

Technology Metals Report (TMR 08.30.2024): U.S. Critical Minerals Price Support Policy, Industry Giants Forge a Chilean Lithium Partnership, and USA Rare Earth's \$870M SPAC Merger

written by Tracy Hughes | August 30, 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 bring you the most impactful stories shared by our [CMI Directors](#) over the past week, showcasing the dynamic and ever-evolving landscape of the critical minerals and technology metals industry. Key stories in this report include the Biden administration's consideration of price support for U.S. critical minerals, U.S. miners' urgent efforts to secure government loans ahead of potential political changes, and the selection of industry giants like Rio Tinto, BYD, and LG Energy for Chile's Altoandinos lithium project. The highlights listed below are presented in chronological order and underscore the ongoing developments in the sector.

This week's TMR Report also covers Zambia's strategic initiative to secure a 30% ownership stake in future critical minerals mines, China's increasing control over antimony exports, and the rising demand for rare earths in China as highlighted by Lynas Rare Earths. Additional significant updates include the U.S. government's visit to a key Korean tungsten mine, Argentina's

projection of \$10 billion in metal exports by 2027 driven by lithium and copper, and a \$3.5 billion joint EV battery plant deal between Samsung SDI and General Motors. We also discuss Canada's decision to impose a 100% tariff on Chinese EVs, BHP's renewed focus on expanding its copper operations, and USA Rare Earth's upcoming public listing through a \$870 million SPAC merger.

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Biden administration weighs price support for US critical minerals amid Chinese pressure: (August 29, 2024, [Source](#)) – The Biden administration is exploring a policy to support U.S. critical minerals projects facing pressure from cheaper Chinese materials. The Energy Department is considering setting a price floor for U.S. minerals, covering the difference when market prices drop below this threshold. This move is in response to delays and cancellations in U.S. minerals processing projects, despite significant federal investment. The policy aims to bolster domestic production of minerals essential for clean energy technologies, countering China's dominance in the global supply chain. The initiative reflects growing bipartisan support for government intervention in critical industries but raises concerns about market distortion and long-term viability. The details and cost of the policy are still under discussion, with the possibility of temporary support for near-competitive projects.

Wary of Trump, US minerals projects rush to close government loans: (August 29, 2024, [Source](#)) – U.S. miners and battery recyclers are rushing to secure government loans before January, fearing that a potential reelection of Donald Trump could halt funding crucial for the energy transition. With falling prices for minerals like lithium and nickel, and slower-than-expected EV sales, private financiers have become wary, making government

support vital. The U.S. Department of Energy's Loan Programs Office (LPO) has already conditionally approved nearly \$25 billion in loans to various companies. However, the lengthy approval process and Trump's previous stance against such funding have created urgency. Many projects could be stalled if loans aren't finalized before Trump potentially takes office, threatening the U.S. EV supply chain as China increases its market share.

Rio Tinto, BYD and LG Energy eligible for Chile's Altoandinos lithium project: (August 29, 2024, [Source](#)) – Rio Tinto Group (NYSE: RIO | LSE: RIO), BYD, and LG Energy are among six companies selected to advance in proposals for developing the Altoandinos lithium project in Chile's Atacama region. The Chilean government, through state-run mining company ENAMI, seeks to increase lithium production by forming a public-private partnership. ENAMI initiated its search for a partner in May, aiming to secure either financial or operational support for the project. The selected companies include French miner Eramet, South Korea's Posco, and China's CNGR Advanced Material. With Chile being the world's second-largest lithium producer, ENAMI plans to finalize the partnership by March 2025 as part of the National Lithium Strategy. The negotiations with these companies will provide technical details about the Altoandinos lithium deposit.

Zambia Plans State Firm to Own 30% of Critical Minerals Mines: (August 29, 2024, [Source](#)) – Zambia plans to create a state-owned investment company to secure at least 30% ownership of critical minerals production from future mines. This initiative, outlined by Mines Minister Paul Kabuswe, aims to maximize Zambia's benefits from its rich deposits of key metals like copper, cobalt, graphite, and lithium, crucial for the global energy transition. The government will establish a special purpose vehicle with a production-sharing mechanism to ensure this

ownership. Zambia's ambitious target is to quadruple copper production by 2031, requiring a significant increase in output from existing and new projects. Additionally, the strategy mandates that investors allocate at least 35% of procurement costs to local suppliers and restricts the export of unprocessed materials to boost local value addition.

China fires latest warning signal with antimony controls: (August 28, 2024, [Source](#)) – China's recent imposition of export restrictions on antimony, a critical mineral, has intensified global market concerns and raised tensions with the West over control of essential resources. Antimony, vital for applications ranging from flame retardants to military uses like armor-piercing ammunition, has seen its prices nearly double this year due to shrinking global supply. China's new regulations, requiring licenses for exports, are expected to severely limit antimony shipments, echoing earlier restrictions on other critical minerals like gallium and germanium. These moves are viewed as strategic warnings to the West, particularly the U.S., which remains heavily reliant on Chinese antimony. With China dominating the supply of numerous critical minerals, this latest action signals potential for further trade conflicts.

Lynas Sees Rare Earths Demand Rising in China as Prices Edge Up: (August 28, 2024, [Source](#)) – Lynas Rare Earths Ltd. (ASX: LYC) reports an increase in Chinese demand for its rare earth materials, crucial for industries like wind energy, defense, and electric vehicles, signaling a potential market recovery after a two-year downturn. Rare earth prices, which had dropped nearly 70% since February 2022 due to oversupply, have risen about 17% since bottoming out in March. CEO Amanda Lacaze highlighted that demand within China is picking up, alongside a reduction in previously overstocked inventories. Despite a 73% profit drop to A\$84.5 million for the year ending in June, Lynas continues to expand its operations, including its Mt Weld mine in Australia

and a new processing plant in the US, aiming to challenge China's dominance in the rare earth market.

