, with additional support from the US Department of Defence and other agencies for various projects. This initiative underscores the strategic importance of diversifying global supply chains and bolsters the credibility and development prospects of companies like Meteoric and ASM in the critical minerals sector.

Anxiety Rises on the Future of Flow-Through Financings as METC Deadline Looms, Canadian Government Keeps Quiet (March 20, 2024, Source) – Facing the potential expiration of the Mineral Exploration Tax Credit (METC) at the end of March, the Canadian mining industry is gripped by uncertainty. This credit, crucial for supporting exploration companies through Flow-Through Share pricing, might not be renewed, threatening to raise capital costs by 15-20%. The federal government's silence on the issue heightens anxiety, affecting planning and investments, especially for junior miners. Provincial credits in Ontario and Saskatchewan face similar fates, though Manitoba and British Columbia have permanent solutions. The industry is anxiously awaiting the federal budget announcement on April 16, hoping for a resolution. The potential loss of METC, combined with recent tax changes, could significantly impact exploration investment in Canada, underscoring the importance of government policy in the sector's financial health.

Albemarle Lithium Auction offers a bold move forward in pricing transparency in the critical minerals market (March 20, 2024, Source) – Albemarle Corporation (NYSE: ALB), the largest lithium producer, is initiating a landmark auction on March 26 to enhance transparency and address price discovery issues in the lithium market. This move, highlighted by Jack Lifton of the Critical Minerals Institute (CMI), aims to mitigate the opacity and volatility that have long plagued the sector, exacerbated by the electric vehicle (EV) boom. Traditionally, lithium prices have been privately negotiated, lacking a clear global benchmark. Albemarle's auction represents an innovative step towards establishing more transparent pricing, inviting competitive bidding for a significant lithium quantity. Although this initiative marks progress towards addressing market challenges, Lifton cautions it may not fully resolve the industry's volatility and unpredictability, signaling a critical

evolution in lithium pricing strategies amidst growing global demand.

Biden Administration Announces Rule Aimed at Expanding Electric Vehicles (March 20, 2024, Source) – The Biden administration unveiled a pivotal climate regulation, aiming to revolutionize the U.S. auto industry by ensuring a majority of new passenger vehicles sold by 2032 are electric or hybrid. This marks a major step in tackling climate change, given transportation's status as the top carbon emitter in the country. Despite electric vehicles (EVs) constituting only 7.6% of car sales last year, this rule mandates a significant increase to meet a 56% EV sales target, with hybrids contributing an additional 16%. President Biden highlighted the initiative's potential for economic growth, job creation, and significant environmental benefits, including a projected reduction of over seven billion tons of carbon dioxide emissions over three decades. However, the transition faces challenges, including manufacturing and infrastructure overhaul, political opposition, and consumer acceptance. The regulation, which introduces stringent emissions caps, has garnered both support for its environmental impact and criticism for its feasibility and potential economic implications. Critics argue it may impose undue pressure on the auto industry and consumers, while supporters see it as a crucial step toward a more sustainable future.

The cars, the chargers or the customers? A look at what's behind cooling EV sales growth (March 20, 2024, Source) – Facing cooling growth in electric vehicle (EV) sales, automakers are adjusting their production strategies amidst increasing model availability. The sector balances optimism with skepticism regarding the shift away from fossil fuels, underlined by challenges like inadequate charging infrastructure impacting consumer choices. Events like CERAWeek by S&P Global highlight EVs' potential to reduce oil demand, emphasizing the

transition’s significance. Despite slower sales growth, companies like Ford report significant increases, pointing to the essential role of EVs in future automotive competitiveness. Addressing consumer concerns, particularly around charging reliability and infrastructure, alongside educating an evolving customer base, is pivotal for sustaining the industry’s growth momentum.

US energy secretary encourages Congress to ban uranium supplies from Russia (March 20, 2024, Source) – U.S. Energy Secretary Jennifer Granholm has urged Congress to ban uranium imports from Russia to support domestic nuclear fuel development. This call comes in light of legislation passed by the U.S. House last December, aimed at halting these imports as part of the response to Russia’s invasion of Ukraine. However, the Senate has faced delays due to a hold by Senator Ted Cruz on unrelated issues. Granholm emphasized that passing this ban would release funds for expanding domestic uranium enrichment and producing high assay low enriched uranium (HALEU) for advanced nuclear reactors. She expressed optimism during a House hearing on her department’s budget, highlighting the urgency of this action to advance domestic nuclear energy capabilities.

