

Rowena Smith sits down with Jack Lifton on ASM's 'Mines to Metal' Advantage in Supplying Rare Earths

written by InvestorNews | March 17, 2024

During an interview at PDAC 2024 in Toronto, Jack Lifton of InvestorNews sat down with Rowena Smith, the Managing Director of [Australian Strategic Materials Ltd.](#) (ASX: ASM), to delve into the company's position and strategic initiatives within the rare earths and permanent magnet supply chain. Smith elucidated ASM's comprehensive strategy, spanning from "mine to metal," highlighting their advanced development project in Dubbo, New South Wales, and their operational metals plant in South Korea. The company has successfully commenced production of neodymium praseodymium (NdPr) metal and neodymium iron boron (NdFeB) strip alloy, which are essential components for sintered magnets used across various technological applications. Smith proudly noted ASM's pioneering role as the first Australian entity and one of the few globally to achieve such depth in the supply chain outside of China, emphasizing the critical nature of their work in diversifying the global supply chain and reducing dependence on single-source suppliers.

Smith also detailed the Dubbo Project's progress, underlining its pivotal role in ASM's mine-to-metals business model for supplying rare earths and critical minerals. Funding and securing off-take agreements are current priorities, with the project's engineering, exploration, and permitting stages already completed. Smith's participation in a U.S. trade delegation and discussions with U.S. government departments

reflect a strong international interest in funding the project. These interactions highlight the alignment between Australian and U.S. interests in establishing a sustainable and transparent critical minerals supply chain. ASM's engagement with various U.S. government agencies and the passage of legislation recognizing Australia as a 'domestic source' for U.S. Department of Defense procurement showcases the international efforts to bolster critical mineral supply chains outside of China. The company's ongoing discussions for offtake agreements and advancements in metallization capability at the Korean Metals Plant further underscore ASM's commitment to securing a robust position within the global supply chain of rare earth metals and alloys.

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About Australian Strategic Materials Ltd.

Australian Strategic Materials (ASX: ASM) is a vertically integrated 'mine to metals' producer of critical metals for new growth industries, high technologies and sustainable energy solutions. ASM operates a metals plant in Ochang, South Korea which is currently producing critical metals and alloys to customer specifications. The initial production focus is on neodymium praseodymium (NdPr) and neodymium iron boron (NdFeB). Currently, ASM sources the rare earth oxides for the production of the critical metals at its Korean Metals Plant (KMP) from a third party located in Vietnam. The company's Dubbo Project, is a long-term resource of rare earth elements, zirconium, niobium and hafnium, located in New South Wales, Australia. ASM intends

to develop the Dubbo Project to produce metal oxides which will be used for refining into critical metals at ASM's KMP and subsequent plants that may be established in other jurisdictions.

To learn more about Australian Strategic Materials Limited, [click here](#)

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Defense Metals' Dr. Luisa Moreno on the Wicheeda Project as a Critical Future Source of

Rare Earths in North America

written by InvestorNews | March 17, 2024

During the Prospectors & Developers Association of Canada (PDAC) 2024 event, Jack Lifton of the [Critical Minerals Institute](#) (CMI) conducted an insightful interview with Dr. Luisa Moreno, President and Director of [Defense Metals Corp.](#) (TSXV: DEFN | OTCQB: DFMTF). Dr. Moreno elaborated on the company's Wicheeda Rare Earth Element (REE) Project, describing it as a significant carbonatite deposit located in British Columbia, Canada. At the pre-feasibility stage, the project boasts a resource of approximately 30 million tons at an average grade of 2%, with initial years of mining expected to yield even higher grades of 2.5 to 3%. The company's vision includes concentrating the material and establishing a hydrometallurgical plant to produce a chemical concentrate, with a target production timeline spanning about five years. Dr. Moreno highlighted the success of the pilot plant and the potential for another pilot plant focusing on flotation and hydrometallurgy, underscoring the project's viability and its role in supporting the burgeoning EV and hybrid vehicle markets, which are heavily reliant on rare earth permanent magnets.

Defense Metals Corp., under the leadership of Dr. Moreno and CEO Craig Taylor, aims to establish the Wicheeda Project as a critical future source of rare earths in North America. The project's strategic advantages include its location, superior logistics, favorable mineralogy and metallurgy, proven capability to produce rare earth products through pilot plant operations, significant potential mine life, and the support of the McLeod Lake Indian Band. In line with this vision, the company has taken significant steps by shipping mixed rare earth carbonate samples to major rare earth companies worldwide, validating the high-quality REE product from the Wicheeda

deposit. This initiative further positions Defense Metals as a pivotal player in establishing North American rare earth supply chains, emphasizing the importance of diversified supply chains and the need for increased REE production outside China. The company's commitment to contributing to North American rare earth independence is evident through its active participation in industry conventions, such as PDAC 2024, and its ongoing efforts to progress the Wicheeda Project.

