

Rare-earth mine company pairs with Hitachi Metals

Rebecca U. Cho, Los Angeles Newspaper Group, 12-21-10

Molycorp Inc. took a key step this week in positioning a San Bernardino County mine as a supplier of rare earth metals to electric car makers and other users of the rare materials.

The rare earth alloys manufacturer, based in Greenwood Village, Colo., has entered into a tentative joint venture with Tokyo-based Hitachi Metals for the production of neodymium magnets, which are used in the making of electric motors for cars such as the Toyota Prius, Nissan Leaf and Chevrolet Volt. Hitachi is a leading producer of the neodymium magnets used by automakers.

The parties plan to sign definitive agreements for the venture by April.

Molycorp expects to place its Mountain Pass mine, the only mine for rare earth minerals in the United States and the company's site for the mining of neodymium, back into full operation by the end of 2012, following an eight-year hiatus.

"The automotive industry worldwide is the biggest user of rare earth permanent magnets," said Jack Lifton, a strategic metals consultant with Technology Metals Research in Carpentersville, Ill. "This is very important to that industry that the manufacturing of these magnets continue ... (and) the supply of such magnets goes uninterrupted."

The growing clamor over fuel efficient and electric cars has brought a concern that the manufacturing of the vehicles, which use rare earth metals, could bring on a global supply shortage of resources. Nearly all of the world's rare earth metals, about 97 percent, are mined in China.

Molycorp said it hopes to use the Mountain Pass mine to position itself as a domestic supplier of the rare earth metals.

"These joint ventures ... move our company and the United States one step closer to realizing the strategic goal of re-establishing a complete rare earth manufacturing supply chain in the U.S.," said Mark Smith, Molycorp's chief executive officer, in a statement.

The company said in December that it had received all the environmental permits necessary to start constructing the mining facility. A capital partnership with Japan-based Sumitomo Corp. is supplying funds for the project.

Molycorp shut down its open-pit mine, just north of Mountain Pass near the California-Nevada border, eight years ago after a wastewater pipeline spill poured thousands of gallons of radioactive materials into the desert.

Lifton said Molycorp's partnership with Hitachi goes hand-in-hand with the rare earth metals producer's strategy to mine for materials and then to manufacture the magnets. Molycorp would be the first company to both mine and produce the magnets, he said.

"We're all watching to see if they could actually do it," Lifton said. "Announcing they made an agreement with Hitachi is a very good start for them."

The rare earth magnets are also used in air conditioning units, washing machines, mobile phones and in medical equipment such as MRI machines.