China’s exports of graphite for batteries rise from December low (March 20, 2024, Source) – China’s natural graphite exports, essential for electric vehicle batteries, rebounded after Beijing’s December controls aimed at tightening its grip on vital minerals for advanced manufacturing. From a December low of 3,973 tonnes, exports rose to 6,275 tonnes in January and 10,722 tonnes in February, despite previously averaging about 17,000 tonnes monthly. The restrictions, viewed as a response to Western trade barriers, notably impact trade flows. Rising tensions are evident as the U.S. considers blacklisting Chinese semiconductor firms linked to Huawei Technologies, signaling an escalation in the technological rivalry. These developments

underscore the strategic importance of graphite in the global tech industry and the geopolitical tensions surrounding access to critical manufacturing resources.

US Looks to Draw Central Asia Into Critical Minerals Supply Chains (March 18, 2024, Source) – The United States is actively seeking to integrate Central Asia into its critical minerals supply chains, a move underscored by the February 2024 inauguration of the Critical Minerals Dialogue (CMD) in the C5+1 format. This initiative, bolstered by the collective will of the U.S. and Central Asian nations—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—aims to bolster Central Asia's role in global supply chains, thereby enhancing economic cooperation, facilitating clean energy transitions, and protecting regional ecosystems. Central Asia, rich in critical minerals like nickel, cobalt, palladium, rare earth elements (REEs), and others vital for high-tech, defense, and green technologies, represents a strategic alternative to China's dominance in these supply chains. The U.S. is particularly keen to mitigate risks associated with China's control over a significant portion of the world's critical minerals processing and production. Through the CMD and other partnerships, the U.S. seeks to foster investment in Central Asia's vast mineral resources, promising a potential shift in global economic and technological power dynamics while confronting strategic vulnerabilities and enhancing national security.

Indonesia says nickel miner Vale to build another $2 bln HPAL plant (March 18, 2024, Source) – Nickel miner PT Vale Indonesia is considering a $1.91 billion investment in a new high-pressure acid leaching (HPAL) plant on Sulawesi island, announced Indonesia's Investment Ministry. This plant, named "SOA HPAL," aims to produce mixed hydroxide precipitate (MHP), essential for electric vehicle batteries, with an expected annual output of 60,000 metric tons of nickel in MHP. Vale Indonesia, which is in

the final stage of exploration, plans to collaborate with automakers for this venture. The company already has two HPAL projects underway in Sulawesi, partnering with Zhejiang Huayou Cobalt, and has Ford's involvement in the $4.5 billion Pomalaa project. Additionally, Indonesia's state mining company MIND ID recently acquired a 14% stake in Vale Indonesia, bolstering its position as a top shareholder.

CATL earnings slip masks charged-up ambitions (March 18, 2024, Source) – Contemporary Amperex Technology (CATL), the world's largest electric car battery manufacturer, experienced a slight 1.2% decline in quarterly earnings, marking its first downturn since early 2022. Despite reduced factory utilization and the broader industry's cooling sales growth, CATL is ambitiously expanding, planning new facilities to increase its production potential significantly. The company dominates the global market, boasting a 36.8% share and leading innovation with a large R&D team focused on advanced battery chemistries. Although facing challenges in the United States, CATL is making strategic moves abroad, including constructing a factory in the European Union. Investors remain optimistic, reflected in a stock price increase, as CATL's scale, innovation, and strategic expansion position it to potentially outpace competition and maintain market leadership, despite potential overcapacity risks.

Startup Offers EV Firms Greener Graphite in Alternative to China (March 18, 2024, Source) – Graphjet Technology, an alternative energy startup in Malaysia, is offering electric-vehicle (EV) manufacturers a sustainable source of graphite by converting agricultural waste into this critical battery component. Utilizing palm kernels, the company can produce graphite with an 83% lower carbon footprint and at 80% less cost than traditional methods. Starting in the second quarter, Graphjet aims for an annual production capacity of 3,000 tons from its facility in Malaysia, a leading palm oil producer. This move provides a

significant alternative to China's dominance in the synthetic graphite market, responsible for 90% of the global supply. The U.S. is keen on diversifying its EV battery supply chain away from Chinese control, especially in light of China's recent export restrictions on graphite. Graphjet's initiative is timely, as it plans expansions in Nevada, Korea, Japan, and Europe, aiming to address the growing global demand and the U.S.'s need for a reliable graphite source outside China.

TFI: Phosphate and Potash are Critical Minerals, Senate Bill to Solidify (March 14, 2024, Source) – The Fertilizer Institute (TFI) has commended the U.S. Senate's bipartisan effort to classify phosphate and potash as critical minerals, highlighting the move as crucial for securing the nation's agricultural future and food supply. The legislation, backed by Senators from both parties, aims to ensure a resilient and sustainable domestic fertilizer supply for American agriculture by addressing the vulnerabilities in the global supply chain and geopolitical instability. With the majority of the world's phosphate and potash concentrated in a few countries, and the U.S. heavily reliant on imports for its potash needs, this initiative seeks to mitigate supply chain risks. Recognizing these minerals as critical could streamline the permitting process for expanding and opening new mines in the U.S., a necessary step given the extensive time and financial investment required.

