

Mine to Magnet Momentum on USAR Announcement; Continued Domestic Investment Underscores Urgency Across Critical Minerals

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Summary and Recommendation

This weekend, news broke that the U.S. government will invest \$1.6B in USA Rare Earth (USAR — Not rated), which is expected to include a 10% equity stake. The deal, while not officially announced at the time of this writing, reiterates the administration's urgency in developing a domestic rare earth and critical mineral supply chain and represents one of the largest to date, following the U.S. DoD's \$400M investment in MP Materials (MP — Not rated) last July. We believe the announcement is likely to translate to a "rising tide that lifts all boats" for rare earths and critical minerals equities, so we would especially highlight our covered rare earths names like Energy Fuels (UUUU — Buy, \$27 PT), Ucore Rare Metals (UURAF — Buy, \$9 PT), and Ramaco Resources (METC — Buy, \$50 PT). However, we believe that other critical minerals names, such as U.S. Antimony (UAMY — Buy, \$9 PT), Perpetua Resources (PPTA — Buy, \$30 PT), and Almonty Industries (ALM — Buy, \$10 PT), in our view, are poised to trade higher as well. The administration has prioritized its largest-scale deals for players pursuing a mine-to-magnet strategy, which likely bodes well for UUUU, especially following the company's [recent acquisition](#) of Australian Strategic Mineral (ASM — NR) to expand to metallization and alloying. We like UURAF for its pure-play nature in the separation part of the value chain, and the company has already received strong support from both the U.S. and Canada, with ~\$52M in total funding. Overall, the incremental investment is highly encouraging for the entire group, although we believe that further action on rare earth pricing and offtake is required for the United States to fully expand its rare earth capabilities and supply.

Key Points

- **Administration prioritizes mine-to-magnet players.** The USAR deal represents the second large-scale investment in a domestic rare earths player (after MP), and a common denominator is that both companies are pursuing vertical integration along the value chain. The Trump administration is expected to take a 10% equity stake in USA Rare Earth as part of a \$1.6B investment package, with the government receiving 16.1 million shares plus warrants for an additional 17.6 million shares, both priced at \$17.17/sh (~30% discount to USAR's \$24.77/sh as of 1/23). Along with ~\$600M in equity (shares plus warrants), the government would also provide \$1B in private debt financing drawn from the facility created for the Department of Commerce under the CHIPS and Science Act, according to several sources. The funding supports USAR's strategy to build a domestic mine-to-magnet value chain. As a reminder, USAR's asset portfolio includes the heavy-rare-earth-rich Round Top deposit in Texas (production in late 2028), the Stillwater magnet facility (with metal and alloy production), and a processing and separation lab in Wheat Ridge, Colorado. USAR is in the final stages of construction and commissioning Line 1 (a+b) capacity of 1,200 MT (expandable to 10,000 MT) at Stillwater magnet-making facility in Oklahoma and is expected to enter production in mid- to late 2026.
- **Energy Fuels' extending its operations into metal and alloy making.** On 1/20 AMC, Energy Fuels (UUUU) announced the acquisition of Australian Strategic Materials (ASM — NR) for \$299M (A\$447M), representing a ~120% premium to ASM's pre-deal market capitalization. The transaction extends UUUU's rare-earth capabilities beyond mining and oxide production into metallization and alloy manufacturing, addressing a critical gap in the domestic supply chain. Integrating this capability into UUUU's portfolio meaningfully advances the company's mine-to-magnet ambitions and strengthens its position as a vertically integrated rare earth producer. We view this acquisition as accretive to UUUU's existing asset base, with potential for meaningful synergies across the integrated platform. Post-transaction, UUUU holds three development-stage assets (Donald, Vara Mada, and Dubbo), one exploration-stage project (Bahia), and the dual-purpose White Mesa mill capable of processing rare earths, uranium, and vanadium.
- **Upcoming funding announcement.** The DOE has extended the application deadline to January 15, 2026, for its "Mines & Metals Capacity Expansion" program, which funds pilot-scale projects to recover critical minerals and materials from domestic industrial waste streams, including mine tailings, coal ash, and legacy impoundments across mining, power generation, and specialty metals sectors. We believe Ramaco Resources (METC) could be a potential candidate for this award, as it is currently advancing its pilot plant for the Brook mine. The expected award announcement date for this facility is February 23, 2026. The DOE is also expected to announce \$134M in funding for projects to design, construct, and operate REE demonstration facilities with annual capacities of 150–1,000 metric tons, targeting unconventional feedstocks such as acid mine drainage, mine waste, and e-waste, with priority given to heavy rare earth elements. Ucore Rare Metals (UURAF) appears well-positioned as a potential recipient given its existing \$22.4 million Other Transaction Agreement with

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the Department of War, its proven RapidSX separation technology, and its strategic focus on domestic heavy REE processing at its Louisiana Strategic Metals Complex. The awards are expected to be announced in April 2026.

- **Prior research.** Our most recent industry update on 12/23 can be found [here](#), where we outlined several catalysts for UUUU and UURAF in the near term, of which one has already been achieved thanks to Energy Fuels' recent acquisition. Our [rare earth industry report](#), examined supply-demand dynamics, pricing trends, and the domestic players best positioned to capitalize on the critical minerals reshoring theme. Our Ucore initiation can also be found [here](#), where we outline the company's Louisiana Strategic Metals Complex and RapidSX technology.

Rare Earths Stock Performance										
Company	Ticker	Rating	Current Price	Market Cap (\$M)	Share Price Change					
					1 Week	1 Month	3 Months	YTD	1 Year	
Energy Fuels Inc.	UUUU	Buy	\$25.50	\$6,051	16.23%	67.98%	19.94%	75.38%	333.67%	
Ucore Rare Metals Inc.	UURAF	Buy	\$7.01	\$779	3.09%	65.72%	55.43%	77.92%	1235.49%	
Ramaco Resources, Inc. Class A	METC	Buy	\$27.72	\$1,689	32.70%	64.12%	-23.02%	54.00%	193.13%	
MP Materials Corp Class A	MP	NR	\$69.58	\$12,332	0.87%	28.35%	1.65%	37.73%	224.99%	
Lynas Rare Earths Limited Sponsored ADR	LYSDY	NR	\$11.59	\$11,662	12.05%	37.86%	-6.77%	39.67%	178.60%	
USA Rare Earth, Inc. Class A	USAR	NR	\$24.77	\$3,658	40.02%	75.55%	2.99%	108.15%	109.03%	
Neo Performance Materials, Inc.	NEO-TSE	NR	\$19.71	\$820	1.49%	25.78%	-3.95%	26.67%	108.57%	
Brazilian Rare Earths Limited Sponsored ADR	BRELY	NR	\$14.12	\$776	0.19%	2.95%	-21.20%	6.96%	99.25%	
American Rare Earths Ltd Sponsored ADR	AMRRY	NR	\$14.78	\$170	5.32%	17.77%	-11.95%	28.45%	65.32%	
Peer group average					12.44%	42.90%	1.46%	50.55%	283.12%	
Russell 2000					-0.36%	5.05%	7.83%	7.58%	16.77%	

Source: FactSet and B. Riley Securities Research

*Closing price of last trading day immediately prior to the date of this publication unless otherwise indicated.

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