Technology Metals Report (07.26.2024): The Politics of Critical Minerals

written by Tracy Hughes | July 26, 2024

This week's Technology Metals Report (TMR) leads with a reminder to register for the CMI Summit III, set for August 21-22, 2024, as we have 25 days and counting to what will be a 2-day landmark event for the critical minerals industry. This year's event, themed "The Politics of Critical Minerals," will offer industry leaders, investors, and government representatives a forum for advancing discussions on critical mineral supply chains, strategic investments, capital markets, and policy developments. With registrations coming in from Sydney to London to Detroit, we are nearing capacity, for more information or to access the daily updates being made to both the CMI Speakers and Agenda – go to CriticalMineralSummit.com for more details.

Now, for this week's TMR….

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 Directors 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 Australian government's decision to end attempts to revive uranium mining in Kakadu National Park, the strong interest from major players like Rio Tinto, BYD, and LG Energy in Chile's Altoandinos lithium site, and the strategic initiatives taken by LG Energy Solution to produce low-cost EV batteries for the European market.

This week's TMR Report also highlights the significant investment and strategic partnership formed between Peak Rare Earths Limited and Shenghe Resources for the Ngualla Rare Earth Project, and an analysis of the current lithium market trends by Pilbara Minerals Limited. A list of interviews and breaking news from this week's InvestorIntel members are also included in the list below. Please note the news release listed below issued from Ucore Rare Metals Inc. (TSXV: UCU | OTCQX: UURAF) on their deal with Cyclic Materials Inc. this morning. As the Ucore CEO's Pat Ryan and Cyclic Materials' Ahmad Ghahreman, will both be speakers at the upcoming CMI Summit III, drawing attention to one of the 3 primary themes of this year's event: **Politics, Capital & Technology**.

If you want to become a CMI member, click [here].

Australia ends attempts to revive uranium mining in national park: (July 26, 2024, Source) – The Australian government has halted plans to renew a uranium mining license in Kakadu National Park, ending a long-standing dispute over one of the world's largest uranium deposits. Energy Resources of Australia (ERA), majority-owned by Rio Tinto, faced strong opposition from the Mirarr indigenous community. Despite a surge in uranium prices and debates on nuclear power in Australia, the Northern Territory government decided not to renew the lease, classifying the site as "reserved land." ERA, facing financial instability, expressed disappointment and may appeal, while Rio Tinto respected the Mirarr's stance. Minority investors, frustrated by lost opportunities and Rio Tinto's perceived hypocrisy, saw ERA's value plummet. The decision likely ends the decades-long conflict over mining in Kakadu, preserving its World Heritage status.

Rio Tinto, BYD and LG Energy show interest in Chile's Altoandinos lithium site: (July 25, 2024, Source) – Twelve

companies, including global miner Rio Tinto, Chinese EV maker BYD, and battery manufacturer LG Energy Solution, have submitted proposals to extract lithium from Chile's Altoandinos salt flats, according to the state mining company ENAMI. This initiative is part of Chile's strategy to boost lithium production through new projects in partnership with the state. ENAMI, which began its search for a financial or operational partner in May, will announce the eligible companies on August 19 before starting negotiations. Other notable applicants include France's Eramet, South Korea's Posco, and Chile's Besalco. The project underlines the commitment of these firms to collaborate in a public-private partnership, contributing to Chile's position as the world's second-largest lithium producer.

The Critical Minerals Institute Summit III Unites Global Leaders in Toronto for Landmark Two-Day Event on August 21-22 themed "The Politics of the Critical Minerals Market": (July 24, 2024, Source) – The Critical Minerals Institute (CMI) will host its third summit, CMI Summit III, on August 21-22, 2024, at the National Club in Toronto. Themed "The Politics of the Critical Minerals Market," this event will unite industry leaders, investors, and government representatives to discuss the vital role of critical minerals in the global economy. Keynote speaker Jack Lifton will address dependency on China for critical materials and advocate for Western self-sufficiency. The summit will focus on advancing global supply chains, strategic investments, and partnerships to secure essential minerals for technological and economic growth. Highlighted minerals include copper, lithium, PGMs, REEs, and uranium. The event will feature distinguished speakers and panel discussions on technology advancements and market insights. To attend the CMI Summit III, click here

