Rare earths

Presentation for the workshop "Criticality and the EU Raw Materials Initiative"

Brussels, 10th September 2010

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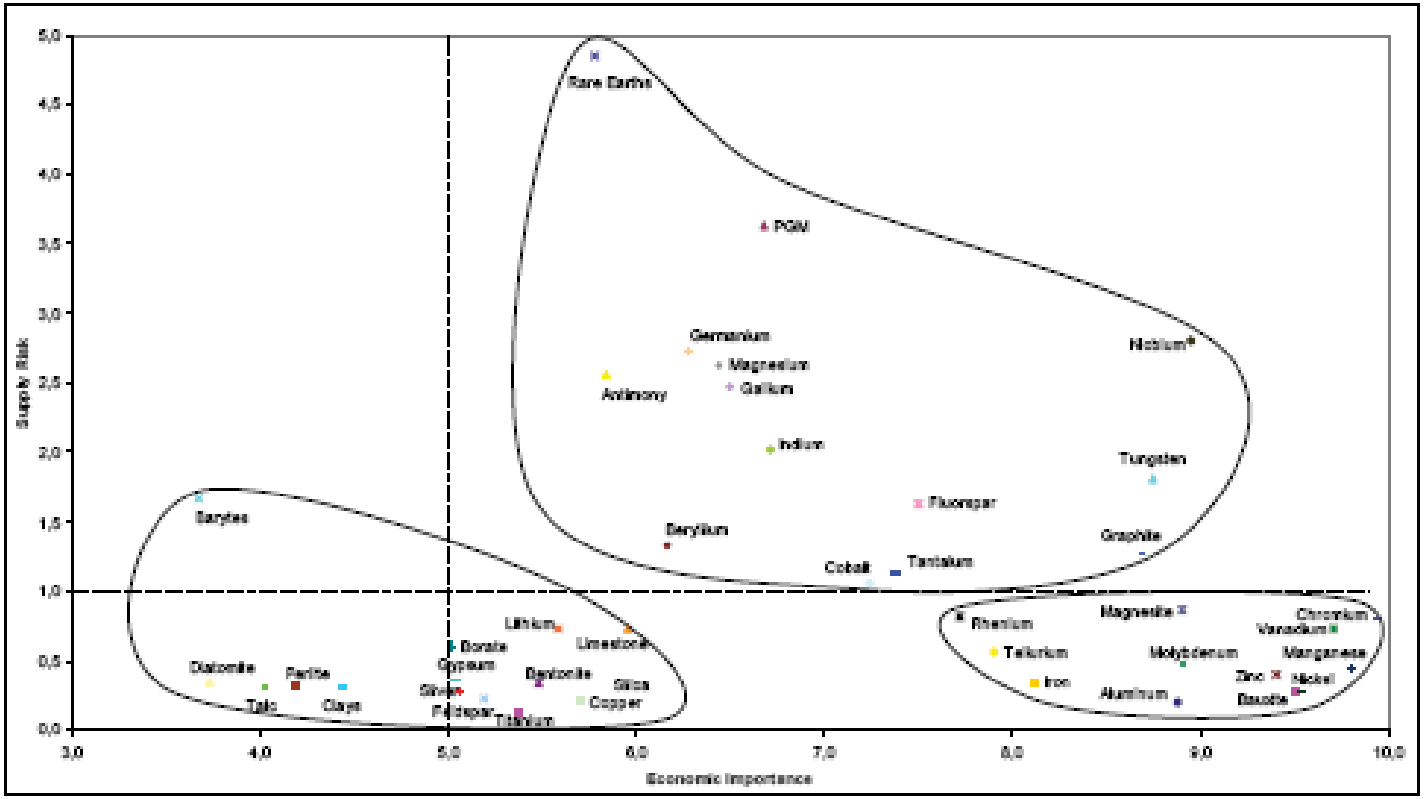
Agenda

- Introduction
- Reserves
- Supply
- Applications
- Demand
- Balance
- Substitution potential
- End of life recovery

