A Little-Known British Metals Plant Scores a Hail Mary with USA Rare Earth

written by Tracy Hughes | October 1, 2025

The surprise sale of a little-known British metals plant has sent ripples through the high-tech supply chain. In a transaction valued at approximately $220 million—structured as $100 million in cash plus 6.74 million USA Rare Earth, Inc. (Nasdaq: USAR) shares (valued at the prevailing market price)—USA Rare Earth, an American aspiring mine-to-magnet supplier, agreed last week to acquire Less Common Metals (LCM) of the UK. LCM may not be a household name, but in critical minerals circles it's renowned as the only producer of rare earth magnet metals and alloys at scale outside China. The deal is being hailed as a major leap toward a Western supply chain for electric vehicle and defense magnets — and also raising concerns about new bottlenecks in an already fragile industry.

Bridging a Critical Gap in Rare Earths

LCM operates a modest 67,000-square-foot plant in Cheshire, England, but its capabilities fill a crucial gap. The company specializes in turning rare earth oxides into the metals and specialized alloys needed to make powerful permanent magnets. These neodymium-iron-boron (NdFeB) magnets are the tiny workhorses inside *everything* from EV motors and wind turbines to missile guidance systems and smartphones. It's a complex, sensitive step that almost no one outside China has mastered commercially. In fact, China accounts for about 90% of the

world's processed rare earths, dominating every stage of magnet production. Western nations have deemed this dependence a strategic vulnerability, and governments from Washington to Brussels have been racing to rebuild an independent supply chain.

For USA Rare Earth (USAR), acquiring LCM is a "bold and transformative leap" in its quest to build a fully domestic rare earth pipeline. The Texas-based company controls the Round Top deposit in Texas – a rich source of critical minerals – and is constructing a 311,000 sq. ft. magnet plant in Stillwater, Oklahoma. What it lacked was precisely LCM's specialty: making rare earth metal and alloy feedstock for those magnets. *"Midstream metal making is the linchpin of the global supply chain, and LCM is the only proven ex-China producer at scale,"* said USAR Chairman Michael Blitzer. The acquisition will allow USAR to transfer LCM's strip-casting technology and expertise to the Oklahoma facility, establishing rare earth metal production on U.S. soil "for the first time in decades," according to Blitzer. In theory, once all pieces come together, *mine-to-magnet* integration could finally become a reality in America – something not seen since Magnequench and other U.S. magnet makers succumbed to offshoring in the 1990s.

Officials on both sides portray the deal as a win-win for Western resilience. *"This transaction completes our decades-long vision to establish an integrated rare earth supply chain,"* said Grant Smith, LCM's chairman, who will depart with a hefty payout. With Round Top's raw materials, LCM's metal know-how, and a huge magnet factory in the works, USAR claims it will be "uniquely positioned" as a vertically integrated alternative to China. The plan is not just to feed USAR's own magnet production; the company says it will also expand LCM's UK operations to supply allied markets in Europe, providing an alternative source of alloys and magnets for NATO industries.

The timing is notable: China recently tightened export controls on certain rare earths (like the heavy element dysprosium essential for heat-resistant magnets), reminding everyone how easily geopolitics can pinch supply. From that angle, a robust U.S.-UK rare earth axis could be a timely countermeasure to China's leverage.

Fears of a New Bottleneck

Yet even as investors cheered USAR's stock on the acquisition news, some industry experts are wary. Jack Lifton, a veteran rare earth analyst and co-chair of the Critical Minerals Institute (CMI), warns that consolidating LCM into a single vertically integrated player may leave other Western magnet makers in the lurch. Until now, LCM has been an independent supplier—a vital "neutral" source of magnet alloys for customers outside China. For example, Germany's Vacuumschmelze (VAC), which is building a Pentagon-backed magnet factory in South Carolina, had explored sourcing alloy capacity associated with LCM; the future of that plan is less certain. If LCM's output is prioritized to feed USAR's Stillwater/Oklahoma magnet facility, competitors like VAC could face tighter access to non-Chinese metals and alloys. Lifton has cautioned that while defense-related magnet demand will get what it needs via subsidies, that represents "maybe five percent" of overall demand.

The other 95% — the EVs, wind turbines and electronics driving the clean energy economy — remain utterly dependent on China or Chinese-owned supply chains. In other words, the LCM deal might help one American company scale up, but it doesn't by itself fix the West's broader magnet supply deficit.