LGES in talks with Chinese material firms to make low-cost EV batteries for Europe: (July 24, 2024, Source) – LG Energy

Solution (LGES) of South Korea is negotiating with three Chinese suppliers to produce low-cost electric vehicle (EV) batteries for Europe. This move aims to mitigate the impact of new EU tariffs on China-built EVs and address a slowdown in global EV demand. LGES is exploring joint ventures and long-term supply deals to produce lithium iron phosphate (LFP) cathodes, a cost-effective and safer alternative to nickel-based cathodes. Potential production sites include Morocco, Finland, and Indonesia. The European market's demand for affordable EVs, comprising about half of the region's EV sales, is driving these initiatives. LGES currently holds a 31.2% share of the European EV battery market and is partnered with major automakers such as General Motors and Hyundai.

Signed Term Sheet with Shenghe for A$96m Investment and Fully Funded Project Solution for Ngualla: (July 24, 2024, Source) – Peak Rare Earths Limited (ASX: PEK) has signed a non-binding Term Sheet with Shenghe Resources Holding Co., Ltd. for an A$96 million investment in the Ngualla Rare Earth Project. Shenghe will fully fund the project, eliminating the need for additional equity from Peak. The agreement includes Shenghe acquiring a 50% interest in Ngualla Group UK Limited, which holds an 84% stake in the project. Key targets are to finalize documentation by September and make a Final Investment Decision by December 2024. Shenghe will leverage its rare earth expertise to achieve significant cost savings. This agreement enhances the Ngualla Project's position as a top-tier rare earth venture, supported by feasibility studies, government backing, and completed off-take agreements.

Lithium boss says prices for Australia's 'white gold' may have bottomed: (July 24, 2024, Source) – Pilbara Minerals Limited (ASX: PLS), Australia's largest independent lithium miner, plans to boost lithium production despite prices being at three-year lows due to global oversupply and slower electric car sales. The

company aims to increase production by up to 15% in the 2025 financial year. While Pilbara Minerals reported higher production volumes and a 58% revenue increase for the June quarter, weaker-than-expected prices for lithium-rich spodumene offset these gains. CEO Dale Henderson suggested that global lithium prices might have bottomed out following the closure of higher-cost mines. Despite the market volatility, Henderson remains optimistic about Pilbara's strong position and low-cost operations. Australia, home to substantial lithium reserves, faces challenges as electric vehicle sales slow, particularly in China, Europe, and the US, affecting lithium export earnings.

Tesla's Profit Fell 45% in the Second Quarter on Weak E.V. Sales: (July 23, 2024, Source) – Tesla Inc. (NASDAQ: TSLA) reported a 45% drop in profit for the second quarter, driven by weak electric vehicle (E.V.) sales. The company earned $1.5 billion on revenue of $25.5 billion, compared to $2.7 billion in profit and $24.9 billion in revenue a year earlier. Despite increased sales of regulatory credits and battery systems, Tesla's operating profit margin fell to 6.3% from 9.6%. Tesla's market share in the U.S. E.V. sector dropped below 50%, as competition intensified. CEO Elon Musk emphasized new growth strategies, including driverless taxis and AI, but challenges persist. Additionally, Musk's politics may be alienating some buyers. In response to declining sales, Tesla has cut prices and plans further cost reductions, including layoffs.

Jack Cracks the US Critical Minerals Policy Safe: (July 23, 2024, Source) – The bipartisan U.S. policy on sourcing critical minerals remains stable regardless of political leadership. The Department of Defense (DoD) focuses on reducing dependence on Chinese rare earth magnets essential for military applications. To achieve this, the DoD is funding several initiatives: a rare earth separation facility in Texas by Lynas Rare Earths Ltd., a magnet manufacturing plant in South Carolina by Vacuumschmelze

(VAC), and considering investments in Ucore Rare Metals Inc.'s (TSXV: UCU | OTCQX: UURAF) heavy rare earth separation in Louisiana. Despite these efforts, the U.S. consumer market faces challenges in developing a robust domestic supply chain for rare earth permanent magnets needed for electric vehicle (EV) production, hindered by a lack of infrastructure and coordinated government intervention.

