USA Rare Earth Partners with Source Certain International to Launch Transparent and Trusted Supply Chain for Critical Minerals

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Traceability and Scientific Verification of Provenance to be Implemented for all Rare Earths, Lithium and Critical Minerals and Will Underpin USA Rare Earth Mine-to-Magnet Strategy

New York, NY, Feb. 18, 2021 (GLOBE NEWSWIRE) -- via NewMediaWire -- USA Rare Earth LLC, the funding and development partner of the Round Top Heavy Rare Earth and Critical Minerals Project in Hudspeth County, West Texas, together with Texas Mineral Resources Corp. (OTCQB: TMRC), is pleased to announce that it has partnered with Source Certain International (SCI). SCI will support USA Rare Earth to develop a transparent, traceable and trusted supply chain for its rare earth and lithium products, including permanent magnets. SCI forms a key part of USA Rare Earth's mine-to-magnet and mine-to-market strategy. The SCI program will enable verification of provenance for all USA Rare Earth products.

USA Rare Earth has prioritized the need to have independent robust systems that can provide environmental, social responsibility and other quality assurance information to downstream customers and consumers of rare earths, lithium and other critical raw materials from Round Top and other sources into USA Rare Earth's mine-to-magnet supply chain. The partnership with SCI provides U.S. manufacturers, technology companies and renewable energy producers with proof of provenance to support their own ESG initiatives and assurances to their customers.

As a global leader in supply chain transparency and integrity, SCI uses its unique understanding of complex global supply chains and its expertise in provenance science and technology to address challenges of credibility, trust, traceability and source verification. SCI's process enables the scientific verification, through chemical profiling, of rare earth, permanent magnet, lithium and critical minerals' mine-level provenance, independent of supporting claims.

"Supply chain transparency and traceability for critical and strategic minerals supply chains -- particularly for green and clean technologies -- is fast becoming a requirement for end-users and for governments," said Pini Althaus, Chief Executive Officer of USA Rare Earth. "We've seen it most recently in the solar power sector, with the spotlight on essential solar materials reportedly being produced in China using forced labor. Consumers want to know the products they purchase and use are ethically sourced, and they are going to demand that companies become transparent about their supply chains. USA Rare Earth sees this as core to how we meet our mission as a trusted source for critical and strategic minerals and metals. With SCI as our partner, customers and consumers will know exactly where USA Rare Earth materials come from, how they are mined, refined, recycled and reclaimed - and that the work was done responsibly, and in jurisdictions that have high standards with respect to the environment, safety and social responsibility."

"More than 80% of USA Rare Earth's anticipated revenues from Round Top and its mine-to-magnet strategy are expected to be derived from supplying materials that will be used for clean/green applications. We believe supply chain transparency is essential for our immediate customers as well as to the end-use consumers of products such as electric vehicles, renewable energy generation and consumer electronics that incorporate these critical minerals. With these purchases, consumers are making deliberate environmentally conscious decisions for the betterment of our planet. Given our leadership in a US-based critical minerals supply chain, we feel it is important for us to promote industry standards that are in line with our position as an ESG-focused company and in line with the intended use of the materials we will be supplying. We intend to address the two major issues facing the U.S. on these matters: a secure and a sustainable supply chain; neither of which are currently being provided by China on whom we are currently reliant on for all of our critical minerals requirements," Mr. Althaus added.

SCI pioneered scientific provenance verification in the late 1970s in Australia, when it was first used as a "gold fingerprinting" tool, scientifically linking stolen gold to its mine of origin. Extensively used in gold heist, conflict or smuggled gold and other forensic investigations. The technology, now known as TSW Trace™, is used by SCI as a verification and investigative tool in the supply chains of a vast array of global industries, including mining. TSW Trace™ analyses the physical sample of a product to determine its unique chemical profile that is imparted on the product at point of production. The analytical result that is determined is referred to as a chemical fingerprint which is uniquely representative of the product's provenance (discrete source of origin) and, where relevant, how it may have been produced or manufactured.

Compared to Blockchain, for example, traceability relies on the integrity of data that it stores. SCI technology involves physical and scientific analysis of a product to verify provenance. A traceability system, including those that use a Blockchain, share data often captured through a marker on the product's packaging (i.e., barcode) and not the physical product itself. The assignment of that marker is ultimately undertaken by people, making it susceptible to human error and fraud. Conversely, the chemical fingerprint

captured by SCI is a representation of where the product came from and also how it has been made, including the mining and processing and manufacturing of these materials - and that information can be verified as it moves along the advanced materials supply chain before reaching its end-users.

The USA Rare Earth - SCI partnership will demonstrate a unique platform that shares critical information, including key metrics that relate to the carbon footprint of the product, plus any relevant ethical, environmental or sustainability certifications and product provenance - all scientifically verified and transparently documented.

"We work in the supply chain integrity area at SCI, so we see the good and the bad. The issues being tackled here are not easy. The critical mineral supply chains, specifically those that carry rare earths and their products like neo magnets, face what could be described as a perfect storm. With a global energy revolution transpiring, there is intense focus on alternative energy sources to traditional fossil fuels. Whether it be electrical vehicles or wind turbines that generate clean energy, critical minerals like rare earth minerals are present in all of these. Beyond the energy sector these minerals are inputs for other materials used in defense, including weapons and space. All of this delivers increased demand that has not been experienced to date," said Cameron Scadding, Managing Director of Source Certain International.

