

America Is Closing the Gap in the Rare Earth Supply Chain Race - OilPrice.com Market Commentary

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Access to rare earths has become a central challenge for advanced defense systems, high-performance manufacturing, and next-generation energy technologies. REalloys (ALOY) is already operating in the most strategic segment of that chain, converting heavy rare earth materials into high-performance magnets and alloys inside the United States. REalloys Inc. (ALOY), Albemarle Corporation (NYSE: ALB), Rio Tinto Group (NYSE: RIO), [NioCorp Developments](#) (NASDAQ: NB), FMC Corporation (NYSE: FMC), IperionX (NASDAQ: IPX).

For Washington, the challenge is not geology - it's processing. Many Western companies are still in early exploration or planning stages. REalloys, by contrast, runs a functioning facility in Euclid, Ohio, where heavy rare earth feedstock is refined and transformed into specialized alloys required for defense and advanced industrial use. By keeping processing onshore, the company addresses the offshore refining bottleneck that has long left U.S. supply chains exposed to foreign supply disruptions.

REalloys bridges the gap between separated oxides and the metal inputs required to produce high-performance magnets used across aerospace, defense, energy, and industrial applications, already supplying qualified materials under U.S. Department of Defense contracts as domestic sourcing rules tighten.

Rare earth magnets sit at the end of this chain - the high-performance components that enable advanced aircraft systems, EV drivetrains, satellites, and critical industrial infrastructure. Many of the technologies built by major U.S. manufacturers depend on high-performance rare earth magnets that allow motors, cooling systems, and precision components to operate efficiently under demanding conditions.

REalloys occupies the pivotal step just before that final assembly, converting separated oxides into the specialized metals and alloys magnet manufacturers depend on. As U.S. sourcing rules tighten, the company is already delivering qualified materials under Department of Defense contracts, positioning it as an operational link in America's domestic rare earth supply chain.

What the DoD Needs, And Why It's Urgent

The U.S. military is actively partnering with REalloys for rare earth metals and alloys that feed into current operational programs. The company manufactures defense-specification metal and alloy domestically, built to the exact chemistry already embedded in active program supply chains. When procurement rules shift in 2027 and Chinese-origin material is disqualified, REalloys' output stays compliant with zero reformulation required. No other supplier in North America is currently producing the same grade of qualified heavy rare earth metals and alloys.

Heavy rare earths are what enable advanced aerospace and industrial platforms to perform reliably under demanding conditions. Dysprosium and terbium are blended into magnet alloys specifically to maintain magnetic performance as temperatures climb and vibration intensifies - making them essential, not optional, inputs for high-performance applications.

REalloys' Position in the Rare Earth Supply Chain

Cut through the noise, and the domestic rare earth picture narrows quickly. The vast majority of U.S.-based players remain stuck in the early stages - mining, oxide separation, pilot programs, and slide decks. REalloys sits at the opposite end of the value chain, occupying the downstream processing stage where supply chains

are either real or they aren't.

The company holds a signed commercial processing and long-term offtake deal with the Saskatchewan Research Council (SRC), anchored to the SRC Rare Earth Processing Facility in Saskatoon. That agreement gives REalloys (ALOY) access to 80% of the facility's upgraded annual output under a cost-plus pricing structure. Heavy rare earth production from the expanded facility is on track to come online in early 2027 - a milestone that would make REalloys the sole commercial-scale North American source of dysprosium and terbium oxides.

To support that expansion, the company is investing roughly US\$21 million to boost heavy rare earth processing throughput by approximately 300%, while also lifting light rare earth (NdPr) capacity by 50%. Target output includes up to 30 tonnes of dysprosium oxide, 15 tonnes of terbium oxide, and 400 tonnes per year of high-purity NdPr metal - with NdPr scaling to 600 tonnes annually once the expansion wraps up. Initial production is expected early next year.

Building a Diversified Feedstock Pipeline

Letters of intent are already in place covering feedstock supply from Kazakhstan, Brazil, and Greenland.

In Kazakhstan, REalloys has locked in a non-binding long-term offtake deal with AltynGroup covering rare earth feedstock that includes both light and heavy elements - dysprosium and terbium among them. Critically, that material flows straight into the company's U.S.-based metals and alloy production rather than being shipped offshore for processing.

On the Brazilian side, a signed offtake memorandum with St George Mining provides potential access to as much as 40% of rare earth output from the Araxá project, pending finalization of definitive terms.

And in Greenland, a 10-year offtake arrangement - currently at the LOI stage - would deliver up to 15% of annual rare earth concentrate production from the Tanbreez project.

All of these supply streams ultimately point toward one customer: the U.S. Department of Defense.

The Euclid, Ohio Processing Hub

REalloys' facility in Euclid, Ohio is built to take separated rare earth oxides and reduce them into metal under controlled atmospheric conditions, then alloy the resulting material into compositions suitable for magnet production. The same metallurgical workflow handles both light and heavy rare earths, including dysprosium and terbium. What comes out the other end is pre-alloyed metal - chemistry locked in early in the process and maintained within the narrow tolerances that qualified magnet producers require. Functionally, Euclid occupies the critical space between oxide separation and finished magnet assembly, the exact point where rare earth materials transition from intermediates into production-ready inputs.