Rare earths miner Lynas Q4 revenue falls on output slump, lower prices: (July 22, 2024, Source) – Lynas Rare Earths Ltd. (ASX: LYC) reported a decline in quarterly revenue due to reduced production at its Kalgoorlie facility and lower prices, causing shares to fall to a three-month low. The Malaysian operations experienced a maintenance shutdown lasting over a month, contributing to a more than 50% drop in rare-earth oxide (REO) output for the fourth quarter, ending at 2,188 REO tons. The decline in prices was influenced by sluggish demand from green energy companies and electric automakers, along with increased global supply. Despite slight improvements in Chinese domestic demand, market prices remained low. The average selling price was A$42.3 per kilogram, down from A$43.5 per kilogram the previous year. Lynas reported a quarterly sales revenue of A$136.6 million, down from A$157.5 million a year ago.

Centrus receives uranium import waiver: (July 22, 2024, Source) – Centrus Energy has secured a waiver from the US Department of Energy (DOE) to import low-enriched uranium (LEU) from Russia for US customers in 2024 and 2025. This comes ahead of the Prohibiting Russian Uranium Imports Act, effective 11 August, which bans importing Russian LEU. The legislation, signed by President Biden, ensures US nuclear plants remain supplied as domestic LEU capacity is developed. Waivers are granted if no viable alternative source exists or if importation is in the national interest, valid until 1 January 2028. Centrus's waiver covers deliveries until the end of 2025, with 2026-2027

decisions deferred. Centrus plans further waivers for processing, re-export, and future deliveries.

Insight: Western miners push for higher metals prices to ward off Chinese rivals: (July 22, 2024, Source) – Western miners are advocating for higher metals prices to remain competitive against Chinese rivals, who have flooded the market with cheap supplies, driving down global prices for metals like cobalt, lithium, and nickel. Jervois Global Limited (ASX: JRV | TSXV: JRV | OTCQB: JRVMF), which owns the only U.S. cobalt mine in Idaho, halted operations due to unprofitability as cobalt prices fell. Other Western companies face similar challenges, struggling to compete against Chinese-linked firms with lower production costs. To address this, Western miners are proposing a two-tier pricing system, charging premiums for sustainably produced metals. This system aims to create incentives for environmentally friendly practices and ensure market competitiveness. While some government officials and industry leaders support intervention, automakers are cautious about the cost implications, balancing sustainability commitments with competitive pricing pressures.

Vietnam arrests former deputy environment minister over rare earth mining violations: (July 22, 2024, Source) – Vietnamese police have arrested former Deputy Environment Minister Nguyen Linh Ngoc and four other senior officials for alleged violations in rare earth mining regulations. Ngoc, who served from 2010 to 2018, and the others are accused of breaching state economic management rules, leading to severe consequences. Details on the specific violations were not disclosed. Last year, several officials, including the chairman of Thai Duong Group, were arrested for allegedly forging tax receipts in rare earth trading. The Ministry of Public Security is continuing investigations to recover lost state assets. Vietnam, with the second-largest rare earth deposits after China, has intensified

efforts against illegal mining activities.

What is truly "critical?": (July 22, 2024, Source) – In the past century, various existential crises, initially highlighted by print media and now amplified by broadcast and Internet media, have emerged. These crises often reveal poor education and reasoning skills among journalists and politicians who focus more on party doctrines than evidence-based beliefs. Historical crises include the atomic bomb scare, the Sputnik crisis, the Cuban Missile Crisis, and more recent issues like climate change. Genuine demand for critical minerals should be driven by actual needs, not political agendas. Future demand will be influenced by the expansion of Western lifestyles, particularly through hybrid vehicle power systems and renewable energy storage. Governments have mismanaged natural resources, leading to an over-reliance on China. Without a strategic approach to critical minerals, Western countries risk decline. Effective capital allocation should focus on job creation and wage growth, promoting broader private property ownership.

