

# **Analysts -- underwater rare earth metals likely inaccessible**

**Susanne Rust, California Watch, 7-12-11**

As the demand for rare earth metals skyrockets, with a booming international market for alternative energy, so has the search for new deposits.

But a promising cache, more than 10,000 feet below the middle of the Pacific Ocean's surface, is unlikely to provide the boon many had anticipated.

According to an article in Reuters, analysts say the cost of mining and extracting the metals is so expensive and technically difficult that it's unlikely the deposits will prove productive anytime soon.

"The technology you would need, with the pressure and the corrosive factors that are there – I think this one falls into the camp of something that is less likely to ever be developed," Anthony Young, an analyst with the investment bank Dahlman Rose & Co., told Reuters.

The discovery of the deposits was made by the Japanese government, which comes right after China as the largest consumer of the metals.

There are 17 rare earth metals, including dysprosium, which is used to make magnets for hybrid vehicles and smartphones, and neodymium, which also is used in magnets.

In the last year, prices for these metals have risen drastically. China is the producer of nearly 97 percent of the global supply, and it has clamped down on exports.

As Reuters pointed out, dysprosium fetched \$300 a kilogram last year. Now, a kilogram will cost \$3,600. Same for neodymium: The price for that metal has increased 10 times, going from \$45 a kilogram to \$450.

If the new deposit is as big a bust as analysts predict, it could be a real blow for Japan.

China has announced that it plans to reform its exports of rare earth metals, in concordance with World Trade Organization laws. However, analysts say new deposits still are needed to supply the growing demand.

Some are placing their bets on Molycorp, which will start its mine in Mountain Pass, Calif., next year.