Technology Metals Report (08.02.2024): MP Materials' unexpected loss & Countdown to the CMI Summit III

written by Tracy Hughes | August 2, 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 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 MP Materials' unexpected loss driven by low rare earth prices, Albemarle's significant cutbacks in lithium processing, and Uber's partnership with BYD to introduce 100,000 electric vehicles across Europe and Latin America. This report also provides a detailed analysis of the implications of these developments on the global market, ensuring you stay informed on the latest trends and challenges in the sector. Note that the story highlights listed below are in chronological order, not in order of importance.

This week's TMR Report also highlights Mitsubishi Motors joining the Nissan-Honda alliance for EV development, and the EBRD and EU mobilizing up to €100 million for critical raw materials investments. Additionally, we bring exciting news on the countdown to the Critical Minerals Summit III in Toronto, with updates now being made daily at www.criticalmineralsummit.com. This landmark event, themed "Connecting Leaders, Advancing Critical Minerals," will take place on August 21-22, 2024, at the prestigious National Club in Toronto. It promises to be a

pivotal gathering for leaders in the critical minerals industry, featuring keynote speakers like Mark Chalmers of Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR).

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MP Materials loss steeper than expected on low rare earths prices: (August 1, 2024, Source) – MP Materials Corp. (NYSE: MP) reported a steeper-than-expected second-quarter loss, driven by falling rare earth prices and operational challenges. The company posted a net loss of $34.1 million, or 21 cents per share, versus a net profit of $7.4 million, or 9 cents per share, in the same quarter last year. Excluding one-time items, the loss was 17 cents per share, exceeding analysts' expectations of a 9 cents loss. Shares fell 2.2% in after-hours trading. CEO Jim Litinsky expressed cautious optimism for a rebound in rare earths production in the third quarter. MP has faced competition from Chinese rivals and sold 5,839 metric tons of concentrate, down 43% from the previous year. The company produced and sold 272 metric tons of refined neodymium and praseodymium, with expectations of a 50% increase next quarter. Additionally, MP signed a rare earths supply agreement with a global automaker.

Albemarle sounds warning on critical minerals processing: (August 1, 2024, Source) – Albemarle Corporation (NYSE: ALB), a major US lithium producer, announced significant cutbacks at its lithium hydroxide plant in Western Australia due to falling lithium prices. This move highlights flaws in Australia's strategy for boosting domestic critical minerals processing. The company plans to slash its Kemerton plant's output from a projected 100,000 tonnes to just 25,000 tonnes annually, halting further expansion. Despite abundant lithium supply from China and reduced demand for electric vehicle batteries in the West, Albemarle faces challenges, including high operational costs and

regulatory delays. The cutbacks underscore the difficulty of competing with China's dominant lithium processing capabilities. This situation raises concerns about the viability of similar projects in Australia and calls for more robust policy support to secure the country's position in the critical minerals market.

Uber strikes EV deal with Chinese Tesla rival BYD: (August 1, 2024, Source) – Uber and Chinese automaker BYD have announced a partnership to deploy 100,000 BYD electric vehicles (EVs) on the Uber platform across Europe and Latin America. This collaboration aims to provide Uber drivers with favorable pricing, insurance, and financing options for BYD vehicles. The partnership is expected to expand to the Middle East, Australia, and New Zealand, with plans to introduce autonomous-capable EVs on the Uber platform. BYD, China's largest EV manufacturer, has been expanding globally after shifting entirely to EV and hybrid production in 2022. The influx of low-cost Chinese EVs is disrupting the global auto industry, similar to the impact of Japanese automakers in the 1970s. Despite facing tariffs in the U.S., BYD is increasing its global presence by establishing production plants in Thailand, Brazil, Hungary, and Turkey.

