

News Bulletin

Mismatch between Supply and Demand of Rare Earth Ores Affecting Magnet Costs Significantly

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Magnet materials based on Rare Earth material compositions have seen significant cost increases over the last 12 months as the mismatch between supply and demand for the basic raw materials has reached crisis proportions.

Magnet materials affected are the Neodymium Iron Boron and Samarium Cobalt families of materials.

Rare Earth elements have seen a sharp increase in demand especially over the last year as an increasing number of high-tech and clean-tech products have incorporated their use.

Since February 2010, the cost of rare earth ores has increased by over 1200%.

Currently 97% of the world's commercial production of rare earth ores is located in China, which has imposed strict quotas on the export of these ores as its own demand for them is growing rapidly. Several mines are in the process of being re-opened, most notably the Molycorp mine in California, as rising prices have made it economical to operate these mines. However, re-opening these mines is a fairly long process and the supply side is not expected to catch up for at the very least several months, and perhaps for several years. New sources for the rare earth ores are being evaluated and new mines being opened – again with long lead times to meaningful production.

At present, prices are increasing on a weekly basis, making it very difficult to provide quotations for materials containing these elements.

Rare Earths are a significant component of the Rare Earth families of magnets, and pricing for these magnets has gone up by well over 50% over the last few months.

We will continue to source our materials as competitively as possible, and do everything we can to minimize the impact of these cost increases to our customers. However, customers should be aware of the current spike and volatility in Rare Earth magnet pricing.

For more information please click on the links below:

[Mining Weekly March 18th 2011](#)

[Molycorp – the global outlook for production of rare earth ores](#)

[Rare Earth Pricing Soar – Bloomberg October 2010](#)

[Article on combating China's quotas on export of Rare Earths – March 2011](#)

[Article on Rare Earth pricing and opportunities in the mining sector – March 2011](#)