U.S. government researchers visit a Korean mine as the race against China for critical minerals heats up: (August 28, 2024, [Source](#)) – U.S. government researchers recently visited South Korea's Sangdong Mine, owned by Almonty Industries Inc. (TSX: AII | ASX: AII | OTCQX: ALMTF), as part of efforts to diversify tungsten supply chains away from China, which dominates over 80% of the global supply. The Sangdong Mine is set to resume operations this year, potentially providing 50% of the world's non-Chinese tungsten. Tungsten is critical for weapons, semiconductors, and industrial machinery. The visit, led by the U.S. Geological Survey (USGS), highlights growing U.S. efforts to secure critical minerals amid rising geopolitical tensions. The USGS will update its assessment of the mine in its 2025 report. The Biden administration has prioritized reducing reliance on foreign minerals, particularly from China, which has started tightening control over global critical mineral exports.

Argentina official says lithium, copper to drive metal exports to \$10 billion by 2027: (August 28, 2024, [Source](#)) – Argentina's mining exports are expected to more than double to \$10 billion by 2027, driven primarily by lithium and copper production, according to Mining Secretary Luis Lucero. Lithium, essential for electric vehicle batteries, is set to be the key contributor, with Argentina's production capacity potentially rising to 200,000 tons of lithium carbonate equivalent by 2025, positioning the country as a top global producer. Additionally, the country is making strides in copper production, attracting major companies like BHP and Glencore. Despite economic challenges, including high inflation and a recession, the government under President Javier Milei is pushing pro-business reforms to attract significant investments. The government is also focusing on extending the life of existing silver and gold

mines, while addressing infrastructure needs for the growing mining sector.

Samsung SDI and GM finalize \$3.5 billion EV battery plant deal: (August 28, 2024, [Source](#)) – Samsung SDI and General Motors (GM) have solidified a \$3.5 billion joint investment to establish an electric vehicle (EV) battery plant in Indiana. This collaboration is a crucial part of GM's strategy to secure a reliable supply of advanced battery cells for its expanding EV lineup. The plant, expected to begin operations by 2027, will have an initial production capacity of 27 gigawatt hours (GWh) annually, with potential expansion to 36 GWh. The facility will produce prismatic battery cells, enhancing GM's battery technology portfolio aimed at improving EV performance and reducing costs. This move is also a strategic effort by Samsung SDI to bolster its presence in the U.S. market as EV demand grows.

Canada to impose 100% tariff on Chinese EVs, including Teslas: (August 27, 2024, [Source](#)) – Canada announced a 100% tariff on Chinese electric vehicles (EVs), including those made by Tesla, as part of broader measures to counter China's state-directed overcapacity and perceived unfair trade practices. The move aligns with similar actions by the United States and European Union. Additionally, Canada will impose a 25% tariff on Chinese steel and aluminum. The tariffs, effective October 1, reflect Canada's effort to protect its domestic industry and position itself within the global EV supply chain. In response, China's Commerce Ministry criticized the tariffs as protectionist and harmful to global trade. Tesla may shift its exports from China to the U.S. to mitigate the impact. Canada is also considering further punitive measures, potentially targeting chips and solar cells.

BHP doubles down on copper growth after better-than-expected

profit: (August 26, 2024, [Source](#)) – BHP Group Ltd. (ASX: BHP | NYSE: BHP) plans to focus on expanding its copper business through existing and new projects after abandoning its \$49 billion bid for Anglo American. The world's largest miner reported a better-than-expected 2% rise in annual underlying profit, driven by strong iron ore production despite challenges in the coal sector. BHP is increasing its investment in copper, a key commodity for the energy transition, particularly in Chile, South Australia, and Argentina. The company expects copper to contribute more significantly to its profits, aiming to boost output in South Australia by the early 2030s. While BHP remains open to future acquisitions, it is focused on optimizing its existing assets and keeping its balance sheet flexible. The miner declared a full-year dividend of \$1.46 per share, its lowest since 2020.

USA Rare Earth, a Domestic Rare Earth Mining & Magnet Company, to Become a Publicly Traded Company via Business Combination with Inflection Point Acquisition Corp. II: (August 22, 2024, [Source](#)) – USA Rare Earth, LLC (USARE), a company focused on building a vertically integrated rare earth magnet supply chain, is set to become publicly traded through a business combination with Inflection Point Acquisition Corp. II (IPXX). This strategic move positions USARE as a significant player outside China in the growing rare earth market, which is projected to reach \$41.1 billion by 2035. USARE controls the Round Top heavy rare earth deposit in West Texas and is developing a magnet production facility in Stillwater, Oklahoma. The company aims to achieve an annual production capacity of 1,200 tons by 2025, expanding to 4,800 tons by 2028. The transaction values USARE at \$870 million, and the combined entity will be listed on Nasdaq, expected to be completed in early 2025.

InvestorNews.com Member News:

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- August 28, 2024 – Defense Metals Announces Convertible Bridge Financing <https://bit.ly/4g7gkKv>
- August 28, 2024 – Sale of Palm Springs Project for up to \$5M <https://bit.ly/3ySK3pZ>
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- August 26, 2024 – Defense Metals Announces CEO and Director Resignations <https://bit.ly/4703wSd>