Mitsubishi Motors to join Nissan-Honda alliance for EV development: (August 1, 2024, Source) – Mitsubishi Motors Corp. will join the Nissan Motor Co. and Honda Motor Co. alliance to develop electric vehicles (EVs), aiming to compete with global rivals. This strategic partnership, established in March, focuses on integrating intelligent technology and electrification. The collaboration addresses the rising costs of EV development, including expensive batteries and autonomous driving features. Honda President Toshihiro Mibe emphasized the necessity for companies to adapt to technological innovations to survive. Nissan President Makoto Uchida highlighted the importance of joint efforts to achieve impactful results. The

alliance aims to advance carbon neutrality and zero-traffic-accident goals by leveraging the combined expertise of all three companies. This partnership forms a major group in the Japanese auto industry alongside Toyota's expanding collaborations. Additionally, Nissan and Honda will jointly research next-generation vehicle technologies and standardize EV components.

EBRD and EU to mobilise up to €100 million for critical raw materials investments: (July 31, 2024, Source) – The European Bank for Reconstruction and Development (EBRD) and the European Union (EU) have launched a joint facility to invest up to €100 million in critical raw materials. This initiative aims to support the EU's digital and green transitions by ensuring a stable supply of essential raw materials. The facility, valued at €50 million, is expected to attract an additional €50 million in investments. The EBRD and the EU will each contribute €25 million, with the EU's share coming from the Horizon Europe Programme. The focus is on early-stage equity investments in junior mining companies in EU Member States and select non-EU economies. This effort aligns with the EBRD's Mining Sector Strategy and the EU's Critical Raw Materials Act and REPowerEU Plan, emphasizing high environmental and social standards.

Solvay to supply Europe with rare earth metals to reduce reliance on China: (July 31, 2024, Source) – Belgian chemicals group Solvay S.A. will supply Europe with rare earth metals for EVs and wind turbines from its refurbished La Rochelle plant in France, starting in early 2025. The facility, the only one in Europe processing light and heavy rare earth materials industrially, aims to meet 30% of Europe's permanent magnets needs by 2030, reducing reliance on China. Solvay is in talks with major car manufacturers, turbine makers, and the French government for support. Under a new EU law, the EU seeks to mine 10%, recycle 25%, and process 40% of its critical minerals domestically by 2030. Solvay plans to source 30% of its

materials locally through recycling end-of-life rare earth metals from motors, benefiting from the existing La Rochelle factory.

U.S. Senate panel looks for ways to aid electric vehicle industry: (July 31, 2024, Source) – The U.S. Senate Budget Committee, led by Sen. Sheldon Whitehouse, discussed strategies to boost the U.S. electric vehicle (EV) industry for economic, national security, and climate benefits. Highlighting the expanding global EV market, Whitehouse noted the importance of the U.S. participating in this growth. Sen. Lindsey Graham, a Republican, emphasized South Carolina's automotive significance and the future of EV manufacturing, despite opposition from some Republicans who oppose subsidies and President Biden's EV goals. Concerns about the electric grid's capacity to handle increased EV demand were raised, with experts suggesting off-peak charging to alleviate strain. The competition with China, which dominates the EV market, was also a key discussion point, stressing the need for U.S. policy incentives to remain competitive. Some Republicans questioned the necessity of government subsidies for EVs.

Work Begins On First Generation IV Nuclear Power Plant In US: (July 31, 2024, Source) – Kairos Power has commenced construction on the Hermes Low-Power Demonstration Reactor at Oak Ridge, Tennessee, marking a significant step in advanced reactor technology. The Hermes reactor, expected to be operational by 2027, is the first Generation IV reactor approved for construction by the US Nuclear Regulatory Commission and the first non-light-water reactor permitted in the US in over 50 years. This project, supported by the US Department of Energy (DOE) through a $303 million investment, aims to inform the development of a commercial reactor by the next decade. Utilizing Triso fuel particles and a molten fluoride salt coolant, Hermes promises robust inherent safety and simplified

design. The project also involves modular construction techniques, potentially transforming conventional nuclear construction. Kairos Power plans to invest at least $100 million in the reactor's development.