Materials Criticality Background



Source: European Commission

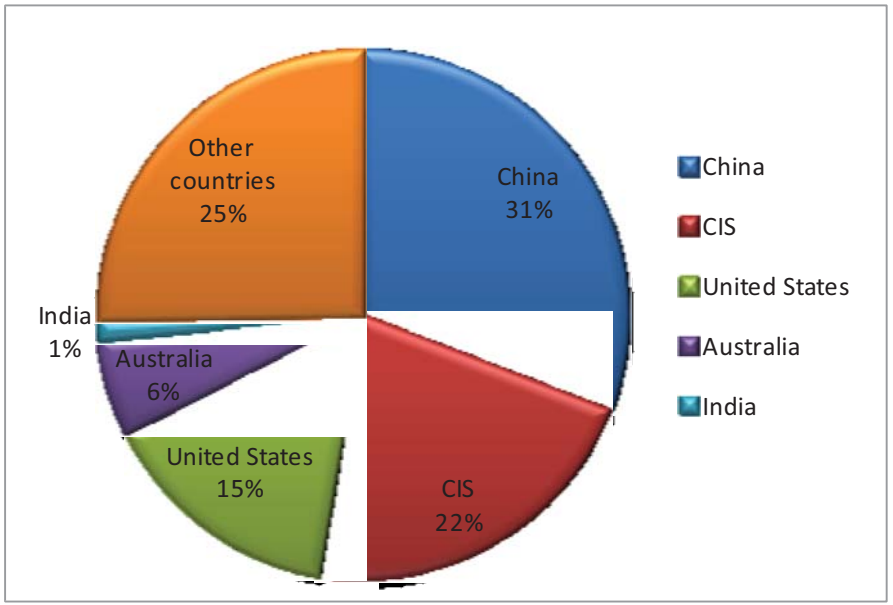
Rare earths supply critical

- High supply risk
- High impact of supply restriction

Reserves

- World reserves estimated at 88mt
- China with largest share
- Large non-Chinese reserves exist

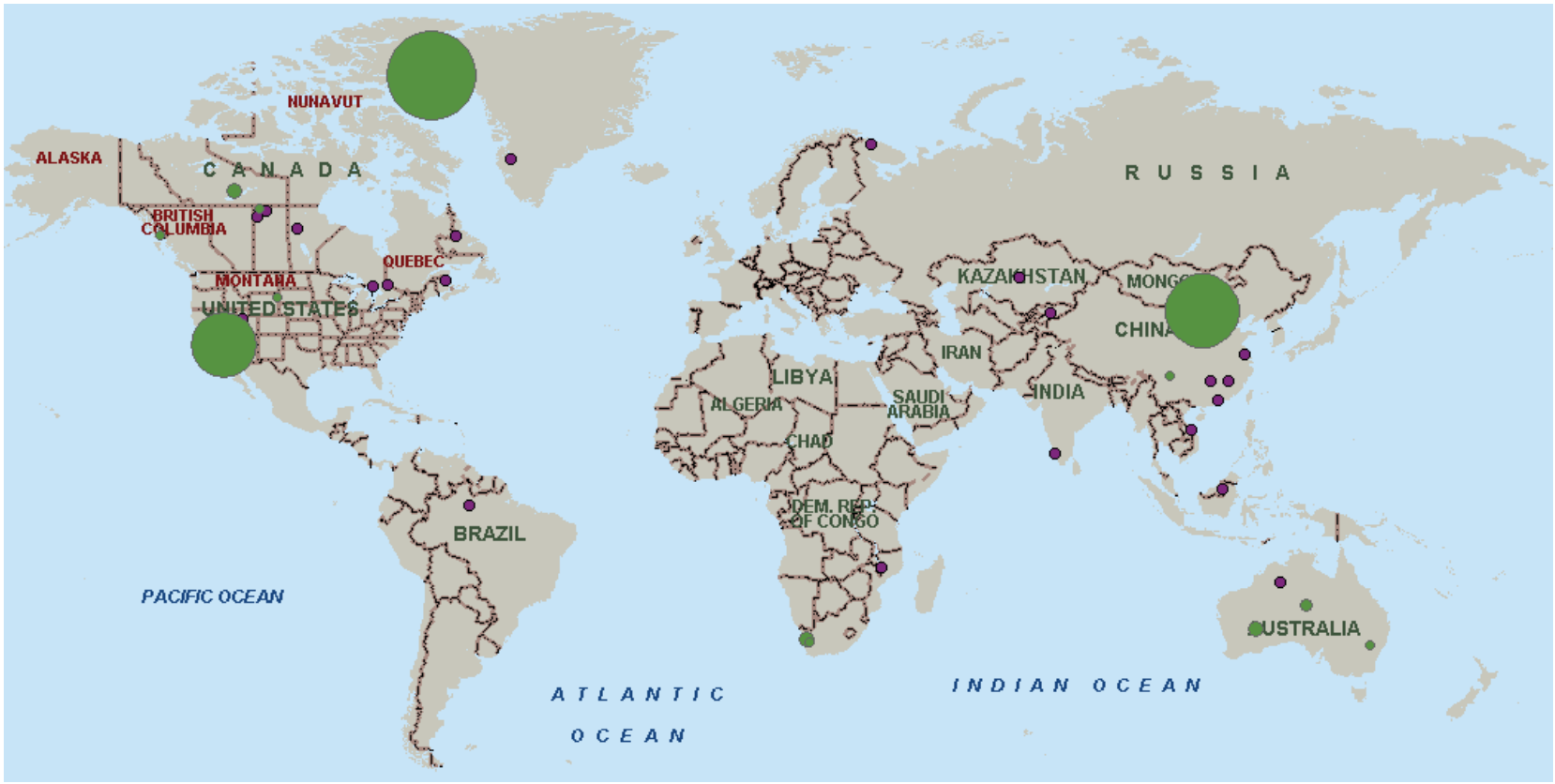
"Undiscovered resources are thought to be very large relative to expected demand."



