Aclara’s JOGMEC Deal Shows Washington How Rare Earth Supply Chains Are Built

written by Jack Lifton | September 8, 2026

“Supply-chain security is not achieved by possessing deposits or announcing subsidies. It is achieved by controlling the path from the resource to the customer.” – Jack Lifton, Critical Minerals Institute (CMI)

Aclara Resources Inc. (TSX: ARA) announced earlier today that it has entered into a joint venture agreement with the Japan Organization for Metals and Energy Security, or JOGMEC, to explore and advance ionic clay-hosted heavy rare earth deposits in Brazil.

At first glance, this appears to be a relatively modest exploration transaction. JOGMEC will fund up to US$3 million over three years and may contribute an additional US$1.5 million to extend the earn-in period by one year. If it completes its funding commitments, JOGMEC will have the option to acquire a 30% participating interest in one of Aclara’s Brazilian exploration projects. Aclara’s flagship Carina Project is specifically excluded from the joint venture and will remain 100% owned by Aclara.

The amount of money is not the important part of the announcement. The structure is.

If the earn-in is completed, JOGMEC will have the right to purchase production equal to its participating interest, plus an additional 10% of the project’s future production. It may also assign its interest and related rights to one or more Japanese

companies or a Japanese consortium.

This is how an industrial nation begins building a secure supply chain. It enters early, accepts exploration risk, obtains a position in the project, secures rights to future production and creates a mechanism for transferring those rights to domestic industrial users. **The Japanese government is not merely subsidizing the discovery of a mineral deposit. It is connecting the deposit to the companies that may ultimately use its output.**

Washington should study this agreement closely. It is a nearly perfect example of why the United States should look to Tokyo for instruction on how to establish a complete, domestically controlled rare earth permanent magnet supply chain. Instead, the United States government remains remarkably self-absorbed. It continues to behave as though it should teach the rest of the world how industrial policy is conducted rather than cooperate with countries that have been doing it more intelligently for years.

Japan does not possess a large domestic rare earth mining industry. It therefore learned to distinguish domestic production from domestic control. The Japanese objective is not to force every tonne of ore to originate within Japan. It is to ensure that Japanese industry has dependable access to the materials it needs through investment, contractual rights, technical participation, trading relationships, processing capacity and qualified domestic customers.

That distinction is essential. A supply chain can cross national borders and still be strategically controlled. Conversely, a mine located within a nation’s borders may provide little security if its processing technology, financing, equipment, customers or market access are controlled elsewhere.

Japan’s limitation is not capability. It retains advanced

capabilities and significant domestic capacity in rare earth separation, metal and alloy production and, most importantly, permanent magnet manufacturing. Japanese companies are far more adept and capable in metal making, alloy production and magnet manufacturing than their American counterparts. What Japan lacks is enough capacity outside China to satisfy the full requirements of its industrial economy.

Japan did not simply surrender the rare earth permanent magnet business to China as the United States did. Japanese companies used China, and later Vietnam, as lower-cost manufacturing centres with ready access to raw materials while retaining the underlying technology, expertise, customer relationships and domestic production. China has overwhelmed Japan in production capacity, but I do not believe it has overwhelmed Japan in technical capability. Shin-Etsu Chemical, for example, continues to manufacture neodymium magnets in Fukui Prefecture and Vietnam, while Proterial continues to develop and mass-produce advanced neodymium sintered magnets. Japan does not need to relearn how to make rare earth metals, alloys and magnets. It needs to secure raw materials and expand capacity it already knows how to operate.

JOGMEC has used this model before. In 2011, JOGMEC and Sojitz Corporation agreed to provide US$250 million in loan and equity financing to Lynas. In return, they secured the allocation of at least approximately 8,500 tonnes of rare earth products annually to the Japanese market for ten years—an amount then equal to roughly 30% of Japanese demand. Sojitz also became Lynas's sole distributor and agent in Japan.

In 2023, JOGMEC and Sojitz committed an additional A$200 million to Lynas to support greater light rare earth capacity and the commencement of heavy rare earth separation. The associated agreement secured for Japan up to 65% of the dysprosium and

terbium to be produced by Lynas from Mount Weld feedstock. Those elements are critical to the high-temperature performance of neodymium-iron-boron permanent magnets.

In July of this year, JOGMEC announced an investment of up to C$47.668 million in a Japanese special-purpose company established with Toyota Tsusho Corporation to advance the Lofdal heavy rare earth project in Namibia. JOGMEC began that project with Namibia Critical Metals Inc. in 2020, conducted a process to transfer part of its option interest to a Japanese industrial partner, and brought Toyota Tsusho into the development structure.

Australia, Malaysia, Namibia and now additional exploration ground in Brazil are not disconnected transactions. They form a pattern. Japan identifies the materials its manufacturers will require, intervenes before production begins, shares geological and financial risk, and establishes a pathway from a foreign resource to Japanese industry. It does not wait for a mine to be built and then hope that spot-market material will be available during a political confrontation.

