

Finding Sources Of Rare Earths Beyond China, Part 2

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This is part two of a two-part piece. [Part one can be found here.](#) [1]

Mountain Pass: An American Rare Earth Mine

California's Mountain Pass, the only mine in America dedicated to rare earths, closed in 2002 due to environmental problems and low prices. After spending an estimated \$500 million on state-of-the-art equipment and significant environmental upgrades, it has reopened under new management.⁹ Molycorp, the owner, will mine only a handful of rare earth minerals, but it hopes to produce 20,000 tons per year by 2012. By contrast, China produced 124,000 tons of rare earths in 2009.

Mountain Pass formerly produced rare earths from the tailings of historical rare earth operations. Molycorp previously estimated Mountain Pass contained more than 2.24 billion pounds of rare oxides. However, based on mining fresh ore and new exploratory drilling, Molycorp now estimates there are 36 percent more reserves — a total of 2.94 billion pounds. The company says that it hopes to increase production to 40,000 tons of rare earths per year in the near future.¹⁰

Globally, the number of new projects to explore for and develop rare earths has exploded in recent years. As of April 2012, Hatch found that 429 rare earth projects outside of China and India were being developed by 261 different companies in 37 different countries.¹¹

Clearly, not all projects are equal. Some are being developed based on a handful of samples, while others have proven mineral reserves. There will never be mineral-resource estimates for most of these projects, and even fewer will become profitable ventures. The number and diversity, however, indicates that the so-called "rare earths crisis" is theoretically solvable.

Absent government ownership or funding, potential mineral resources must be estimated before these projects can be funded. Of the 429 projects mentioned above, as of April 2012, 36 projects have been either formally defined as a mineral resource or reserve under standard industry guidelines, or were previously mined.¹² These rare earth projects are most likely to become productive. The 36 projects include 12 operations in Canada, seven in Sub-Saharan Africa, six in Australia, four in the United States, three in Greenland, and one each in Sweden, Kyrgyzstan, Turkey and Brazil.

These operations, plus new mines in China and India, will provide the new supplies of rare earths needed for critical industries.

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U.S. Policies Limit Domestic Production

By 1994, more than 410 million acres of public lands in the United States — 62 percent of all public lands — were effectively placed off limits to mineral exploration and development. The Clinton administration's ban on roads on 58 million additional acres of the national forests placed these acres off limits as well.¹³ Except for national park acreage, all of these areas would potentially be open to exploitation if congressional and presidential actions were reversed to allow exploration and production. These lands include some of the most highly mineralized areas in North America.

The rare earth deposits in these inaccessible areas should be inventoried and, where potential commercial quantities are found, with appropriate environmental safeguards, opened for bids on leases. Furthermore, the regulatory approval process should be streamlined, simplified and shortened. In Australia and Canada, approval of new mines take two years on average, but in the United States, the same process takes 10 years on average.

The United States can create jobs, reduce dependence on foreign resources, and improve national security by encouraging the domestic exploration and production of rare earths. The first step is to improve access to potential sources.

What's your take? Please feel free to leave a comment below! To read part one of this two-part series, [please click here](#). [1] References and sources can be found online at www.ncpa.org/pub/ib108 [2], while Burnett blogs about environmental issues and more at www.environmentblog.ncpa.org [3]. For more information, please visit www.ncpa.org [4].

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