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

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About Defense Metals Corp.

Defense Metals Corp. is a mineral exploration and development company focused on the development of its 100% owned, 8,301-hectare (~20,534-acre) Wicheeda REE Project that is located on the traditional territory of the McLeod Lake Indian Band in British Columbia, Canada.

The Wicheeda REE Project, approximately 80 kilometres (~50 miles) northeast of the city of Prince George, is readily accessible by a paved highway and all-weather gravel roads and is close to infrastructure, including hydro power transmission lines and gas pipelines. The nearby Canadian National Railway and major highways allow easy access to the port facilities at Prince Rupert, the closest major North American port to Asia.

Defense Metals is a proud member of Discovery Group.

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Rare Earths Frontrunner Neo Performance Outperforms with an Impressive 48% Return YTD

written by InvestorNews | March 17, 2024

[Neo Performance Materials Inc.](#) (TSX: NEO) continues its outperformance in 2021, posting an impressive 48% return year to date (YTD). That compares to the TSX Composite, which closed for the first time above 19,000 yesterday, up 9.1% on the year and the S&P 500 returning a positive 8.6%. The reason for this is somewhat obvious in that there have been several catalysts so far this year for Neo including a significant deal with Energy Fuels, solid year end results and encouraging guidance for the start of 2021.

Energy Fuels Deal

As [discussed previously](#) on InvestorIntel and further in this [interview](#) with the two companies, the deal with [Energy Fuels Inc.](#) (NYSE American: UUUU | TSX: EFR) could be considered a game changer to break the dominance of China in the rare earth supply chain. Additionally, the fact that Energy Fuels spent less than \$2M to modify its White Mesa Uranium Mill in Utah (the only licensed facility of its type in the USA) to process up to 2,500 tons per year of monazite into clean mixed rare earth carbonates and Neo Performance already having existing capacity, makes this joint venture incredibly cost-effective and competitive with China. Neo owns the only operating rare earth separation facility in Europe at Sillamäe, Estonia ("Silmet"), which is the destination for Energy Fuels ore.

Q4 & Year-End Results

On March 21st Neo reported [Q4/20 and FY2020 results](#) that included significantly stronger sequential results in the fourth quarter of 2020, driven largely by a sharp rebound in automotive and industrial end markets in the latter portion of 2020. Highlights include Q4/20 revenue of \$110.4M higher by 16.8% YoY and by 41.8% over Q3/20, adjusted Net income of \$9.6M (\$0.25 per share) improved by 56.7% YoY and reversed a loss in Q3/20, while adjusted EBITDA of \$12.3M was higher by 114.8% sequentially.

Other than a \$59.1M non-cash impairment charge in Q2 relating to non-productive assets whose value was adjusted as a result of the economic impacts of COVID-19 on future cash flows, the overall results would have been positive as well. Alas everyone has had some COVID impacts in one form or another.

First Quarter 2021 Outlook

More importantly, the company has indicated that the positive trends in volumes and higher selling prices that occurred in

Q4/20 have continued into Q1/21 for the Chemicals & Oxides and the Magnequench business units, resulting in a significant positive variance between what Neo anticipates it will report for Q1/21 and current analyst consensus estimates. Neo expects that its Q1/21 financial results will exceed current analyst consensus estimates of \$84.9M in revenue and \$9.9M in EBITDA for the period (both lower than Q4/20), as well as being significantly higher than the Q4/20 financial results. However, we are going to have to wait until May for the Q1 results to confirm this.

Summary

Neo Performance has plenty of momentum moving forward in 2021. The company should start to see the positive benefit of the Energy Fuels deal towards the end of Q2, over and above the upward trending momentum seen from Q3/20 through Q4/20 and Q1/21. Neo finished 2020 with cash and cash equivalents of \$72.2M and positive cash flow meaning the company has plenty of options to grow both organically or via acquisition.

There are currently 37.5M shares outstanding (38.6M fully diluted) of which Oaktree Capital Management, L.P. holds, directly or indirectly, an aggregate of 17.1M Common Shares, representing 45.7%, which gives the company decent leverage to good news or positive results. Neo's market cap is roughly \$759M as of close of business yesterday. Using conservative corporate guidance, an annualized Q1 P/E is 17-18x, which isn't unreasonable in the context of the current market. The question is, how much is "significantly higher than the Q4/20 financial results" and thus how much upside is there for Neo Performance?