

Proactive Investors Australia

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Scandium a hot item on the metals menu and Australia is serving it up

When the film Avatar first came out, its screening coincided with the frenzy of the rare earth boom and we wrote a research piece on that sector, likening rare earths, in a tongue-in-cheek manner, to the film's mysterious sought-after metal, 'unobtainium'.

As history was to ultimately show, rare earths were all too obtainable and the whole suite of metals fell out of bed and still languish.

It's rare but not a rare earth

At the time, some of the more ignorant of the mining space referred to scandium as one of the rare earths despite it not belonging to the lanthanide series and rarely appearing in their company in mineralisations.

READ: Australian Mines BFS values Sconi Cobalt-Nickel-Scandium Project at \$697 million

We note with some amusement that the latest swathe of US tariffs against Chinese metals exports targeting rare earths repeat the error and include scandium in the targeted metals, despite China (to our knowledge) not being a notable producer of scandium and certainly not an exporter of any note.

Despite this, scandium seems, in fact, to be the closest thing that we have to 'unobtainium' with its very scarcity being its own worst enemy. This is a situation that seems on the verge of being remedied and in this note we shall discuss the how and why.

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The Friedland effect?

Scandium was, until 2017, one of the lesser talked about technology metals.

Since last year it has received increased focus and mention, not least because of the peripheral involvement of financier Robert Friedland in the metal.

This interest came in spite of the fact that the supply situation is severely limited with literally only a few tons of product hitting the market per annum, and even that is as a by-product of the refining and processing of other metals.

READ: Platina Resources to develop aluminium-scandium master alloy from Owendale ore

The applications for the element are known, particularly in aluminium alloys, solid oxide fuel cells (SOFC) and lighting, but it's just that manufacturers will not tool up for the metal if they cannot be guaranteed greater (reliable) supply.

Build it and they will come?

The absence of reliable, secure, stable and long-term production has limited commercial uptake of scandium.

Despite this low level of use, scandium offers significant benefits.

The potential for substantial expansion in usage and demand clearly exists and to an extent it is one of those 'rare' metals stories where the supply could potentially generate the demand rather than the other way around.

The first batch of Platina Resources' aluminium-scandium alloy.

The most obvious areas where this might happen are in lighting systems, SOFCs and aluminium alloys.

In some ways, a good analogy might be europium.

Its application in colour TVs spurred a surge in REE mining (ironically at Mountain Pass) which then made the 'rarer' REEs more abundant, lowering the price but, moreover, accentuating the supply.

READ: Australian Mines gets approval for Flemington Cobalt Nickel Scandium Project acquisition

This meant that new applications arose or were employed that spurred the whole evolution of the permanent magnet and laser usages of the other metals in the lanthanide series.

It is not too difficult to imagine that greater production will, firstly, spur the master alloy applications, followed by an expansion in the SOFC demand, lighting and then 'new' applications.

In aircraft alone, the aluminium alloy demand might totally consume the entirety of the extra metal that nascent producers might bring to market.

It is interesting to note that Bloom, the California-based SOFC manufacturer, and as such possibly the world's major consumer of scandium, has an IPO underway and a word search of the prospectus yields no result for scandium, not even in the risks section.

The scandium space

When we first wrote on this metal, Scandium International Mining Corp (TSE:SCY) was quite clearly a lone voice in the wilderness.

Since then, a number of other wannabes have appeared touting their scandium virtues as either by-product kickers or attempts to make unviable and unsexy projects (pardon our cynicism) into viable and sexy propositions to potential investors.

In some cases, they have attracted investor attention and have had the positive effect of making the metal more high-profile than it has hitherto been.

At a recent workshop at the European Space Agency, scandium was the metal that was most mentioned with tellurium a very distant second.

READ: Platina Resources successfully produces high purity alumina sample

Bizarrely the scandium space is being fought over like some ridge in a First World War battle in Flanders.

This might be understandable if the price of the metal was raging higher but price is one of the most obscure elements of this element.

We know it is highly valued but that is a product of scarcity.

Highlights of the BFS for Australian Mines' Sconi project in Queensland.

There are few metals out there in which economic models and extant production plans actually guarantee a fall in the metal's price if plan are realised, even in part.

The players in the scandium space are concentrated in Australian properties, with two claimants that we know of, presenting properties in North America.

The six are:

- Australian Mines Limited (ASX:AUZ) - Sconi project in Queensland and Flemington project in NSW;
- Platina Resources Limited (ASX:PGM) - Owendale project in NSW;
- Clean TeQ Holdings Limited (ASX:CLQ) - Sunrise project in NSW;
- Scandium International Mining Corp (TSE:SCY) - Nyngan project in NSW;
- Imperial Mining Group (CVE:IPG) - Crater Lake project in Quebec; and
- NioCorp Developments Ltd (OTCMKTS:NIOBF) - Elk Creek project in Nebraska.

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