Source: USGS

Reserves

Known reserves and production

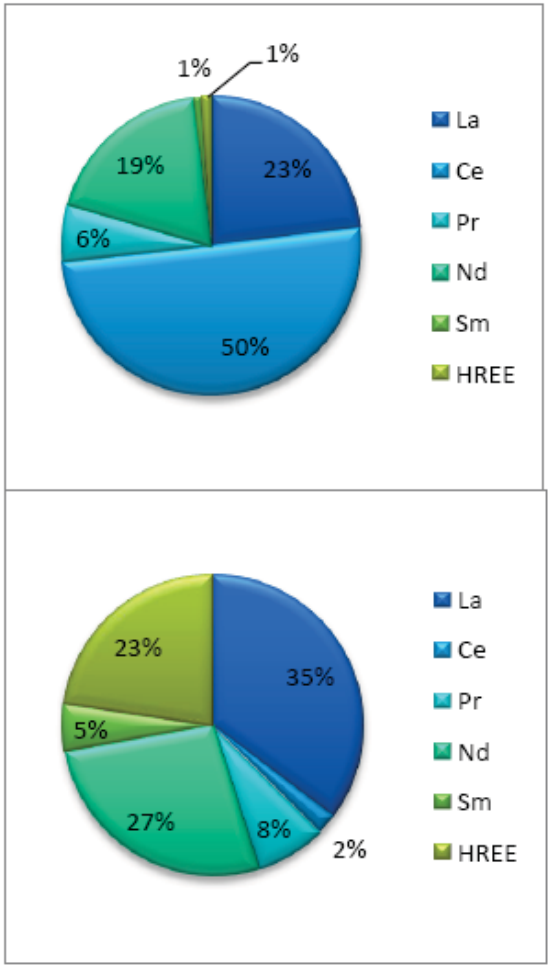


Supply

- 97% of REO from China and tightening controls for production and exports
- China to remain dominant in short term due to the development time of new mine capacity
  - Each ore-body is unique
  - REs can be mined uniquely or as co-products
  - Marketing customer specific
  - High capital costs (30,000US$ per tonne of annual separated capacity)
- By 2014 between 2 and 4 new mines outside of China are likely to open
- Possibilities for rare earth extraction as by-products (tin, titanium)