The Critical Minerals Institute Summit III Welcomes Mark Chalmers of Energy Fuels as Keynote Speaker: "Builder of the Critical Minerals Company of the Future in North America": (July 30, 2024, Source) – The Critical Minerals Institute (CMI) is hosting its CMI Summit III on August 21-22, 2024, in Toronto, themed "The Politics of the Critical Minerals Market." Mark Chalmers, President, CEO, and Director of Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR), will deliver the keynote address titled "Building Critical Mineral Hubs in North America." He will discuss the strategic shift towards innovative materials networks and Energy Fuels' integration of rare earth elements production with its uranium business. Debra Bennethum, Director of Critical Minerals and Strategic Supply Chain at Energy Fuels Inc., will provide introductory remarks on resilient EV critical mineral supply chains. The summit aims to gather industry leaders, investors, and government representatives to explore global supply chains and strategic investments necessary for the critical minerals sector's advancement.

Rio Tinto open to big copper buys but cautious of overheated market: (July 30, 2024, Source) – Rio Tinto Group (NYSE: RIO | LSE: RIO) is considering large acquisitions in the copper market but remains cautious due to high market prices. CEO Jakob Stausholm highlighted that any potential acquisition must offer substantial value, especially as copper prices have recently surged and then declined. Rio Tinto, primarily profiting from iron ore, aims for a 3% annual growth in copper from 2024, driven by projects like Mongolia's Oyu Tolgoi mine and ventures in Chile and Peru. The company reported half-year earnings of

$5.8 billion, supported by gains in copper and aluminum but offset by lower iron ore prices due to the Chinese property crisis. Despite these challenges, Rio remains optimistic about future demand driven by China's green transition. The company declared an interim dividend of $1.77 per share and reported net debt of $5.1 billion.

Chinese firms win record 11% EV share in Europe as buyers rush to beat tariffs: (July 30, 2024, Source) – In June, Chinese carmakers captured a record 11% of the European electric vehicle (EV) market as buyers hurried to avoid new EU tariffs. Approximately 23,000 Chinese battery EVs were registered, a 72% increase from May. SAIC, the parent company of MG, led the surge with nearly 13,400 sales, while BYD sold just under 4,000. EU tariffs on SAIC vehicles reached 38%, whereas BYD faced a 17% levy starting July 5. Italy saw a significant boost in sales due to €200 million in subsidies. The EU and UK accounted for nearly half of China's EV exports in the first half of the year. Chinese EVs in Europe are notably more expensive than in China, with significant markets in Germany, the UK, and France. In 2023, Chinese-made electric battery cars represented 21.7% of all sales in Europe.

China's BYD explores Canadian auto market entry -regulatory filing: (July 30, 2024, Source) – Chinese electric vehicle (EV) maker BYD is planning to enter the Canadian automotive market, as revealed by a regulatory document filed recently. This move comes amidst Canada's consideration of tariffs on Chinese-made EVs, aligning with similar actions by the United States and the European Union. Ottawa began a public consultation on July 2 to evaluate the potential impacts of what it describes as China's unfair support for its EV sector. Concerns are that unchecked Chinese EV imports could disrupt Canada's automotive sector transformation and planned investments. Although the document did not provide a specific timeline for BYD's market entry, it

mentioned the company's intention to sell passenger EVs in Canada. In parallel, BYD introduced the Shark, a mid-size hybrid-electric pickup truck, in Mexico in May.

Uranium contract prices soar on uncertain supply, AI-led power demand: (July 29, 2024, Source) – Long-term uranium contract prices have surged to over 16-year highs due to supply uncertainties and increased demand from utilities expanding capacity for AI data centers. Term prices have reached approximately $79 per pound, the highest since 2008, with expectations of further increases. Cameco Corp. (TSX: CCO | NYSE: CCJ), a uranium miner, reports market-related contracts locking in prices between $70-$130 per pound. Spot prices, which rose nearly 88% last year, are now around $82 per pound. The global clean energy push anticipates a doubling of nuclear generation by 2050, but supply may lag. Plenisfer Investments suggests prices must exceed the current marginal cost of $90-$100 per pound by at least 30% to drive new investments. The market is expected to remain in deficit over the next decade, with rising AI power demands benefiting nuclear energy companies.

