Pensana Metals unveils ‘huge upgrade’ to Longonjo REO resource, as market slips into shortfall

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Rare earth explorer Pensana Metals (ASX: PM8) has unveiled a “huge upgrade” to its Longonjo resource – propelling the deposit to what the company claims as “top of the world league”.

Resources for the Angola project now total 240 million tonnes at 1.60% rare earth oxides (including 0.35% neodymium and praseodymium) for 3.85Mt rare earth oxides and 840,000t of neodymium and praseodymium.

Formerly known as Rift Valley Resources, Pensana stated the new resource is a

seven-fold increase in tonnage to the maiden resource that was reported in September 2017 of 44.7Mt at 2.5% rare earth oxides for 1.12Mt of rare earth oxides. The resource included both oxide and fresh material.

The updated resource also contains four times the amount of neodymium and praseodymium on the maiden estimate.

“Longonjo now ranks amongst the very largest and highest-grade neodymium and praseodymium projects worldwide and is expected to get bigger at a time when China controls 96% of rare earth magnet production,” Pensana executive director Dave Hammond said.

“It’s not just Longonjo’s high-grade and sheer scale that gets us excited.”

“It’s the face that its located right next door to the Chinese-built US$1.8 billion Benguela rail line, which links the project with the Atlantic deep-water port of Lobito and directly onto customers in China,” he added.

Longonjo rare earths deposit

The Longonjo deposit averages 30m in thickness – widening to 75m in some places, with the highest grades arising from surface.

Adding to the deposit’s viability is mineralisation remaining open at depth and a number of lateral directions.

Mr Hammond noted an earlier scoping study on the project highlighted the benefits of the Chinese-funded infrastructure, the high neodymium and praseodymium grade, low mining costs, good metallurgy and the available low-cost hydro-electric power.

“We are now working to engineer and design a low capital cost flotation operation that can establish Pensana as a long-term reliable supplier of high-value neodymium and praseodymium concentrates to customers in China,” he added.

As well as the metallurgical test work, Pensana plans to carry out further infill drilling to post another upgrade to the resource.

Electric vehicle demand set to accelerate

In addition to the better-known minerals that are surging on the back of electric vehicle and lithium-ion battery booms, neodymium and praseodymium are lesser-known minerals that are required in the vehicles’ electric motors.

“The demand for neodymium and praseodymium is set to take off as electric vehicle manufacturers invest over US$300 billion in what has been described as the biggest energy transformation in history,” Mr Hammond said.

“More than 75% of vehicle manufacturers are expected to use only electric powertrains by 2025,” he added.

With China dominating the rare earth oxide scene – accounting for 96%, Pensana’s strategy is to provide an alternative supply.

Global demand for neodymium and praseodymium outstripped supply by 3,300t in 2018 and this is expected to widen substantially to 38,800t in 2019.

Meanwhile, the neodymium and praseodymium market is expected to be worth US$87 billion this year, with the market anticipated to drop into a shortfall in 2020.

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