

**Analyst:** Bakul Lalla

**Manifest Investing:** 9/2/2025

**YouTube Link:** <https://www.youtube.com/watch?v=9VaRqlKGbfk>

**NotebookLM Prompt:** Provide a detailed discussion by Betsy regarding small companies

**Response:**

Betsy Wills, from the Rocky Mountain chapter of Better Investing, is presented as one of the "legion of small company people" who will be involved in discussions about small companies. She provides a special reminder that she will be talking about what she calls "**non-core companies**".

Betsy's discussion of small companies emphasizes a particular approach due to the nature of these investments:

- **Limited Information:** She notes that while the Stock Selection Guide (SSG) from Better Investing usually provides about 80% of the necessary information for a stock, with small stocks, it's "just the opposite" – you only get about 20%. The remaining 80% requires your own research.
- **Profitability and Valuation:** Many of the small companies she discusses are not profitable and have no earnings. This means that the SSG and PE (Price-to-Earnings) multipliers are not very helpful. She acknowledges that the Better Investing tenet of buying at a reasonable price is harder to figure out with these types of companies.
- **Risk and Capital:** Betsy provides a crucial caveat that she always mentions to her investment club: "**This is not your rent money. Don't put anything in here that you need for anything else**".
- **Speculative Upside and Long-Term Potential:** She highlights that investing in these companies involves balancing speculative upside with long-term potential within industries that have significant growth prospects. She references Jeff Bezos's philosophy: if there's a 10% chance of a 100 times payoff, you should take that bet every time.

**Finding Small Company Ideas:** When asked about her go-to sources for ideas, Betsy mentions "pretty much everything". Notably, two of the companies she discusses came from the **Cowboy State Daily**, which monitors all activity in Wyoming, and she encourages others to subscribe to it.

**Specific Small Companies Discussed by Betsy:**

Betsy frames her discussion of small companies around an **executive order issued on March 20, 2025, titled "Immediate Measures to Increase American Mineral Production"**. This order aims to cut dependence on foreign, especially Chinese, critical minerals (defined as rare earths, uranium, copper, potash, and gold), streamline permitting for domestic mining on federal lands, mobilize financing and investments from governmental organizations (including the DoD and Small Business Administration), and establish a stronger domestic minerals base. This

signals a long-term US commitment to reshoring mineral production, from which each of the companies she discusses stands to benefit, potentially boosting their stocks, particularly in rare earth, lithium, and uranium sectors.

### 1. **MP Materials (MP):**

- **Discovery:** Betsy first became aware of MP Materials when it was presented at her investment club.
- **Business:** The company owns and operates the **Mountain Pass Mine in California**, one of the world's richest sources of rare earth elements, located southwest of Las Vegas.
- **Historical Context & Turnaround:** Historically, MP mined the ore, processed it into concentrate, and then shipped it to China, which dominates the global market for complex refining processes. Now, MP has completed a **Stage Two separation facility**, allowing extraction, separation, and refining to all happen on US soil.
- **Key Products & Market:** The largest segment of the rare earth market is neodymium and praseodymium (NDPR), critical for magnets used in electric motors, hard disk drives, and defense. Demand for this market is growing at about 8.5% through 2040, driven by electric mobility, industrial robotics, and defense.
- **Recent Developments (2025):**
  - **DoD Partnership:** In July, the Department of Defense (DoD) and MP formed a public-private partnership to produce rare earth in the US, with a 10-year agreement and a price commitment of \$110 per kilogram for NDPR products. The DoD also agreed to purchase \$400 million of MP's convertible preferred shares.
  - **Apple Agreement:** MP entered an agreement with Apple to supply recycled rare earth feedstock, a deal valued at approximately \$500 million, to support Apple's device manufacturing.
  - **Public Offering:** In July, the company raised about \$650 million through an offering at approximately \$55 per share.
- **Financials:** MP posted an 84% revenue growth and 24% adjusted EPS growth in Q2 2025. Analysts estimate a 50% annual revenue growth for 2025, driven by NDPR oxide production. It had earnings for about three years between 2020-2023 but not in 2024.
- **Competition:** NeoP is a competitor.
- **Mark Robertson's comments:** Mark notes that MP Materials was a Ken Kavula selection, and they missed a 400% gain when the stock went from \$10 to \$35. He points out that investor interest can wane when such companies disappoint, visible in the revenue drop from 2022 to 2023. Ken Kavula finds the company more interesting now that its refining plant is online.