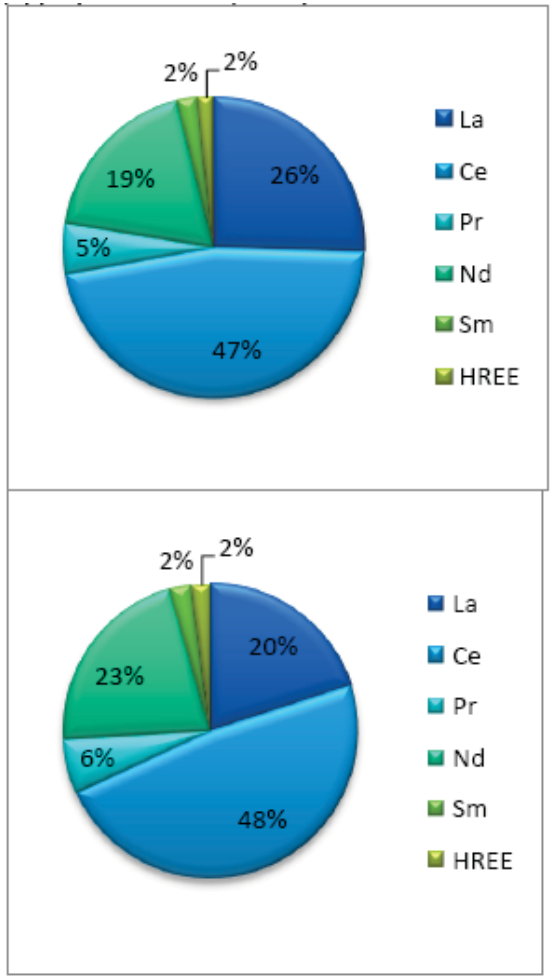
Ore composition

Inner Mongolia and Jiangxi, China



Source: '2007 Rare Earth Yearbook & Rare Earth Factsheet', USGS

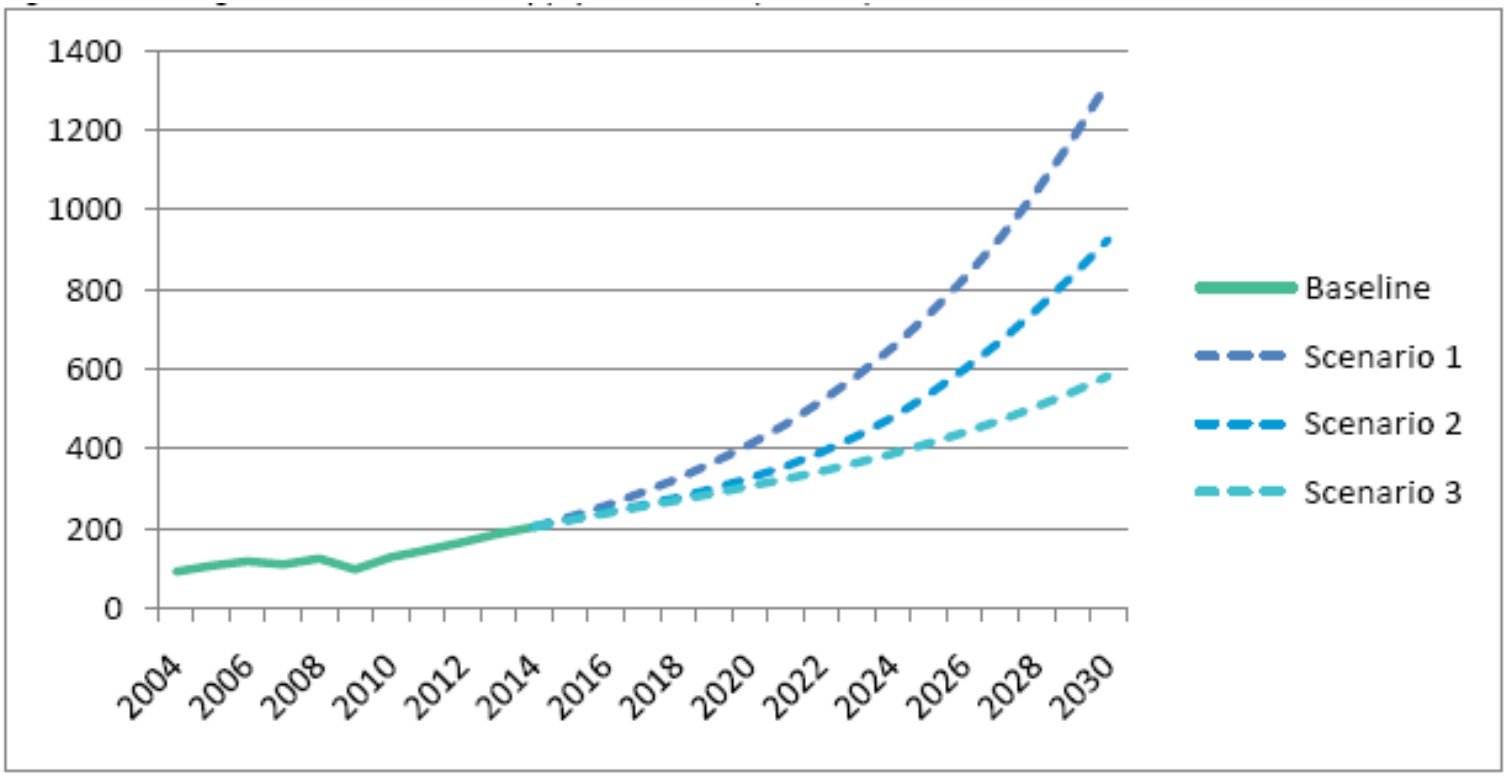
Mount Weld and Nolans, Australia



Source: Lynas and Arafura Websites