The finished product moves through standard commercial channels and feeds directly into magnets and components destined for DoD programs.

Rebuilding a Lost Capability Under Pressure

For the first time in a generation, the United States is attempting to reconstruct its rare earth processing infrastructure - a critical undertaking as tightening export policies from China create new pressure on domestic supply chains across both industrial and defense sectors.

The core problem is deceptively simple: outside of China, virtually no one can convert rare earth oxides into finished metal at industrial scale. That conversion step is precisely where Western supply chains went dark decades ago.

That bottleneck extends beyond defense programs. It also affects supply chains supporting a broad range of technology and industrial sectors that rely on high-performance rare earth magnets for electric vehicles, energy systems, and advanced computing infrastructure.

The Center for Strategic and International Studies (CSIS) has flagged rare earth metallization and alloying as the weakest and hardest-to-restore link in any non-Chinese supply chain. In CSIS's assessment, metal and alloy production represents an experience-based bottleneck - a capability that resists shortcuts, even when capital is abundant. Metallization expertise is accumulated through sustained operational history, not assembled on a timeline. Reaching consistent, magnet-grade quality can take years, sometimes decades. You can fast-track a mine. You cannot fast-track metallization.

This is exactly where REAlloys (ALOY) operates. While the rest of the Western rare earth sector largely tops out at oxide production or pilot-stage separation, the Euclid facility is running the conversion process that CSIS singles out as the most difficult to replicate. Oxides go in, metal comes out, alloys are formulated, and chemistry stays within specs that downstream buyers have already qualified. This isn't a future capability - it's an active one, running inside a U.S. facility and feeding usable material into defense and magnet supply chains today.

Other companies to watch as the rare earth race heats up:

Albemarle Corporation (ALB) remains the largest publicly traded lithium producer globally, with a geographically diversified asset base spanning Australian hard-rock spodumene operations, Chilean brine production in the Salar de Atacama, and the Silver Peak facility in Nevada, currently the only active U.S. lithium brine operation.

Following the lithium price correction that extended through 2024-2025, Albemarle has shifted decisively toward capital discipline. The company has slowed portions of its expansion pipeline, reduced operating costs, and prioritized high-margin conversion capacity rather than pure volume growth.

Rio Tinto Group (RIO) is broadening its portfolio beyond its historic reliance on iron ore by expanding into lithium and copper. The acquisition of Arcadium Lithium materially increased Rio's exposure to battery raw materials and diversified risk away from the politically complex Jadar project in Serbia.

At the same time, the underground ramp-up at Oyu Tolgoi in Mongolia is progressing toward steady-state production, with the asset expected to become one of the largest new sources of copper globally. In North America, Rio continues development work on Resolution Copper alongside BHP, though permitting timelines remain a key variable.

NioCorp Developments (NB) is the primary developer of the Elk Creek Project in southeast Nebraska, which is poised to become the most significant domestic source of Niobium, Scandium, and Titanium in North America. Following the launch of the White House and EXIM Bank's "Project Vault" initiative in February 2026, a strategic effort to build a U.S. Strategic Critical Minerals Reserve, NioCorp has moved into the national spotlight as a foundational security asset.

Operationally, the company has transitioned from exploration to active development, with its Board of Directors approving the official start of the Mine Portal Project in early 2026. This \$44.6 million initiative marks the beginning of physical construction at the site, supported by recent drill results that confirmed high-grade mineralization.

FMC Corporation (FMC) has undergone a profound structural shift, evolving from a diversified industrial conglomerate with deep roots in defense and lithium into a focused agricultural sciences powerhouse. Historically, FMC was a major defense contractor, famously developing the M113 Armored Personnel Carrier and the Bradley Fighting Vehicle; however, the company divested its defense systems and gold mining interests in the late 1990s to prioritize its high-margin chemical and crop protection segments.

In more recent years, FMC's "energy transition" narrative centered on its lithium business, which was vital for

the high-performance batteries used in modern military hardware and electric vehicles. This exposure ended in 2018 with the full spin-off of Livent (now part of RIO), effectively removing FMC's direct ties to the critical mineral supply chain.

IperionX (IPX) is disrupting the global titanium industry by re-shoring production to the United States using its patented HAMR™ and HSPT technologies. Unlike the traditional, high-cost "Kroll process" utilized in China and Russia, IperionX's method allows for the production of low-carbon, high-performance titanium components using 100% recycled titanium scrap as feedstock. By early 2026, the company has scaled its Titanium Manufacturing Campus in Virginia to a production capacity of 1,400 metric tonnes per year, achieving a significant "EBITDA inflection point" as it begins fulfilling commercial orders for aerospace and defense giants.

The company has solidified its status as a critical defense partner, recently securing a prototype purchase order from American Rheinmetall to produce lightweight titanium components for U.S. Army heavy ground combat systems.

By. Josh Owens

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