



August 06, 2025

## THE LONG PULL: GDX, REEs, and Idaho Strategic (IDR) News

I've got a quick *Long Pull Report* this week on gold, REEs, and Idaho Strategic (IDR). Here's the TL;DR:

1. We're long GDX after buying the breakout to new 52-week highs.
2. The Trump administration remains bullish on domesticating REE supply chains.
3. IDR's latest REE surface samples reveal high-grade potential.

Alright, let's get after it.

### Gold Miners ETF (GDX): Breakouts Across The Board

We bought GDX on the breakout from its two-month trading range into new 52-week highs in a Bull Quiet Regime (see below).



The good news is that it's not just one company responsible for GDX's breakout. Dozens of charts look *just like* GDX. In other words, **strong breadth**.

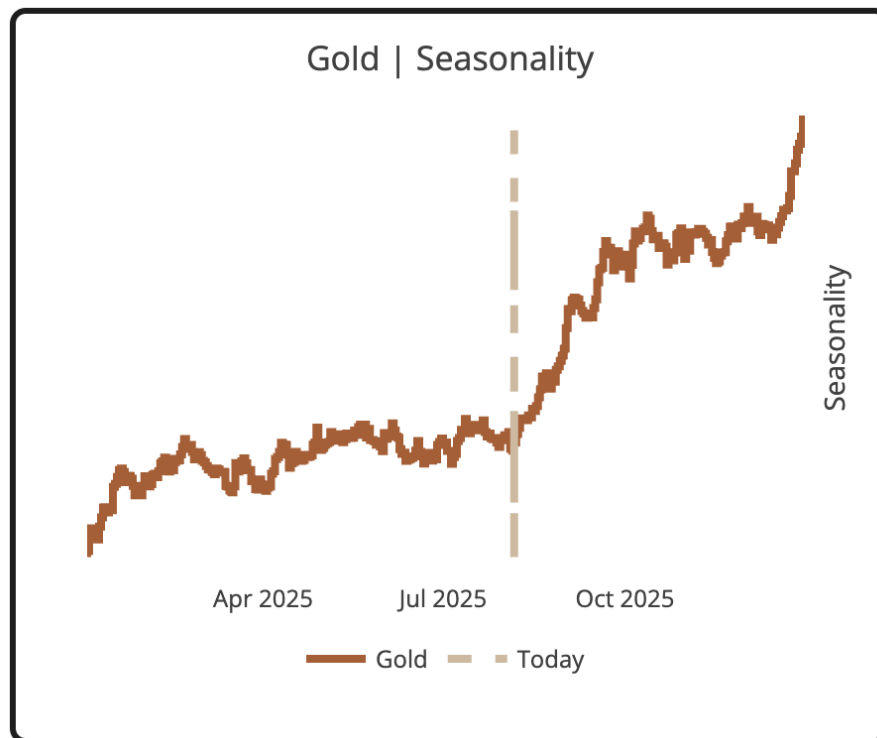
I scanned all 62 charts within GDX and found at least *half* of them with either confirmed breakouts or on the verge of breaking out. Throw a dart.

I'm bullish gold miners, and the charts tell me to be long gold miners. But I can't say the same about the yellow metal, at least not yet. Check out the daily gold chart below (using the CFD to prevent any contract roll-overs skewing the charts).



I see an ascending triangle, which is naturally a bullish pattern. But I won't get excited/long the commodity until we see a confirmed breakout. Until then, gold miners will happily print cash at ~\$3,400/oz.

That said, gold's strongest seasonality is *now* through October (see below).



We're 0/2 on our last two gold trades ... so maybe third time's the charm? We'd have seasonality at our back!

## REE Domestication Is Here To Stay

The [DoD's investment in MP Materials \(MP\)](#) kickstarted a massive inflection in the domestic US REE industry. This past weekend, the Wall Street Journal reported that China is [choking critical mineral supply to Western defense companies](#).

All of this makes sense.

Americans *probably* don't want Chinese-produced permanent magnets in their fighter jets (what if they sabotage the magnets?). And China *probably* doesn't want to help the US build fighter jets ("Here are your magnets, but you promise not to use those against us, right?). From the article:

*"China is limiting the flow of critical minerals to Western defense manufacturers, delaying production and forcing companies to scour the world for stockpiles of the minerals needed to make everything from bullets to jet fighters.*

*Earlier this year, as U.S.-China trade tensions soared, Beijing tightened the controls it places on the export of rare earths. While Beijing allowed them to start*

*flowing after the Trump administration agreed in June to a series of trade concessions, China has maintained a lock on critical minerals for defense purposes. China supplies around 90% of the world's rare earths and dominates the production of many other critical minerals."*

We're watching the US build a domestic supply chain from scratch. Think about how cool that is. Anyways, how will the government accomplish this?