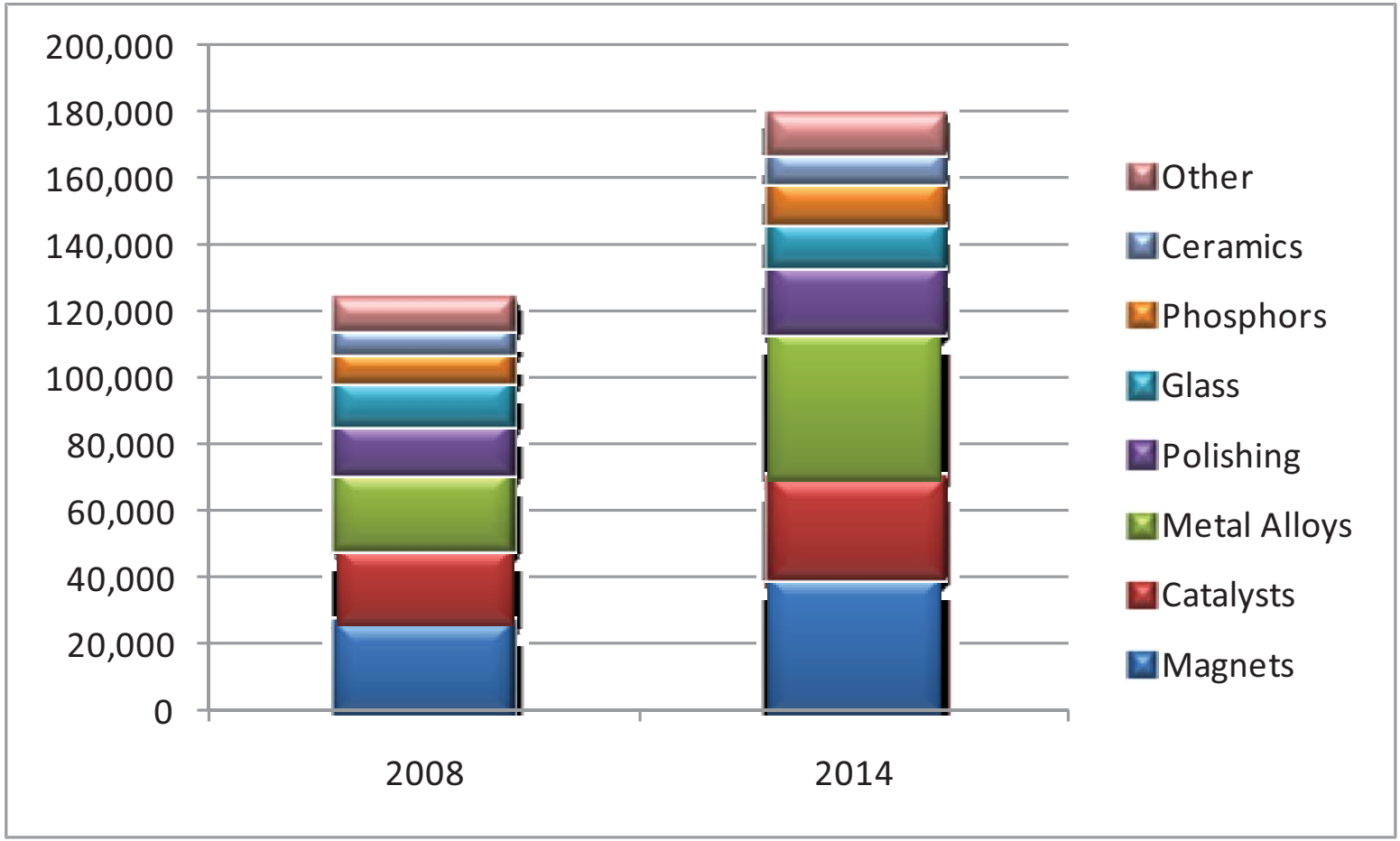
Supply Scenarios to 2030

Supply Scenarios for Rare Earths (as REOs, kt)



Source: IMCOA forecasts up till 2014, own calculations thereafter

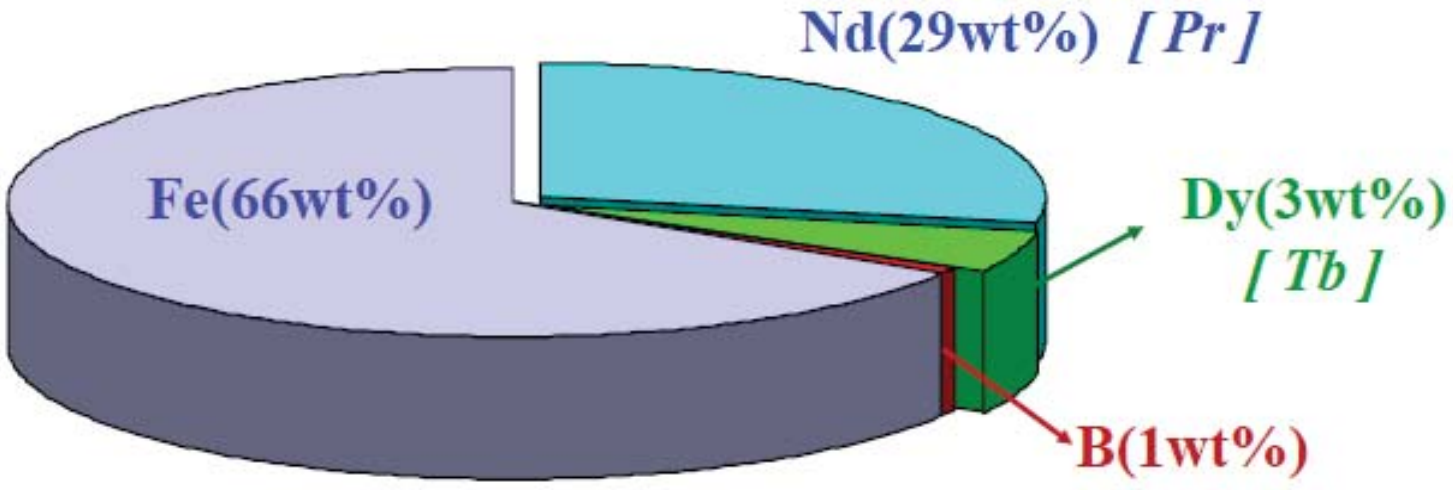
Demand – Consumption



Source: IMCOA

Applications – Magnets (NdFeB)

