Technology Metals Report (08.23.2024): Kazatomprom Misses Uranium Production Target Due to Sulphuric Acid Shortage and China Strategy Shift Should Drive Up Rare Earth Prices

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“A potential decrease in mining output this year, coupled with strong demand in sectors that rely on critical metals, could drive up rare earth prices, which have fallen by nearly 20% so far this year.” – Tracy Hughes, Critical Minerals Institute

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 is a commentary written by Melissa Sanderson on the U.S.’s strategic moves in Africa to challenge China’s dominance, potential shifts in China’s rare earth production, and Ford’s revised approach to electric vehicles. Additionally, we cover Kazatomprom’s significant cut in its 2025 uranium production target due to project delays and a sulphuric acid shortage, a development that could further tighten global uranium supply and drive up prices. Please note that the story highlights listed below are in chronological order, not in the order of importance.

This week's TMR Report also extends a heartfelt thank you to everyone who attended and contributed to the success of the Critical Minerals Summit III, which concluded yesterday in Toronto. Your participation made this event a landmark gathering for the critical minerals industry, fostering vital connections and advancing discussions that will shape the future of our sector. We are deeply grateful for your engagement and look forward to continuing our work together as we navigate the challenges and opportunities ahead. If you want to become a CMI member, click here.

World's largest uranium producer slashes production target: (August 23, 2024, Source) – Kazatomprom, the world's largest uranium producer, has cut its 2025 production target by 17% due to project delays and a sulphuric acid shortage, essential for uranium extraction. The new target is between 25,000 to 26,500 tonnes of yellowcake, which may push uranium prices higher, already elevated above $80 per pound. This reduction highlights a broader supply challenge amid rising demand for nuclear power, spurred by global energy crises. Kazatomprom's difficulties are compounded by geopolitical concerns, as Russia plays a significant role in uranium processing. Additionally, Kazatomprom's inventory is at a record low, further straining supply. The company's struggles have led to leadership changes and raised concerns about the future stability of uranium supply for nuclear energy.

The Lobito Corridor: Can the U.S. Seize the Moment and Challenge China in Africa?: (August 22, 2024, Source) – The Lobito Corridor, a US-led railroad project through Angola, Zambia, and the Democratic Republic of the Congo (DRC), aims to boost economic growth, enhance Western influence in Africa, and challenge China's dominance in infrastructure. While the project could attract Western companies to these resource-rich regions, it faces significant hurdles. Historical tensions, particularly

between DRC and Angola, as well as concerns over whether the US and its allies will commit long-term, could undermine its success. The DRC is especially skeptical, given its own infrastructure needs and memories of past conflicts. For the US to truly compete with China in Africa, it must demonstrate sustained commitment and broader economic development beyond the extractive industries. The Lobito Corridor will test whether the US can seize this opportunity.

Is China curbing rare earth production to raise prices as its global dominance wanes?: (August 22, 2024, Source) – China may be curbing its rare earth production to raise prices, as domestic prices have declined while global competition increases. The government recently set its annual rare earth mining and smelting quotas at slightly higher levels than last year, but with a much smaller growth rate compared to previous years. This potential production decrease, coupled with strong demand from sectors like new energy vehicles and wind turbines, is expected to drive a rebound in rare earth prices, which have fallen by 20% this year. China's dominance in the global rare earth market has declined, but it remains a critical player, with tight controls on production and export, raising geopolitical concerns amid increasing efforts by other countries to reduce reliance on Chinese supplies.

Ford revamps electric vehicle strategy with push into hybrids: (August 22, 2024, Source) – Ford is shifting its electric vehicle (EV) strategy by focusing more on hybrid technology and scaling back some all-electric vehicle plans. The company announced it will reduce the percentage of capital expenditures dedicated to pure EVs from 40% to 30% and delay the launch of certain electric models, such as a new electric pickup truck. This shift highlights challenges in the EV market, including consumer concerns about charging infrastructure and higher costs, as well as increased competition, particularly from

Chinese automakers. Despite this, Ford remains committed to developing all-electric commercial vehicles and hybrid models, adjusting its approach to meet profitability goals and consumer demand. The move is seen as a setback to President Biden's goal of having EVs and plug-in hybrids account for half of new car sales by 2030.