China to launch world's first thorium molten salt nuclear power station in 2025: (July 26, 2024, Source) – China is set to launch the world's first thorium molten salt nuclear power station in the Gobi Desert by 2025, marking a significant advancement in nuclear energy. This innovative facility uses thorium instead of uranium, which is more abundant and produces less long-term nuclear waste. The reactor's design, utilizing liquid salt or carbon dioxide for heat transfer instead of water, enhances safety and stability. The passive safety measures of thorium reactors reduce meltdown risks and generate less toxic waste. This project aligns with China's carbon-neutral goals, showcasing its commitment to greener energy solutions. Geopolitically, this development positions China as a

leader in alternative nuclear technologies, potentially reshaping global energy strategies and alliances.

InvestorNews.com Media Highlights:

- July 31, 2024 – InvestorTalk Alert: Danny Huh from NEO Battery Materials Ltd. to host on Thursday, August 1, 2024 https://bit.ly/4dssVWN
- July 30, 2024 – The Critical Minerals Institute Summit III Welcomes Mark Chalmers of Energy Fuels as Keynote Speaker: "Builder of the Critical Minerals Company of the Future in North America" https://bit.ly/46qmYXM
- July 29, 2024 – InvestorTalk Alert: Robert Klein from Western Uranium & Vanadium Corp. to host on Tuesday, July 30, 2024 https://bit.ly/3WEqQ4e

InvestorNews.com Video Highlights:

- August 2, 2024 – Cyclic Materials' Ahmad Ghahreman on Recycling Rare Earths from Magnets https://youtu.be/TH1xfUiQChE
- July 30, 2024 – Christopher Berlet on MineralFunds' "World Metal & Mining ETF Update – H1 2024" https://youtu.be/ZraFWTtA5Zk

InvestorIntel Member News:

- August 2, 2024 – Scandium Canada Completes Summer Drilling Campaign at its Crater Lake Project https://bit.ly/3A99cwS
- August 2, 2024 – Meteoric Resources NL: $27.5M Placement Completed https://bit.ly/3WtE4Qa

- August 2, 2024 – Nano One Provides Summary of Management Discussion and Results of Annual General and Special Meeting https://bit.ly/46sDkiN
- August 2, 2024 – Vesting of Performance Rights https://bit.ly/3LN7bsT
- August 1, 2024 – Appia Rare Earths & Uranium Corp Announces CFO Transition https://bit.ly/4dlqLI8
- August 1, 2024 – Panther Metals PLC Director Dealing https://bit.ly/3A9dtQY
- July 31, 2024 – CBLT Samples up to 25.7 g/t Au at Past Producer Falcon Gold, Sudbury, Ontario https://bit.ly/3LSNYFT
- July 31, 2024 – Nano One 2024 Annual General & Special Meeting https://bit.ly/3WpDzGF
- July 31, 2024 – Quarterly Activities Report to 30 June 2024 https://bit.ly/3YrCCjR
- July 31, 2024 – Quarterly Activities Report for the Period Ending 30 June 2024 https://bit.ly/4fs5s9W
- July 30, 2024 – Fulcrum Metals – Disposal of Uranium Assets https://bit.ly/4doSaZP
- July 30, 2024 – NEO Battery Provides Corporate Update on Product R&D, Advanced Testing, and Pathway-to-Commercialization https://bit.ly/3LIa9Pg
- July 30, 2024 – First Phosphate Corp CEO Announces Increase in Shareholdings Including Recent Open Market Purchases https://bit.ly/4doMyia
- July 30, 2024 – Appia Completes Drilling at Loranger Property and Assays are Pending https://bit.ly/3yniip9
- July 30, 2024 – F3 Hits 2.5m of 18.6% U3O8 within 3.2% over 15.0m at JR Zone https://bit.ly/3M5uMoR
- July 30, 2024 – Panther Metals PLC Director Dealing https://bit.ly/3LKti36
- July 29, 2024 – Power Nickel Appoints Global Expert Dr. Steve Beresford to Board https://bit.ly/3WlMTvj