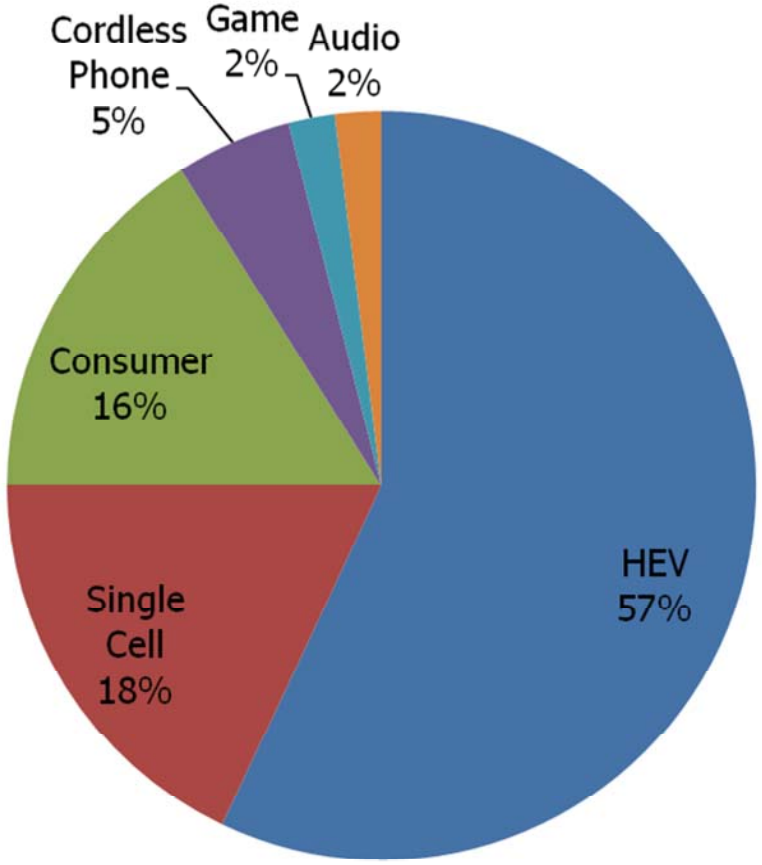
- Key elements are Nd and Dy
- Possible to alter composition or substitute
- Widely used outside of hybrid and electric vehicles: HDD, motors



Source: Shin-Etsu

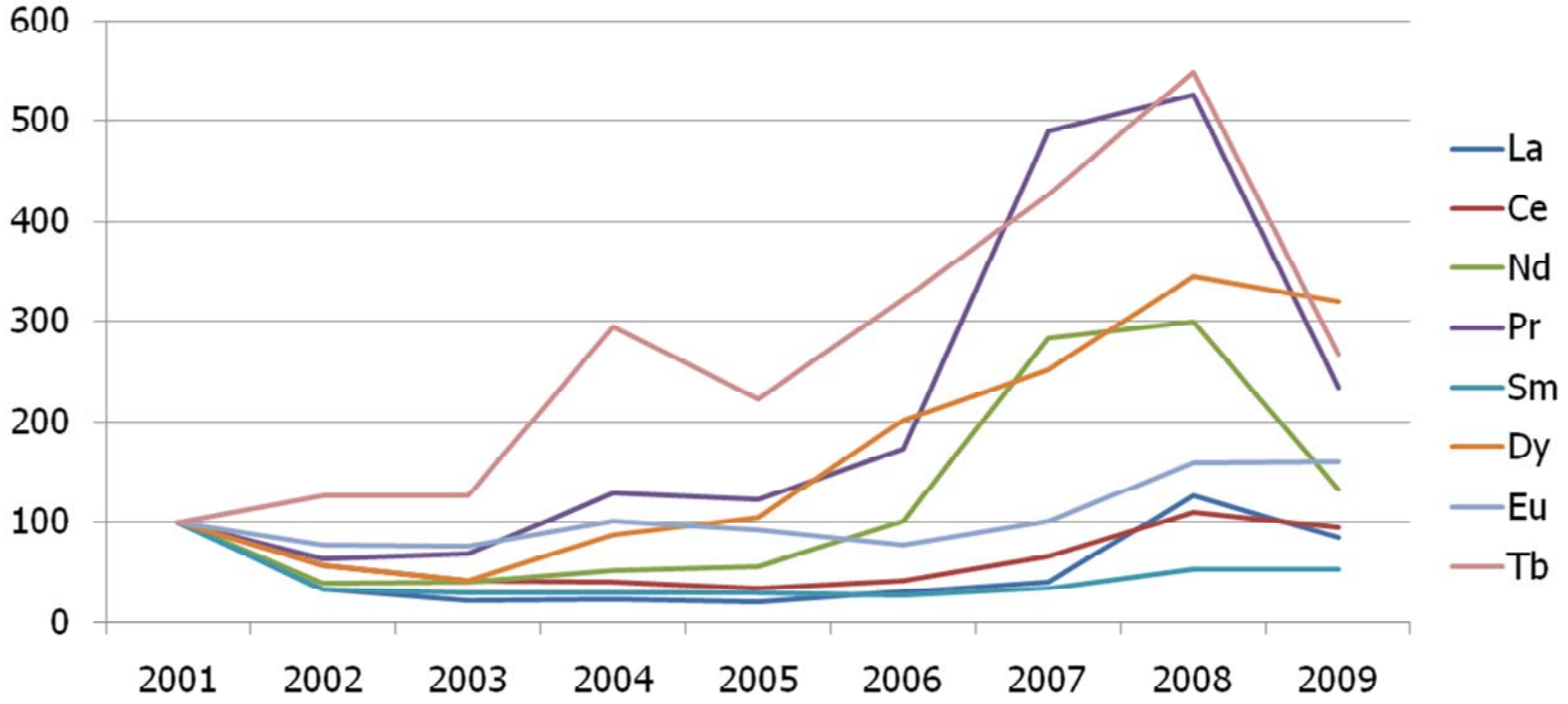
Applications – Batteries (NiMH)