China's Exports of Critical Minerals Recover After Curbs Imposed: (August 21, 2024, Source) – Chinese exports of critical minerals, including gallium, germanium, and graphite, are recovering after initial declines due to government-imposed restrictions last year. These restrictions, seen as China's response to US-led controls on high-end technology, initially led to a spike in exports as buyers stocked up, followed by a sharp decline. Gallium exports have since rebounded significantly, while graphite exports remain subdued, partly due to increased overseas mining and weakening demand for electric vehicle batteries. Germanium remains strong, driven by global demand for high-tech applications. The restrictions aim to maintain low domestic prices for Chinese refineries and factories. Meanwhile, concerns are rising about potential trade wars as China's overproduction of goods like electric vehicles and solar panels drives prices down globally.

US, Argentina to sign MOU to boost critical mineral supply chains: (August 21, 2024, Source) – The U.S. and Argentina are set to sign a memorandum of understanding to strengthen critical mineral supply chains, especially focusing on lithium and copper. This partnership is part of the U.S.'s strategy to diversify supply chains away from China. Argentina, which produced 54,303 metric tons of lithium in 2023, holds vast untapped resources and is considered an attractive investment destination due to its low 3% royalty rate, favorable mining regulations, and potential for significant growth. Despite Argentina's economic challenges, President Javier Milei's

efforts to curb inflation and encourage investment are seen as positive steps. However, Argentina remains ineligible for incentives under the U.S. Inflation Reduction Act due to the absence of a free trade agreement with the U.S.

Chile's SQM posts 63% profit slump, expects weak lithium prices in near term: (August 21, 2024, Source) – Chile's SQM, the world's second-largest lithium producer, reported a sharp 63.2% decline in quarterly profits due to weak lithium prices, with net earnings of $213.6 million falling short of analysts' expectations. Despite record-high sales volumes, the company's performance was hindered by a significant drop in lithium prices, a trend expected to persist throughout the year. CEO Ricardo Ramos noted that lithium prices in China are nearly 20% lower than in the previous quarter, reflecting a broader 70% price decline over the past year due to weaker global demand for electric vehicles. However, SQM remains committed to its investment plans in lithium, anticipating future price recoveries. Additionally, the company is closely monitoring developments in a joint venture with Chile's state-run Codelco, which faces legal challenges.

First shipment of critical minerals leaves Port of Churchill in more than 20 years: (August 20, 2024, Source) – The Port of Churchill, a northern Canadian deep water port, marked a significant milestone with the first shipment of critical minerals in over 20 years, signaling the federal government's strategy to strengthen the domestic critical mineral sector. The shipment of zinc concentrate to Belgium reflects Canada's broader efforts to reduce reliance on China, which dominates global critical mineral processing. MP Chandra Arya highlighted the geopolitical importance of this sector and the need for robust infrastructure, like the Port of Churchill and its rail line, to support growth. The Arctic Gateway Group, which operates the port and railway, has overcome challenges,

including a 2017 railway washout, and is now focusing on expanding exports, including grain. The involvement of 41 communities in the ownership group is seen as a unique and proud achievement.

How Chinese investors tried to take over an Australian mining company: (August 20, 2024, Source) – The struggle between an Australian mining company, Northern Mineral Limited (ASX:NTU), and Chinese investors highlights the global race for control over critical minerals. The conflict began when Northern Minerals raised $16 million, only to discover that shares might have been secretly acquired by proxies of Wu Tao, a Chinese investor previously blocked by the Australian government due to national security concerns. The situation led to a government investigation and a mandate for Wu and others to divest $15.5 million in shares. This incident underscores the broader geopolitical tensions as countries like Australia and the U.S. seek to reduce dependence on China for rare earth minerals, essential for technologies ranging from electric vehicles to fighter jets.