Ford pivots from EV plans to heavy-duty trucks at Canada facility: (July 18, 2024, Source) – Ford Motor Co. (NYSE: F) has decided to repurpose its Canadian plant initially intended for electric vehicles to produce larger, gasoline-powered F-Series pickup trucks. This pivot follows the delayed launch of its electric SUVs from 2025 to 2027 due to slower EV demand growth. Despite the delay, Ford remains committed to its EV timeline but has not specified a new production location. The Oakville Assembly facility will now support an additional 100,000 Super Duty trucks, incorporating "future multi-energy technology." This move addresses high demand, as even with plants in Kentucky and Ohio, supply falls short. Ford plans a $3 billion investment in Super Duty production, creating about 2,000 jobs. Unifor, the Canadian automotive union, welcomed the expedited production plans. This shift highlights Ford's focus on profitable gasoline

and hybrid models amid EV market challenges.

InvestorNews.com Media Highlights:

- July 24, 2024 – The Critical Minerals Institute Summit III Unites Global Leaders in Toronto for Landmark Two-Day Event on August 21-22 themed “The Politics of the Critical Minerals Market” https://bit.ly/46gVp3l
- July 24, 2024 – InvestorTalk Alert: Curtis Moore from Energy Fuels Inc. to host on Thursday, July 25, 2024 https://bit.ly/3LyHTP0
- July 23, 2024 – Jack Cracks the US Critical Minerals Policy Safe https://bit.ly/3WyiWcA
- July 23, 2024 – InvestorTalk Alert: John Passalacqua from First Phosphate Corp. to host on Wednesday, July 24, 2024 https://bit.ly/4fhB4ia
- July 22, 2024 – What is truly “critical?” https://bit.ly/3xXMabF
- July 22, 2024 – Shifting Sands: Biden’s Exit, and Kamala Harris’s Challenge https://bit.ly/3zQCU9D

InvestorNews.com Video Highlights:

- July 25, 2024 – John Passalacqua on First Phosphate’s Exceptional Phosphate Grades in Quebec https://youtu.be/jwLWTt7XfRs

InvestorIntel Member News:

- July 26, 2024 – NEO Battery Establishes Collaboration Agreement with Lotus Energy to Strengthen Recycled Silicon

Anode Initiative https://bit.ly/3SrGs8W

- July 25, 2024 – Nano One 2024 Annual General Shareholder Meeting https://bit.ly/3YjQ0Xi
- July 25, 2024 – Scandium Canada Announces Closing of a Second of its Private Placement for Additional Gross Proceeds of $473,000 https://bit.ly/3zZ6sCa
- July 25, 2024 – First Phosphate Confirms Significant High-Quality Igneous Phosphate Deposit at Its Bégin-Lamarche Project in the Saguenay-Lac-St-Jean Region, Quebec au Canada https://bit.ly/3Yi5pXR
- July 25, 2024 – Ucore Announces Memorandum of Understanding and Project Collaboration with Cyclic Materials https://bit.ly/3LIvcRu
- July 24, 2024 – Terra Balcanica Closes Option Agreement for Saskatchewan Uranium Assets https://bit.ly/3LEbIxu
- July 24, 2024 – Meteoric Resources NL Quarterly Report – June 2024 https://bit.ly/3YhJ4Kb
- July 24, 2024 – Zentek Launches National Sampling Program for ZenGUARD(TM) Antimicrobial Surgical Masks https://bit.ly/4feyklP
- July 24, 2024 – Media Advisory – Neo Performance Materials Inc. Second Quarter 2024 Earnings Release & Conference Call https://bit.ly/3WynG21
- July 23, 2024 – Zentek Announces Non-Brokered Private Placement of Units for up to $3 Million https://bit.ly/4d9AJMP
- July 22, 2024 – Energy Fuels Announces Q2-2024 Earnings Call Details https://bit.ly/3SjfEYo
- July 22, 2024 – Nord Precious Metals Announces Proposed Consolidation and Non-Brokered Private Placement https://bit.ly/3Ww6hHh
- July 22, 2024 – F3 and SKRR Commence Drilling to Test Conductors on Clearwater West https://bit.ly/3Wf2blp
- July 22, 2024 – Western Uranium & Vanadium Provides

Company Update https://bit.ly/3zSyOhh

- July 22, 2024 – Dotted Lake: Award of Exploration Permit-Correction https://bit.ly/3SkEVl0
- July 22, 2024 – Neo Announces Update to its Board of Directors https://bit.ly/3W8uAto