- Key element is La
- Misch metal often used so possible to conserve other elements
- Hybrids as main application
- Li-ion batteries expected to displace NiMH over time



Source: Roskill

Demand – Prices



Element	La	Ce	Nd	Pr	Sm	Dy	Eu	Tb
Price ($/kg)	5.9	3.8	14.5	14.5	4.8	112.0	495.0	360.0

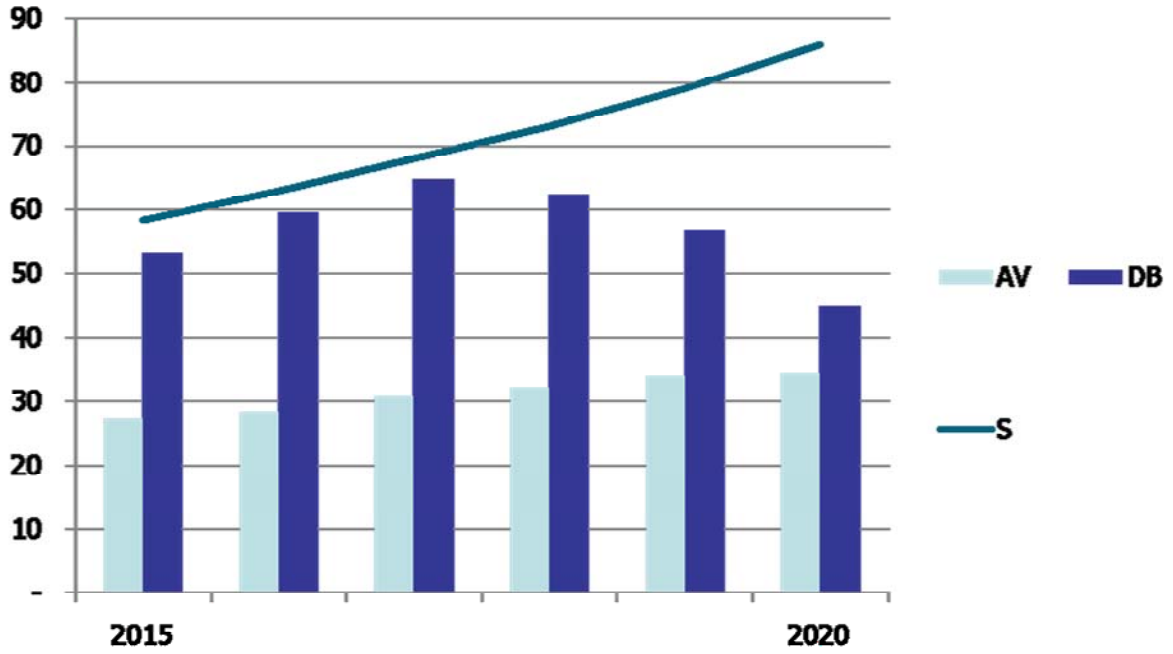
Source: Lynas

Demand – HEVs & EVs

- HEVs set to double share of market 2009-2012
- Each contain • 1kg Nd & 10-15kg La
- Rare requirements are small (1,225 tonnes Nd_2O_3 over 3 years)
- Mid-range take-up of EVs & PHEVs to consume modest volumes of Nd_2O_3

Lanthanum in NiMH batteries

Lanthanum oxide requirements of hybrids plotted with forecasted supply (S) (kt)



