

6/2/2015

1

## Thorium Energy Conference #7

June 3 - 4

Palo Alto, California  
James Kennedy  
ThREEC consulting.com

# Th-REE Efforts in the United States Congress

Legislative Update

# Legislative strategy

- 

Thorium and Rare Earths are linked at the mineralogical, regulatory and geopolitical level

- Few Members of Congress have the political will to address nuclear energy issues
- Most Members of Congress recognize rare earths as a national security issue
  - Our legislative proposal combines these issues and creates a regulatory and funding platform for the development of a domestic rare earth value chain and Thorium energy corporation

## Misinformation, Disinformation, Legislative Gridlock, Etc.,

- Jr. rare earth mining companies hire consultants, lobbyist and promoters pretending to be 'experts' to paint the problem of rare earths as a resource production issue – 'resulting from onerous mining laws and environmental standards'
- This is supported by the National Association of Mining (NAM), using this national security issue to promote the reduction or elimination of mining regulations and environmental standards
- Members of Congress look to NAM, rare earth 'experts' and lobbyists for a solution...

## NRC & IAEA regulations implemented in 1980 resulted in the closure of every single rare earth mine in the world outside of China

- This resulted in the bankruptcy, closure or off-shoring of nearly all related rare earth value chain production to China
- Today China maintains a global monopoly over the production of value added rare earth products – forcing global technology companies to move manufacturing inside China
  - and now forces non-Chinese Jr. rare earth mining companies to ship their resources into China to be converted into value added rare earth products (including Lynas)
- DEVELOPING NEW RARE EARTH MINES IS NOT NECESSARY
- The U.S. mining industry alone dumps over 85% of the worlds annual rare earth demand to avoid NRC and IAEA regulations – easy to recover with no direct mining cost.

## Legislative Review

- 

Recent Congressional bills focused on generating new resource production via lower regulatory standards:

- H.R. 1937 – 114<sup>th</sup> Congress: The Bill Requires the lead agency, with respect to strategic and critical minerals within a federally administered unit of the National Forest System, to: (1) exempt from federal regulations governing Special Areas all areas of identified mineral resources in Land Use Designations; (2) apply such exemption to all additional routes and areas that the agency finds necessary to facilitate the construction, operation, maintenance, and restoration of the areas of the identified mineral resources; and (3) continue to apply such exemptions, . . . so that more of the mineral resource can be brought to the market place. Authorizes the holder of a mineral exploration or mine permit to intervene as of right in any covered civil action by a person affecting rights or obligations of the permit holder

from the USGS, Department of Energy, Department of Land Management, Department of the Interior, Department of Forest Management, the Department of Labor and further instructs the executive branch to establish procedures and measures for reporting on the supply and demand of rare earths and resources and that all of the above to be published in the Federal Registrar...

6/2/2015

6

## Past Congressional Sessions:

H.R. 762 – 113<sup>th</sup> Congress: Provides exemptions from federal regulations including the National Environmental Policy Act of 1969 (NEPA) and other federal regulations including governing Special Areas all areas of identified mineral resources in Land Use Designations (other than Non-Development Land Use Designations); apply such exemption to all additional routes and areas that the agency finds necessary to facilitate the construction, operation, maintenance, and restoration of the areas of the identified mineral resources; and continue to apply such exemptions after approval of the Minerals Plan of Operations for the unit.

of domestic rare earth elements.

S 4031 – 111th Congress: Establishes within the Department of the Interior the Rare Earth Policy Task Force to monitor and assist federal agencies in expediting the review and approval of permits to accelerate the completion of projects that will increase investment in, exploration for, and development of domestic rare earth elements

S. 3521 – 111th Congress: Establishes within the Department of the Interior the Rare Earth Policy Task Force to monitor and assist federal agencies in expediting the review and approval of permits to accelerate the completion of projects that will increase investment in, exploration for, and development of domestic rare earths.

6/2/2015

7

**All of the above bills focus on reducing or eliminating environmental & public**

There were a few bills that focused on alternative strategies, such as federal funding for our National Laboratories to study the issue (some more), find alternatives or stockpile rare earths, etc.

None of these bills addresses the fundamental issues or offers a potential solution.

None passed.

6/2/2015



passed: 258 bills in 2010, 90 bills in 2011, 61 bills in 2012, 57 bills in 2013, 240 bills in 2014, but half of them were passed in the last 16 days of the session.

Trend Line is not helping

6/2/2015

9

**The Th-REE legislative history is as follows:**

## Senate

- Offered as an amendment to the Senate NDAA in the 113<sup>th</sup> Congress (no amendments allowed that year)
- Offered as a stand alone bill in the House and Senate in the 114<sup>th</sup> Congress – both bills died with the 114<sup>th</sup> Congress

## This Year - 2015

- Requested for inclusion in the House NDAA in the 115<sup>th</sup> Congress – rejected for lack of funding for ‘administrative costs’
- Potential amendment to Senate NDAA with potential financial sponsor

## If passed, the bill would create:

A privately funded and operated multi-national rare earth cooperative value chain inside the U.S.

Open to producers and users of rare earth products and allied sovereign governments & agencies

A multi-national funding and development platform for Thorium Energy Systems and industrial products  
Open to allied governments / NATO members, users & consumers of energy, IP holders & contributors and private

The creation of a multi-national Thorium corporation mitigates most regulatory obstacles as a function of regulatory optionality:

The corporation can conduct fueling, testing and licensing in the most hospitable regulatory environment – while having the implied backing of the U.S. government

This greatly reduces the single largest financial risk: a regulatory pathway

The Thorium Corporation is structured to utilize existing U.S. / NATO & allied government relationships, based on a common cause, to finance the first phase of development:

The common cause is to establish a united alternative to China's stated intention of

'controlling the commercial development and deployment of Thorium Molten Salt technology on a global basis',

## This Legislation Does Not Blindly Rely on 'Free Markets'

Why?

- The recent historical track record of so called 'free markets' clearly favors China
- It was exclusively through 'free market' principles and actions that China acquired the bulk of U.S., EU, Japanese & Korean technology, IP, trade, manufacturing and

instance

6/2/2015

14

**The so called** free markets, or what should be referred to as neo-free markets, have lost the U.S. millions of manufacturing jobs, tax revenue and relative standing in the areas of basic science, materials science, electronics, green technologies and basic and

investment in basic research and emerging strategic industries. These basic tools allowed China to develop its rare earth monopoly using nothing more than classical free market tools

They will do the same with Th-MSR

6/2/2015

15

**The recent history of China's**



- Q: Are 'western' financial markets suddenly willing to invest billions with no regulatory pathway or guarantees (this is a 40 year old technology)?
- A: NO !
  
- Q: Does anyone expect the 'west' to build a cheaper reactor than China?
- A: NO!
  
- Q: Should anyone want a cheaper reactor than a Chinese reactor ?
- A: NO!

spring from energy: directly or indirectly

Q: Based on the a 30-year unidirectional transfer of technology, industries, IP and Jobs to China under the banner of 'free markets' who in this room thinks the development of this technology should left to chance?

6/2/2015

17

# Questions ?