Who Will Finance the West's Magnesium Revival?

written by Tracy Hughes | November 25, 2026

In October 2021, Europe's carmakers and metals producers warned that the continent could exhaust its magnesium stocks by the end of November. Chinese smelters had cut production to meet energy targets. European spot prices, which had started the year at US$2,600 to US$2,700 a tonne, reached as high as US$15,000 by mid-October. Hallgarten + Company's November sector review returns to that episode, but the figure that stayed with me comes from four years later. In 2025, magnesium averaged US$2,500 a tonne in Europe. A manufacturer could once again buy the metal cheaply. Anyone seeking financing for a European smelter now had to explain how to compete at that price.

In *Magnesium — The West Strikes Back?*, published November 25, Omer Sogancioglu and Christopher Ecclestone examine what survived the 2021 scare. Manufacturers still need magnesium to make lightweight castings and aluminium alloys. The European Commission reported in 2025 that the EU relied entirely on imports for magnesium metal. What disappeared was the price that briefly made almost any alternative supplier look commercially attractive.

"Price is the first and last risk," the authors write on page 7. Consider the arithmetic behind China's position. The U.S. Geological Survey estimates that Chinese smelters produced 950,000 tonnes of primary magnesium in 2025, out of a world total of 1.1 million. It puts Chinese smelting capacity at 1.48 million tonnes. The gap between capacity and output was therefore about 530,000 tonnes, more than three times what the rest of the world actually produced. How much of that capacity

could return at a profit is an open question. Bringing even a tenth of it back into production would add roughly 53,000 tonnes a year. Hallgarten suspects Beijing can use spare capacity to discourage competitors. The figures establish the scale of that threat while leaving the question of intent open. pubs.usgs.gov

The term “the West” conceals an important difference between the markets Hallgarten examines. In 2025, the U.S. Western spot price averaged US$3.20 a pound, roughly US$7,050 a metric tonne, against Europe’s US$2,500. America’s import bill offers a further surprise. From 2021 through 2024, Israel and Türkiye supplied a combined 78% of U.S. imports of 99.8%-pure magnesium metal. China supplied 6%. An American manufacturer buying from Israel still has a stake in Chinese production decisions. Those decisions influence what competing suppliers can charge and whether new ones enter the market.

That distinction matters in South Carolina, where **Latrobe Magnesium Limited (ASX: LMG)** proposes a 50,000-tonne-a-year plant. Its preliminary assessment assumes a magnesium price of US$5,000 to US$7,500 a tonne and puts capital costs at US$1.1 billion to US$1.5 billion. The U.S. benchmark makes the price assumption intelligible. A lender has to judge whether that price will hold through years of debt repayments. Prospective buyers have signed nonbinding letters of intent covering 64% of planned output. The terms on which they convert those letters into contracts will tell investors more about the value of an American source of metal than the percentage alone.

Hallgarten’s company profiles also expose a weakness in the way new supply is counted. **West High Yield (W.H.Y.) Resources Ltd. (TSXV: WHY | FSE: W0H)** has an agreement to sell magnesium-bearing ore from its proposed Record Ridge mine in British Columbia. In Arkansas, **TETRA Technologies, Inc. (NYSE: TTI)** and Magrathea Metals, Inc. have reported producing metal of more

than 99.9% purity from brine. One project has identified a customer for rock. The other has demonstrated that its process can make metal to specification. A foundry planning next year's orders needs to know how many tonnes of qualified metal will be available for delivery.

There is a qualification to Hallgarten's skepticism about Utah, where the last U.S. primary smelter stopped producing in 2022. The authors read the state's acquisition of the former US Magnesium site chiefly as a bid to protect the Great Salt Lake's water. On November 5, Utah selected privately held **Mariana Minerals Co.** to negotiate a phased redevelopment, with the state retaining the water rights and the company proposing to begin with stockpiled material. That leaves room for mineral recovery under tighter water constraints. The redevelopment terms and the timing of any primary metal shipments remain unresolved.

The report's most unexpected passage concerns Bolivia's Salar de Uyuni. A 1978 study of lithium-rich brines there and in neighbouring salt flats found roughly 20 parts magnesium to one part lithium. To a lithium producer, magnesium is something to separate. Hallgarten asks what it might be worth as a second product. The authors identify a potential route to magnesium carbonate. Carbonate could earn a lithium operation additional revenue if the price covers the cost of recovery. Counting it as a future source of primary metal would require a further economic case for converting it. That distinction gives an otherwise speculative appendix a practical purpose.

"Paradoxically, success is also a risk," Soganciogl u and Ecclestone observe on page 7. World production of primary magnesium was about 1.1 million tonnes in 2025. If several new smelters opened in quick succession, the additional supply could push prices below the levels their backers had counted on. On page 8, Hallgarten makes the case for "most favoured (Western)

supplier status.” The appeal of a second supplier was clear enough in 2021, when European manufacturers feared running short. With imports affordable again, I’d be interested to see what terms a carmaker and a prospective magnesium producer could agree on to keep that second source available.

Request the full magnesium review from Hallgarten + Company.

For a companion discussion, watch my October InvestorTalk with Christopher Ecclestone on how quickly a critical mineral shortage can reverse.