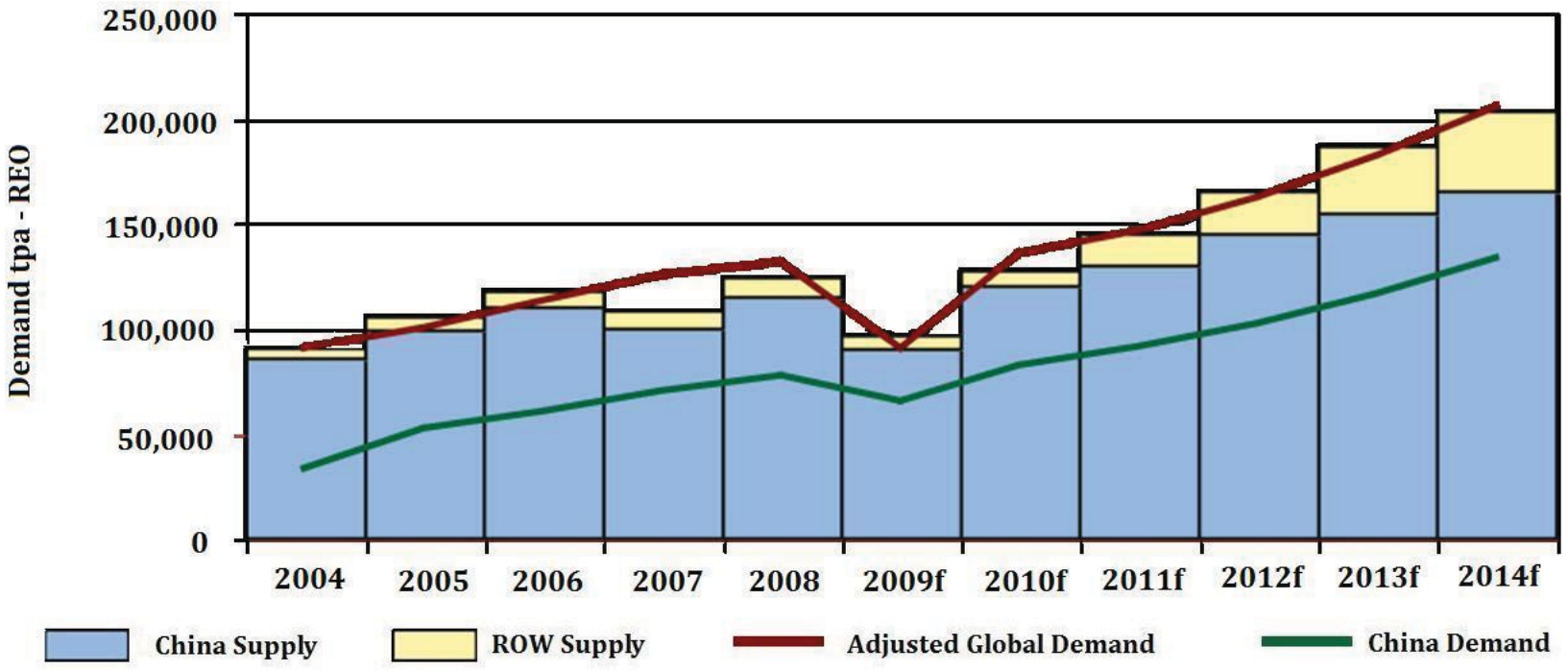
Sources: Avicenne (AV), Deutsche Bank (DB), Oakdene Hollins (S)

Demand – Cars vs Wind Turbines

	2010-2020			2020-2030		
Scenario	New cars p.a.	Nd_2O_3 demand p.a. (tn)	% of 2014 demand	New cars p.a.	Nd_2O_3 demand p.a. (tn)	% of 2014 demand
Business-as-usual	26,600	31	0.1	273,000	318	0.9
Mid-Range	79,500	93	0.3	330,000	385	1.1
High-Range	154,500	180	0.5	965,000	1,126	3.2
Extreme-Range	309,500	361	1.0	1,750,000	2,041	5.8
	Capacity, GW			Capacity, GW		
Gearless Turbines	13	3,135	9.0	28	6,709	19.2

Demand-Supply Balance

- Demand and supply set to increase
- Rising ROW share of world production



Source: IMCOA

Demand-Supply Balance

Global Demand in 2014, ±15% (ktpa)

REO	Supply	Demand	Balance	Surplus / Shortage (%)
La	55	51	4	7
Ce	82	66	16	24
Pr	10	8	2	27
Nd	33	35	-2	-5
Sm	4	1	3	188
Eu	1	1	0.01	1
Gd	3	2	1	30
Tb	0.4	1	-0.2	-41
Dy	2	2	-0.3	-14
Er	1	1	0.1	6
Y	12	12	-0.4	-3
Others	1	0	1	550
Total	**204**	**180**	**24**	**13**

Source: IMCOA

Alternative Technologies - Magnets

- 3 REE minimisation strategies identified
  1. Improvement of existing NdFeB magnets
  2. Replacement magnetic materials
  3. Alternative motor technologies

Alternative Technologies - Batteries

- Key area of technological development for EVs
- NiMH batteries soon displaced by Li
- Many alternatives in the pipeline –

  metal-air, supercapacitors, hydrogen
- None pose significant demands on REEs (other resources at risk)

End of life recovery

- No collection infrastructure for the NiMH batteries
- Pre-existing research into the recycling of rare earth metals, mainly in Japan
- Potential processes but yield & cost issues, liquid metals
- Patents from the early 1990s
- Some current UK research

Conclusions

- Substantial rare earth reserves
- China dominates production (>95%)
- China will remain the main world supplier in short-medium term
- 8-11% p.a. growth for demand 2011-2014
- Hybrids and wind turbine competition for the essential materials

Conclusions

- Possible shortages for Dysprosium and Terbium
- No alternatives to REs in high strength magnets
- REs in NiMH batteries will be rapidly reduced -Li-Ion type batteries
- No recovery of REs in used batteries

Conclusions

- Viable extraction processes for recovery but yields & cost issues
- Growth in demand will mean recycling benefits will be modest
- Environmental and carbon benefits in use outweigh environmental impacts of mining and extraction, even at low ore grades

Recommendations

- Application-focus development of RE magnets most relevant for EU countries
- Development of recycling/life extension infrastructure and policies
- International collaboration necessary for magnet development (USA/Japan/EU)
- Be cautious on support for gearless magnet generator technology

We would like to acknowledge the sponsorship of the UK Department for Transport and Department for Business, Innovation and Skills in commissioning much of the work presented here