1. Massive subsidies, tax breaks, sweetheart deals
2. Fast-tracked exploration, development, and production

In short, COVID-era policies for mining companies.

Last week, [Ernest Scheyder wrote that](#) (emphasis mine):

*"Top White House officials told a group of rare earths firms last week that **they are pursuing a pandemic-era approach to boost U.S. critical minerals production** and curb China's market dominance by guaranteeing a minimum price for their products, five sources familiar with the plan told Reuters."*

When I hear "pandemic-era approach" I think "free money." MP's price floor is just the start. Part of my (or any investor's) job is to envision what the world *could* look like in 18-24 months.

I see more government sweetheart deals, more price floors, more "guaranteed" cash flow, and more 0% interest rates for developing production, refining, and processing. Remember, it's free money!

Scheyder continues (emphasis added):

*"Navarro and Copley told the meeting that a floor price for rare earths extended to MP Materials (MP), opens new tab earlier this month as part of a multibillion-dollar investment by the Pentagon **was "not a one-off" and that similar deals were also in the works ...***

*The officials detailed Trump's desire to quickly boost U.S. rare earths output - through mining, processing, recycling and magnet production - in a manner that would **evoke the speed of 2020's Operation Warp Speed, which developed the COVID-19 vaccine in less than a year ...***

*Beyond the price floor, Navarro and Copley advised attendees to avail themselves of **existing government financial support, including billions of dollars worth***

***of incentives in Trump's tax and spending bill approved on July 4, the sources said."***

It's happening now. Here are two headlines from this past month alone.



KETV

## NioCorp officially gets \$10 million grant as it hopes to build Nebraska rare earths mine

A company looking to build a rare and critical earth minerals mine in Nebraska officially received a \$10 million boost from a Department of...

15 hours ago



Newsfile

## Ucore Launches US Department of Defense Funded \$18.4 Million Commercial Rare Earth Refining Project

Ucore announces: Initiation of the USD\$18.4 million DOD Phase 2 award for the scale-up of its Louisiana commercial rare earth refining...

3 weeks ago



This brings me to IDR and it's latest REE surface samples. But before I go further, I want to remind you that surface samples are *low value* by themselves. They don't define resources or move inferred resources to reserves. Think of surface sampling as the "hey let's see what we might have here" step in resource development.

## Idaho Strategic's (IDR) Latest REE Samples

Last week, IDR [released news](#) that it found carbonatite yielding 17.6%+ Total Rare Earths (or TREOs) at it's recently added Cardinal Prospect.

Let's establish some context. The economic cut-off grade for most carbonatite REE deposits is 1-2% TREO. MP's Mountain Pass, for example, averages 7% TREO. Bear Lodge (permitted) averages 3% TREO.

IDR's 17%+ surface sample grades are trophy-asset territory. Remember, one surface sample doesn't make a mine. It doesn't even define a resource. But it's promising. Geologically, these results indicate *the potential for* a robust carbonatite-hosted REE system.

Why? Results from the samples and drone magnetics “suggests the rare earth-bearing dikes at surface could be part of a larger, continuous swarm.” Think of it like REE-filled tree roots shooting into the Earth.

The fact that Cardinal’s outcrop is long, relatively thick, and enriched throughout (all grab samples showed anomalous REE, from ~1.9% up to >17% TREO) indicates strong potential for a significant resource once drilling defines the 3D extent.

These surface samples also validate [Mineral Hill’s 1954 surface sample](#) of 21.5% TREE.

### **My Way Too Early Cardinal Hill Resource Estimate**

I will stress that this is a *way too early* resource estimate for Cardinal Hill and the Mineral Hill district. But part of our job is to envision what a company *might look like* 18-24 months from now ... not just what it is today.

The main carbonatite body (actually at least three parallel dikes) is exposed for ~1,000+ feet (~300 m) of strike length and 1–3 m in width at surface. These types of carbonatite deposits often extend vertically to considerable depths (hundreds of meters), as they are usually steeply dipping to near-vertical intrusions (dike or vein-like).

For a scoping estimate, we’ll assume the dikes continue to a moderate depth of ~200m and maintain a similar thickness and grade profile.

Finally, we’ll assume an aggregate mineralized thickness of 5m accounting for the three parallel vein systems. It’s just math from here.

$$\text{Strike (300m)} \times \text{Depth (200m)} \times \text{Thickness (5m)} = \mathbf{300,000\text{m}^3}$$

From here, we assume an average bulk density of ~3t/m<sup>3</sup> (carbonatite plus monazite is rather dense). This gets us ~900,000 tons of ore. At ~5% TREO grades, we get **45,000t of contained TREO**.