The Aclara agreement also reinforces a point that is frequently misunderstood about Brazil. Brazil possesses substantial rare earth resources, including ionic clay deposits containing the magnet rare earths that the United States and Japan both say they urgently need. But a mineral resource is not a supply chain, and geology does not operate on a political timetable.

Brazil has excellent geologists, mining engineers and a large, sophisticated mining industry. What it does not yet have is a mature rare earth industrial workforce with decades of operating experience in the specialized chemistry, metallurgy and process control required for separation, metal making, alloy production and magnet manufacture.

Aclara itself demonstrates the number of jurisdictions and capabilities required to overcome that limitation. The company is developing rare earth resources in Brazil and Chile. It is demonstrating separation technology at Virginia Tech and plans to construct Project Dynamo, a commercial separation, metals and alloys facility in Louisiana. Through a joint venture with Chilean steelmaker CAP S.A., it is advancing the conversion of separated oxides into the metals and alloys required by permanent magnet manufacturers. Its September 8 agreement introduces Japanese exploration capital and potential Japanese offtake into that emerging system.

This is not a Brazilian supply chain in the conventional sense. It is potentially an allied supply chain assembled from the particular strengths of several countries. Brazil provides geology. Aclara provides its project portfolio and process-development work. Japan provides established capabilities in separation, metal and alloy production and magnet manufacturing, together with government-backed risk capital, disciplined offtake planning and qualified industrial customers. America's greatest present capability—and by far its greatest capacity—is finance. In Aclara's case, the United States may also provide a location for new separation, metal and alloy capacity if Project Dynamo is financed, constructed and successfully operated.

Nor is Washington absent from Aclara's development. The U.S. International Development Finance Corporation committed up to US$5 million in project-development funding for the Carina Project. On September 4, the Export-Import Bank of the United States issued a non-binding letter of interest indicating that it would consider up to US$750 million in financing for Project Dynamo under its Make More in America initiative.

That is important progress because Project Dynamo is intended to rebuild in the United States part of the industrial middle that

has largely disappeared there: separation, metals and alloys. Japan, by contrast, already possesses the capability to perform those operations and to manufacture high-performance permanent magnets. Its problem is insufficient non-Chinese capacity, not an absence of industrial knowledge. A letter of interest, moreover, is not committed capital, and a mine-to-alloy proposal is not yet a complete mine-to-magnet supply chain. The chain is complete only when qualified materials move repeatedly and economically through every stage into magnets that meet the specifications of actual customers.

The contrast with JOGMEC is therefore not simply a comparison of how much money each government has offered. On the announced figures, potential U.S. support is far larger. The difference is institutional design. JOGMEC's exploration funding comes with a defined route to equity, purchase rights and eventual participation by Japanese companies. Japan begins with the requirements of its industrial customers and works backward toward the resource.

The United States too often begins with an announcement. One agency supports a mine, another supports a pilot plant, another offers a tax credit, and another discusses a stockpile. Each program may be useful, but the collection of programs is then described as a strategy even when no single entity is responsible for ensuring that the material reaches a qualified magnet producer at a commercially sustainable price.

This is the consequence of American institutional self-absorption. Washington wants allied resources, allied cooperation and allied capital, but generally on terms organized around American programs and American political timetables. It has been slower to ask what Japan already knows, what Malaysia can already operate, what Australia can already produce, or how those capabilities should be joined into one deliberately

managed system.

Japan’s approach is more practical. It does not pretend that geology, separation, metal making, alloying and magnet production must all be located in the same country. Japanese companies have long used overseas production centres, particularly in China and Vietnam, without abandoning their domestic technical base. Japan seeks control where control matters: financing, ownership rights, offtake, technical knowledge, customer qualification and access to the finished product.

The Aclara–JOGMEC agreement does not mean that Brazil will become a significant near-term supplier of rare earth materials. The joint venture concerns exploration, not production, and excludes the advanced Carina Project. Any discovery would still require resource definition, metallurgy, permitting, financing, construction, processing and customer qualification. Those facts should not be obscured by the excitement surrounding the announcement.

What the agreement does show is that Tokyo is positioning itself today for material that may be needed years from now. That is precisely what strategic supply-chain policy requires.

The United States should not respond by attempting to outbid Japan or by insisting that every stage be physically relocated to America. It should cooperate with Japan in a division of industrial responsibility. American finance should be used to expand Japanese and allied separation, metal, alloy and magnet capacity while also supporting the creation of qualified new capacity in the United States. Australian mining and Malaysian separation should be expanded where they already work. Selected African and South American resources should be tied to those qualified downstream systems through enforceable ownership and

offtake arrangements.

China did not create its rare earth advantage by financing a collection of unrelated mining projects. It built an industrial system in which each stage supports the next and in which the final customer shapes what is produced upstream. No Western country will duplicate that system alone within the time now available.

Aclara’s announcement is therefore larger than its initial dollar value. It is a reminder that supply chain security is not achieved by possessing deposits or announcing subsidies. It is achieved by controlling the path from the resource to the customer.

Japan understands that.