Indeed, a note of irony underlies the situation. The U.S. Department of Defense itself helped fund the VAC magnet project and had been encouraging LCM's expansion to support it.

Now, DoD planners face the prospect that the only Western alloy maker they were counting on has been absorbed by another venture – one that might not share its wares with all comers. In the wake of the sale, Washington may have to scramble for alternatives. Could another rare earth metals plant be stood up from scratch? Possibly, but that won't happen overnight. MP Materials (NYSE: MP), the U.S. company reviving the Mountain Pass mine in California, has ambitions to go downstream into metals and magnets, but its capabilities are still in development. As Lifton observed earlier this year, *"There are no operating or credibly planned [Western] rare earth metal or magnet plants for the consumer market in the near term"* – a reality that has not fundamentally changed, even with this acquisition.

Furthermore, LCM's sale underscores how *fragmented* and nascent the non-Chinese supply chain still is. LCM's previous owners – a partnership between Grant Smith and VV Minerals, an Indian mining firm – had struggled to scale up the UK plant's output and turn a consistent profit. (The company was reportedly running at only ~50% capacity and "hemorrhaging money," according to one insider.) LCM even announced plans to build a new €110 million alloy facility in France by 2027, partnering with a French recycler to boost Europe's magnet independence. But financing was a challenge; the project's final investment decision was still pending as of this summer. By selling to deep-pocketed USAR (which has a nearly $1 billion valuation and backing from institutional investors), LCM gains the capital it needs to upgrade and expand. In that sense, some argue the deal will "unleash [LCM's] potential", finally giving this gem of a company the investment it deserves – rather than leaving it to *"run on the smell of an oily rag,"* as one Australian rare-earth executive quipped. From a purely operational standpoint, USAR's resources could turn LCM into the robust supplier it always had

the expertise to be.

Balancing Security and Competition

The LCM acquisition encapsulates a broader dilemma in today's push for supply chain security. On one hand, consolidation can accelerate progress: an ambitious firm like USAR snapping up LCM creates a vertically integrated champion that might actually challenge Chinese dominance. Certainly, the deal has injected new optimism into the Western rare earth sector – a sense that a *complete* supply chain (from Texas ore to UK alloys to Oklahoma magnets) is finally taking shape. But consolidation can also stifle competition and collaboration. Other would-be magnet manufacturers in the U.S. and Europe now have one fewer independent supplier to partner with. Government initiatives will need to adjust. If policymakers hoped to foster multiple parallel supply chains (to avoid a *single point of failure*), the LCM sale might concentrate capacity in fewer hands than intended. Lifton even suggests the transaction, while "very good for [USA Rare Earth's] stock price," could be *"a disaster for everybody else"* in the market – leaving Western magnet buyers little choice but to rely on this one nexus or continue importing from Asia.

For the deal's principals, of course, there is little doubt. USAR gets a crucial technology and a foothold in Europe; LCM's sellers get a handsome return (a reported ~$220 million split between stakeholders). The rest of the industry must now respond to a new reality. If USA Rare Earth succeeds in seamlessly integrating LCM and ramping up magnet production by 2026, it will mark a historic achievement for re-shoring critical mineral supply chains. *Hundreds of millions of neodymium magnets per year* could start flowing from Oklahoma to Detroit and Raytheon, something unheard-of just a few years ago. But if those magnets

only serve USAR's own clients, the ecosystem might not be as "secure" as advertised. Ultimately, the West may need not just one vertically integrated champion, but multiple sources of rare earth metals and magnets to truly break the dependency on China.

In the nuanced view of Jack Lifton, America's rare earth renaissance will rise or fall on more than just bold acquisitions. It will require cultivating the human expertise and competitive environment to sustain this supply chain long-term. *"You cannot simply, with money, create institutional memory,"* Lifton has remarked – a caution that throwing cash at mines and factories won't revive skills that were lost. The LCM deal is a dramatic move in the right direction, but it is not a panacea. It buys a piece of the puzzle that Washington and industry strategists have been desperately trying to assemble: a way to forge our own magnets again, from scratch. The final picture, however, is still coming together. As Western governments and companies ponder their next steps, the LCM saga is a reminder that securing supply chains can sometimes mean cornering the market – and that every solution in this space seems to carry the seeds of the next challenge.