

# Northern Minerals Ltd

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## Northern Minerals wants new pricing model for dysprosium to support demand from the US military

Northern Minerals Ltd (ASX:NTU) managing director and chief executive officer George Bauk told the audience at the RIU explorers conference that the current pricing model for dysprosium doesn't support the looming rare earths crisis in the US.

Around 100 grams of dysprosium is used in the magnets in electric vehicles and with both India and China aiming for 100% EV by 2030, that's a potential market of more than 3 billion people and the price does not reflect that demand.

Bauk told Proactive Investors he was disappointed when the price spiked in mid-2019 only to fall back down by the end of the year.

He said: "All of a sudden, the trend reversed.

"It just didn't make sense with all the rhetoric coming out of the US and other countries about the crisis in rare earths and yet the price isn't supporting it.

"We've really got to get people back into believing in rare earths and get the equity markets to back it."

China controlling the price point

China dominates the market contributing around 98% of global dysprosium and Bauk said they are in a strong position to control the price of the metal.

He said: "At the moment the controlling monopoly are the price makers - everyone looks to that as being the pricing point - so if they want to manipulate the price, they can because they control all the data and information.

"If they want to keep the price low then you have to abide by those rules because everyone thinks that's the price.

"But not the real, true price because they may be subsidising behind the scenes, so you've got to change the pricing rules."

Cobalt pricing precedent

Bauk said: "Maybe it's time when we talk about these opaque markets and concerns that traditional debt providers have with pricing and come up with a new pricing model.

"Western Mining built a new pricing model when it came to cobalt and a more transparent pricing system back in the mid-1990s so it's been done before and can be done again."

At the time, Western Mining created an internet cobalt sales marketing platform where people could go on and bid for cobalt that was produced.

He said: "All of a sudden, this monopoly was broken because you had an honest truth, free market where people were

**Price:** 0.026

**Market Cap:** \$82.19 m

### 1 Year Share Price Graph



### Share Information

**Code:** NTU

**Listing:** ASX

52 week	High	Low
	0.082	0.02

**Sector:** Rare earths & specialist minerals

**Website:**

### Company Synopsis:

Northern Minerals Ltd (ASX:NTU) is listed on the Australian Securities Exchange.

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openly bidding for product - and that changed the whole environment."



Northern Minerals Browns Range Pilot Plant

Securing a new supply chain

Bauk said: "The US have realised that it [dysprosium] is essential to their security systems.

"It will have a significant impact on the F35 planes and various pieces of equipment in their military if they don't get access to rare earths."

And the US does not want to rely on China.

Trump approved a \$738 billion defence policy which includes rare earths - both stockpiling and development of the supply chain.

Bauk said: "They're not blessed with mineralisation to the level and quality we have in Australia.

"Their military agencies are looking at the whole supply chain all the way to a F35.

Browns range potential

But Bauk said that when Northern Minerals produces mixed rare earth concentrate, it doesn't meet the needs of the manufacturer of the F35 plane.

He said: "We're not part of the solution until we keep working downstream so our aspirations by 2030 is to be producing separated oxides and metals

"We're going to get to the metals stage, bring people in for the alloy making, magnet making, and component making to create that supply chain."

The company is completing pilot plant testing this year with the feasibility study planned in 2021, plant construction in 2022 -2023 and eventually commissioning in 2024, and are well placed to cater for the looming demand.

#### Ethical extraction process

The other issue with the Chinese domination of supply is the mining method traditionally used, which Bauk said should lead to more investors pulling away from the projects that don't have good environmental and social governance (ESG) in place.

He said: "With heavy rare earths from China, you're supporting an absolutely toxic mining method that is destroying local waterways."

"Their grade of dysprosium in ionic clay is about 20-40 parts per million, our mine is 900 parts per million, so we're talking 40-50 times difference.

"The only way you can make that style of very dilute is to work is to extract it for almost nothing.

"Now what's sad is that 30% of the chemicals they put in just go out into the natural waterways."

Bauk said that heap leach was a known, safe way to extract - but it is an expensive process.

He said: "Right now, outside of China, only Northern Minerals is mining, producing and exporting dysprosium but unlike traditional extraction methods, we leave an extremely low environmental footprint."

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