Peru's copper output this year likely to fall short of 3-million ton goal, SNMPE says: (August 20, 2024, Source) – Peru's copper production is expected to fall short of the government's 3-million-ton goal for 2024, with estimates ranging between 2.7 and 2.8 million tons, according to Victor Gobitz, head of the SNMPE mining group. Peru, the world's third-largest copper producer, has seen a slight decline in output, producing 1.29 million tons in the first half of the year, about 2% lower than the same period in 2023. This decline has contributed to a broader economic slowdown, with the mining and oil sectors experiencing a significant drop in June. Gobitz emphasized the need for mine investments between $2.5 billion and $3 billion to sustain production levels. Specifically, at the Antamina mine, investments are projected to reach $700 million by year-end,

with long-term plans extending production through 2036.

Ucore Rare Metals and Meteoric Resources Sign MOU for Offtake of Caldeira Project MREC in Brazil to USA Oxide Production Project: (August 20, 2024, Source) – Ucore Rare Metals Inc. and Meteoric Resources NL have signed a Memorandum of Understanding (MOU) for the supply of 3,000 metric tonnes of total rare earth oxide (TREO) annually from Meteoric's Caldeira Rare Earth Ionic Clay Project in Brazil to Ucore's upcoming production facility in Alexandria, Louisiana. The MOU sets the stage for a future binding agreement where Ucore will source significant amounts of rare earth elements, including neodymium, praseodymium, terbium, and dysprosium, from Caldeira. Both companies will collaborate on funding and business development, with Ucore's Louisiana facility expected to begin commercial operations by 2026 and Meteoric's Caldeira Project anticipated to start production by 2027. This partnership aims to strengthen a Western rare earth supply chain, countering China's dominance in the sector.

Neo Announces Agreement to Sell Majority Equity Interest of China Rare Earth Separation Assets for USD $30 Million in Cash: (August 20, 2024, Source) – Neo Performance Materials Inc. has announced an agreement to sell the majority of its equity interest in two China-based rare earth separation facilities to Shenghe Resources Holding Co., Ltd for approximately USD $30 million. Specifically, Neo will sell 86% of its equity in Jiangyin Jiahua Advanced Material Resources Co., Ltd. (JAMR) and 100% in Zibo Jiahua Advanced Material Resources Co., Ltd. (ZAMR). Neo will retain a 9% stake in JAMR and exclusive rights to distribute JAMR's premium heavy rare earth products internationally for five years. This sale aligns with Neo's strategy to focus on high-margin downstream operations and reduce exposure to rare earth price volatility. The transaction is expected to close in Q4 2024, pending regulatory approvals.

Department of Defense Awards $20 Million to Establish Sustainable Cobalt Sulfate Production for Large Capacity Battery Supply Chain: (August 19, 2024, Source) – The U.S. Department of Defense has awarded $20 million to Electra Battery Materials Corporation (NASDAQ: ELBM | TSXV: ELBM) to establish sustainable cobalt sulfate production at its facility in Temiskaming Shores, Ontario, Canada. This funding, part of the Defense Production Act Investments (DPAI) program and backed by the Ukraine Supplemental Appropriations Act of 2022, aims to complete an industrial-scale hydrometallurgical plant. The project aligns with the 2024 National Defense Industrial Strategy, which seeks to bolster domestic production of critical minerals. This initiative, supported by both U.S. and Canadian governments, will create the first North American refinery for cobalt sulfate, essential for lithium-ion batteries, thereby strengthening the electric vehicle supply chain and enhancing North American industrial resilience. The award is one of 35 DPAI-funded projects in 2024, totaling $445 million.