That doesn’t sound like much. But Cardinal Hill is one of many prospects within Mineral Hill, which also hosts the Roberts and Lower Lee Buck projects. What if Roberts and Lower Lee have similar mineralogy? Suddenly, **you have a potential 2.7Mt ore deposit grading ~5% for 135Kt of contained TREO**.

And remember, IDR has sampled TREO grades >20% across its prospects. A 5% average grade *could be* too low!

We might as well generate in-situ values while we're at it, right? Like the resource estimate, this includes many assumptions. Let's start with average TREO prices.

REE prices are wild. They range from \$1-2/kg for cerium or lanthanum to \$2,000/kg for Terbium. And good luck with price transparency, as REEs don't trade on liquid markets (Fastmarkets might be your best bet?).

Let's assume Cardinal Hill's deposit is majority cerium and lanthanum (65%) with 15% neodymium, 5% praseodymium, and ~15% all the other Star-Wars sounding ones. From here, we can construct a \$/kg value for the ore (see below):

- Ce: 0.45 kg \* \$1 ≈ \$0.45=
- La: 0.20 kg \* \$1.5 ≈ \$0.30
- Nd: 0.15 kg \* \$90 ≈ \$13.5
- Pr: 0.05 kg \* \$90 ≈ \$4.5
- Sm: 0.03 kg \* \$5 ≈ \$0.15
- Gd: 0.02 kg \* \$30 ≈ \$0.60
- Dy: 0.01 kg \* \$450 ≈ \$4.50
- Tb: 0.005 kg \* \$1,500 ≈ \$7.50
- Others: 0.085 kg \* (say \$10 average) ≈ \$0.85

That gets us ~\$33/kg of "mixed" TREO. Again, I want to stress how preliminary these assumptions are ... but they get us *somewhere*.

Using this assumption, a 5% TREO ore would contain roughly 50 kg of TREOs per ton, **worth ~\$1,650/t in in-situ value**. In other words, **that would value Cardinal Hill at ~\$1.5B in in-situ value** (45,000t at \$33/kg).

Even if we assume there's a 2.5% chance that Cardinal Hill has that type of deposit, we get an **implied value of ~\$37M**. That's from *one* prospect in a multi-prospect district.

Our variant perception is that the market has *never* assigned a value to IDR's REE projects. This massively undervalues the company's potential, especially in the current US REE market. That's why I love IDR's current strategy to prove out its REE resources. It will *force* the market to value its gold *and* REE development projects, which should cause a re-rating.

What happens if the company receives a DoD grant for \$10-\$20M in development/exploration? Or a guaranteed floor price for the TREOs it eventually mines? A 25-50% intra-day move wouldn't shock me.



Finally, I want to comment on @Bob's question in Slack about potential monetization via JVs or equity sales to the US government. Here's what I wrote:

*"I don't think John would sell equity to the US Gov't for their REE holdings. However, I think a potential JV could be on the table with a larger mining peer (maybe MP, Lycas, or Iluka).*

*The "problem" is that their REE assets are still too early stage to do anything serious. They need a drill program throughout the property alongside the geophysics and surface samples. Once they have a resource estimate, then I think they go to the market to test JVs, options, etc.*

*On the flip side, if the resource estimate is large enough, they could go direct to US DoD for an MP-like grant / investment in the project. Idaho is a Tier-1 mining jurisdiction. They wouldn't have any issues getting that thing permitted (best guess)."*

IDR CEO John Swallow knows what he owns. And the company is perfectly positioned to develop its REE assets through revenue-backed exploration, with little-to-no shareholder dilution along the way.

I'll leave you with comments from John Swallow, which perfectly capture the company's opportunity set (emphasis mine):

*"I think most would agree the DoD partnership announcement by MP on July 10th marks a step change in the rare earth industry. We view a market going forward where results matter and the context around a project also matter.*

*At Mineral Hill, the overall desirability of high grade REE surface samples and the complimentary nature of having multiple carbonatite occurrences in distinct areas (Lower Lee Buck, Roberts, Cardinal) is something that sets it apart.*

*This includes the added benefit of having monazite-based mineralization, Idaho jurisdiction, and IDR's operational track record as an Idaho company. With this field work underway, we are also advancing first phase drill plans as we work toward resource definition, making this an exciting time for our company."*

I look forward to the company's REE drill results in the coming year. It's an exciting time to be a profitable gold producer with the US's largest REE land package.