Nic Earner on the US Defense Act and our dependence on Chinese rare earths

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“We do have the heavy rare earths, terbium, dysprosium, which others do not apart from Northern Minerals now at their pilot plant. We have a very good mix of the magnet rare earths and the heavy magnet rare earths. Then, of course, we have 40% of revenue coming from zirconium, a lot of uses there, 10% of our revenue coming from hafnium, which is an emerging technology metal. We see people using it in the light generation phone chips. Then we have 20% come from niobium. Certainly we would be one of the largest complexes and revenue generators. That is nearly US$500 million of revenue a year.” states Nic Earner, Managing Director of Alkane Resources Ltd. (ASX: ALK | OTCQX: ANLKY), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: Nic we are so delighted to have you. We really want to talk to you and get right into this U.S. Defense Act and how this might affect shareholders for Alkane Resources, as you are clearly the frontrunner for supply for magnet materials worldwide.

Nic Earner: Thanks Tracy. We are really hoping that this provides a catalyst to get Western companies, particularly those that want to supply U.S. Defense contracts, moving and motivated to shore up their supply chain. If you look at this act what it is saying is the U.S. will only or wants its contractors to only buy magnets from allied countries so this excludes buying magnets out of China and Russia. It not must happen immediately today because we all know the capacity for that to actually

happen does not exist. It is saying, put your best foot forward, best endeavors. This is where the U.S. government is moving. These companies have to act if they want to make that regulation now or into the future.

Tracy Weslosky: We have been talking and discussing sustainability for a number of years so we were delighted to see that the U.S. is putting a good foot forward. Of course, they do not have the supply. Let us talk about your timeline for getting to production. If I understand this correctly, and please do correct me, when you guys are in full production you will have the largest supply chain for magnet and battery materials in the world outside of China. Is that correct?

Nic Earner: I would like to think so, but no. Lynas will still be number one in that. If you look at Lynas' neodymium and praseodymium production, with their next program they are moving towards 6,000 tons per annum, which would put them at about 15% to 20% of the magnet market. That is as it stands today not in expanded demand. We in vanadium and praseodymium would be doing 1,200 tons. We do have the heavy rare earths, terbium, dysprosium, which others do not apart from Northern Minerals now at their pilot plant. We have a very good mix of the magnet rare earths and the heavy magnet rare earths. Then, of course, we have 40% of revenue coming from zirconium, a lot of uses there, 10% of our revenue coming from hafnium, which is an emerging technology metal. We see people using it in the light generation phone chips. Then we have 20% come from niobium. Certainly we would be one of the largest complexes and revenue generators. That is nearly US$500 million of revenue a year. That is a substantial revenue base, but we would be definitely one of the frontrunners absolutely. More importantly we do not have offtake into China or a large Chinese shareholding either, which really means we can tick the U.S. Defense boxes.

Tracy Weslosky: I am still certain that most of the investors out there may not be clear on how unique this critical material market is. Now I was reading in your quarterly activities report that your project, your Dubbo Project that we are referencing, could generate $4.7 billion free cash flow at the 20-year base case…to access the complete interview, click here

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