Kazakhstan's Potential to Overtake China in Production of Rare-Earth Metals (March 14, 2024, Source) – Kazakhstan is on the verge of becoming a significant contender in the global rare-earth elements (REEs) market, challenging China's dominance. With China controlling 70% of the market and facing strained relations with the West, North American and European investors are turning to Kazakhstan's rich reserves as a strategic alternative. This shift is driven by the need to diversify

supply chains away from China, given REEs' critical role in technology and manufacturing. The US and EU are prepared to invest in Kazakhstan, aiming to secure a stable, sustainable supply of these vital materials. However, Kazakhstan must modernize its mining practices and carefully select investors to fully leverage its potential as a global REE supplier.

Investor.News Critical Minerals Media Coverage:

- March 20, 2024 – Anxiety Rises on the Future of Flow-Through Financings as METC Deadline Looms, Canadian Government Keeps Quiet https://bit.ly/3IKHmI7
- March 20, 2024 – Albemarle Lithium Auction offers a bold move forward in pricing transparency in the critical minerals market https://bit.ly/3vkpBwf
- March 20, 2024 – The Top 5 Reasons Why YouTube Will Transform Marketing for Public Companies https://bit.ly/3PvPnEC

Investor.News Critical Minerals Videos:

- March 20, 2024 – CBLT'S Peter Clausi on de-risking exploration projects with M&A https://bit.ly/3vfU6Uf
- March 20, 2024 – Chris Buncic on the "shocking" Chrysalis Copper timeline for production https://bit.ly/49ZGRGm
- March 19, 2024 – World Renowned Critical Minerals Expert Constantine Karayannopoulos is Bullish on Lithium https://bit.ly/43mOvbk
- March 19, 2024 – Peartree's Ron Bernbaum on how Charitable

Flow-Through Financings Connects Donors, Investors, and Mining Companies for Canada's Exploration Capital https://bit.ly/4cj303V

- March 19, 2024 – Xcite Resources' Jean-Francois Meilleur on the Athabasca Basin's untapped potential for significant uranium discoveries https://bit.ly/49YQ9SK
- March 19, 2024 – Scandium Canada's Guy Bourassa on One of the Largest Primary Scandium Projects in the World https://bit.ly/3TlHeUp
- March 18, 2024 – Rowena Smith Highlights ASM's Operational Success at Korean Metals Plant in Rare Earth Metals Production https://bit.ly/3TH1jWS
- March 18, 2024 – Jack Lifton Sits Down with 'Bobby' Stewart, the Driving Force Behind Geophysx Jamaica's Charge into the Global Arena with Critical Minerals https://bit.ly/3vhDtaG
- March 18, 2024 – WEALTH's Peter Nicholson on the Added Benefits of Critical Mineral Flow Through Investment Deals in Quebec, Saskatchewan and Manitoba https://bit.ly/4a37xGk
- March 17, 2024 – John Passalacqua on First Phosphate's groundbreaking achievements in the phosphate mining industry https://bit.ly/3VgRlwt
- March 17, 2024 – America Rare Earths' Donald Swartz on the recent increase in in-situ resources at Halleck Creek by 64% to 2.34 billion tonnes https://bit.ly/3IGgvNv
- March 17, 2024 – Rowena Smith sits down with Jack Lifton on ASM's 'Mines to Metal' Advantage in Supplying Rare Earths https://bit.ly/4cmIlMc

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Releases:

- March 21, 2024 – Hearty Bay Drilling Suggests Till Sampling May Lead to Source of Radioactive Boulders https://bit.ly/3ILHjvL
- March 21, 2024 – ASM receives US$600M (A$923 million) Letter of Interest from US EXIM for Dubbo Project, as US partnerships begin to play a significant role https://bit.ly/4ahxWQR
- March 20, 2024 – NEO Battery Materials Announces Change of Auditor to MNP LLP https://bit.ly/3VrGyQf
- March 20, 2024 – Power Nickel Continues to Expand its Near Surface High-Grade Cu-Pt-Pd-Au-Ag Zone 5km Northeast of its Main Nisk Deposit https://bit.ly/3IM5Cd5
- March 19, 2024 – First Phosphate Drills 9.44% P2O5 Over 89.10 m at Its Begin-Lamarche Project in Saguenay-Lac-St-Jean, Quebec, Canada https://bit.ly/43wi4qT
- March 19, 2024 – Defense Metals Appoints HCF International Advisers for Strategic Funding Review of Wicheeda REE Project https://bit.ly/3IGNMIo
- March 18, 2024 – American Rare Earths' Scoping Study confirms low-cost, scalable world-class REE project https://bit.ly/3IJID2l