China Makes $31 Billion Nuclear Push With Record Approvals: (August 19, 2024, Source) – China has approved a record 11 nuclear reactors across five sites, marking a significant $31 billion investment to bolster its atomic energy capacity and reduce emissions. The approvals, granted by the State Council, involve reactors in Jiangsu, Shandong, Guangdong, Zhejiang, and Guangxi. With construction expected to take about five years, China is on track to surpass France and the US as the world's leading atomic power generator by 2030. The new reactors include advanced fourth-generation designs like the high-temperature gas-cooled reactor at Xuwei. China's push for nuclear energy aligns with its goal to approve around 10 new reactors annually over the next few years. Currently, China operates 56 reactors, fulfilling about 5% of its electricity demand.

US Aims to Boost Trade With Africa to Challenge China on Key

Minerals: (August 19, 2024, Source) – The U.S. is focusing on boosting trade with Africa to challenge China's dominance in the supply of key minerals essential for clean energy, such as cobalt, copper, nickel, and lithium. These minerals are crucial for technologies like lithium-ion batteries and wind energy. Currently, China has more operational mines in Africa than the U.S., making America vulnerable to supply disruptions. To counter this, the next U.S. administration is expected to strengthen its position in Africa's critical mineral sector. Renewing and extending the African Growth and Opportunity Act (AGOA), which provides duty-free access to the U.S. market for nearly 40 sub-Saharan African nations, is seen as vital. This could promote investment, stabilize commerce, and enhance regional value chains, positioning the U.S. to close the gap with China in Africa's extractive industries.

InvestorNews.com Media Highlights:

- August 22, 2024 – The Lobito Corridor: Can the U.S. Seize the Moment and Challenge China in Africa? https://bit.ly/4dPipcN
- August 19, 2024 – The Critical Minerals Institute (CMI) Summit III to Feature Rahim Suleman of Neo Performance Materials for Special Armchair Q&A Session: "Navigating Market Volatility: Neo's Strategy" https://bit.ly/3X0N53g

InvestorNews.com Video Highlights:

- August 19, 2024 – Rahim Suleman on Neo Performance Materials' strong margins and profitability in the Rare Earths Industry https://bit.ly/4fXQtEJ

InvestorNews.com Member News:

- August 23, 2024 – Updated Announcement – 2024 Drilling Completed in Cowboy State Mine Area https://bit.ly/3yRUPwI
- August 23, 2024 – Closing Date for Director Nominations https://bit.ly/3z1L66R
- August 22, 2024 – Australia: Rights Issue to Fund 7,000m Drill Programme https://bit.ly/3XhiMqk
- August 22, 2024 – Nano One Streamlines Operations to Enhance Focus on LFP and Commercialization https://bit.ly/4dRSh0l
- August 21, 2024 – Nord Precious Metals Update on Progress on Recovery Permits and Future Tailings Operations at Castle Mine https://bit.ly/4cyHHtV
- August 21, 2024 – Ucore Rare Metals and Meteoric Resources Sign MOU for Offtake of Caldeira Project MREC in Brazil to USA Oxide Production Project https://bit.ly/4cBdN8H
- August 20, 2024 – Appia Confirms Outstanding Desorption Results From Its Ionic Adsorption Clay Targets Maia, Electra, Taygeta and Merope in Goias, Brazil https://bit.ly/3YQ4Kx8
- August 20, 2024 – Neo Announces Agreement to Sell Majority Equity Interest of China Rare Earth Separation Assets for USD $30 Million in Cash https://bit.ly/46VDkb6
- August 19, 2024 – Power Nickel Caps Off Impressive Lion Zone Winter Drilling Program with CuEq Results of Holes 50 and 60 Ranging from 1.23% to 7.36% https://bit.ly/4dP3EpL
- August 19, 2024 – Energy Fuels Acquires RadTran LLC as A Further Step Toward Addressing the Global Industry Need For Medical Radioisotopes in Emerging Cancer Treatments https://bit.ly/3WTQaSI