Mr. Scadding continued, "The challenges of this spiking demand are amplified by a concentration risk within the current supply chain and an overall lack of diversity of supply. Adding to this is the existing supply chain, like with other minerals, is inherently opaque making it difficult to impossible to know where the minerals and their associated metal products have been sourced and then in turn how they might have been mined, processed, refined and manufactured. This makes understanding ethical sourcing and environmental credentials for the existing supply chains of these products also practically impossible. Therefore, we commend USA Rare Earth for taking a leadership role in their commitment to transparency and decision to underpin supply chain information with verification through an independent scientific provider like SCI that will verify the origin claims for all upstream mines and processing facilities within their supply chain."

U.S. Bi-partisan Focus on Supply Chain Integrity

USA Rare Earth's supply chain transparency initiative comes as the U.S. Government focuses on domestic supply chain integrity with concerns ranging from availability, manufacturing and social responsibility to matters of national and economic security. President Biden is expected to sign an Executive Order in the coming weeks to undertake a comprehensive review of U.S. supply chain vulnerabilities to strengthen U.S. resilience and capacity for critical goods and materials.

The executive actions will follow recent Congressional efforts to address domestic critical materials production and the U.S. defense industrial base. The omnibus appropriations and emergency coronavirus relief legislation signed into law in December included increased R&D funding to the U.S. Department of Energy to support a secure, robust and sustainable supply of critical minerals and materials. The bipartisan legislation was led by U.S. Senators Lisa Murkowski (R-AK) and Joe Manchin (D-WV), as well as Representative Eric Swalwell (D-CA) who co-chairs the Critical Materials Caucus with Representative Guy Reschenthaler (R-PA).

The FY2021 National Defense Authorization Act (NDAA) also strengthened defense acquisition restrictions on the procurement of rare earth permanent magnets that are mined, refined, separated, melted or produced in non-allied countries, including China. This expanded defense procurement policy will take effect in 2026. The NDAA also included U.S. domestic procurement preferences for strategic and critical materials acquired for the defense industrial base.

The collaboration by USA Rare Earth and SCI will support these and other federal requirements and ESG initiatives and will provide value-added information to the U.S.-based companies that are required or voluntarily disclose supply chain information involving minerals, labor, environmental and other standards.

About USA Rare Earth, LLC

USA Rare Earth, LLC is earning and acquiring an 80% operating joint venture interest in, and is the operator of, the Round Top Heavy Rare Earth and Critical Minerals Project located in Hudspeth County, West Texas from Texas Mineral Resources Corp. (TMRC: OTCQB). Round Top hosts a wide range of critical heavy rare earth elements, high-tech metals, including lithium, zirconium, hafnium and beryllium, and, based on the Preliminary Economic Assessment (dated August 16, 2019) projects a pre-tax net present value using a 10% discount rate of $1.56 billion based on a 20-year mine plan that is only 13% of the identified measured, indicated and inferred resources. The PEA estimates an internal rate of return of 70% and average annual net revenues of $395 million a year after average royalties of $26 million a year payable to the State of Texas. Based on the cost estimates set forth in the PEA, Round Top would be one of the lowest-cost rare earth producers, and one of the lowest cost lithium producers in the world. The Round Top Deposit hosts 16 of the 17 rare earth elements, plus other high-value tech minerals (including lithium) and is well located to serve the US internal demand. In excess of 60% of materials at Round Top will be used directly in green or renewable energy technologies. Round Top contains 13 of the 35 minerals deemed "critical" by the Department of the Interior and contains critical elements required by the United States, both for national defense and industry. USA Rare Earth has also opened a rare earth and critical minerals processing facility in Wheat Ridge, Colorado and in April 2020 USA Rare Earth acquired the neodymium iron boron (NdFeB) permanent magnet manufacturing equipment formerly owned and operated in North Carolina by Hitachi Metals America, Ltd. For more information about USA Rare Earth, visit www.usare.com

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About Source Certain International

Source Certain International (SCI) are global leaders in provenance science and technology. Their scientific technology enables the verification of a product's provenance, independent of claims and labels. Source Certain technology was first used 40 years ago where Chief Scientist Dr R. John Watling pioneered a scientific method to determine the provenance of gold and diamonds to assist with criminal investigations. The technology, TSW Trace™ evolved to a commercial application as a forward-facing supply chain integrity solution applied across most food or non-food sectors. Using proprietary TSW Trace™ technology, SCI analyses the relationship between a product and its environment by analyzing trace elements, isotopes, chemicals and molecules to create a unique chemical fingerprint for the product and its matching location of origin. The construction of the product's chemical fingerprint allows Source Certain to verify the provenance of a product mid-supply chain.

Value claims like sustainable and ethical production, and origin of product are provenance-based claims highlighting the importance of determining origin to a high level of specificity.

SCI deploys its technology within broad supply chain transparency strategies that incorporate in-market verification and surveillance-type programs. Their vision is for supply chains to operate transparently, with integrity, and trusted by consumers to deliver what is promised.

Source Certain has extensively applied their technology through numerous forensic applications over a number of years which now sees this technology as a proven and legally established method, internationally accepted in the courts. Current and historical industry and B2B application includes Seafood, Agriculture, Horticulture, Wine, Cannabis, Critical & Strategic Minerals and Rare Earths and others. For more information about Source Certain, visit https://www.sourcecertain.com/

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