### 2. **NeoP (NEORP):**

- **Source:** Betsy heard about NeoP when its CEO was interviewed on the Maria Bartiromo Show on August 6.
- **Business:** NeoP is a small Nebraska mining company that is not profitable. It's a competitor of MP Materials.

- **Elk Creek Project:** This project in Nebraska is one of the few in North America positioned to provide a domestic supply of niobium, scandium, titanium, and other rare earth elements.
  - **Niobium:** Used for high-strength, low-alloy steel production.
  - **Scandium:** A strategic metal that increases aluminum strength, used in fighter jets, satellites, aerospace, and automobiles. It has not been mined in the US since 1969 and is primarily produced in China, Russia, and Ukraine.
- **DoD Award:** The company received a \$10 million award from the DoD to support the development of the Scandium supply chain, similar to the MP/DoD agreement.
- **Offtake Agreements:** NeoP has agreements in place with Traxys (a global raw materials trading company, with Carlyle Group having a majority interest) and Stellantis (the world's third-largest automaker) to take its magnetic rare earth oxides. These agreements enhance its ability to secure financing.
- **Other Facts:**
  - Publicly traded since 2008, it hit a high of \$13.60 in July 2021.
  - **Citadel Advisors,** Ken Griffin's hedge fund, bought almost 4 million shares in mid-July, as per an SEC filing. Citadel Securities is a major market-making firm.
  - Betsy mentions Kiran Quasi, a 16-year-old engineering phenom who graduated at 14, worked at SpaceX, and recently joined Citadel for quant development.

### 3. **Ramaco Resources (METC):**

- **Source:** Betsy learned about Ramaco in the Cowboy State Daily.
- **Business:** Ramaco is another small company and competitor to MP. It has been profitable for the last three years. Its primary business has been developing and producing high-quality, low-cost metallurgical coal, essential for steelmaking, from mines in Virginia and West Virginia.
- **Brook Mine:** In July, Ramaco officially opened the Brook Mine near Sheridan, Wyoming, which is the **first rare earth mine to open in the US in over 70 years**. It aims to produce magnet-grade rare earth minerals without generating radioactive waste.
- **Partnership:** Ramaco is working with Fluorspar (Flu). A preliminary economic assessment by Flu found rare earth concentrations as high as 10,000 parts per million at the Brook Mine, which appears to be unique among coal accumulations. The project is deemed technologically and commercially feasible.
- **Dual Focus:** The Brook Mine yields lighter rare earths, especially cerium, used in water treatment. The low-cost coal and rare earth minerals combine energy resources with critical mineral production. Once its plant is completed, Ramaco estimates it can meet over 10% of America's 10,000 tons per year total rare earth demand, nearly all of which is currently sourced from China.
- **CEO's Perspective:** Unlike some companies receiving direct government investment, Ramaco's CEO is not looking for direct investment but rather for the government to establish a **national reserve of rare earths and critical minerals**, similar to the Strategic Petroleum Reserve.

#### 4. Uranium Energy Corporation (UEC):

- **Source:** Betsy found UEC through the Cowboy State Daily.
- **Business:** This is another small, not-profitable company. Wyoming has a long history of uranium mining.
- **Market Context:** There is a projected 2025 supply deficit for uranium of about 20 million pounds, potentially reaching 130 million pounds by 2040, driven by rising demand from AI power and data centers. The US is revamping its home nuclear fuel supply chain, marking an era of acceptance for nuclear energy.
- **Key Differentiators:**
  - **No Debt:** UEC has a strong balance sheet with no debt.
  - **Physical Uranium Inventory:** It holds about 1.4 million pounds of already mined uranium for sale, with no long-term contracts, allowing it to benefit from rising spot prices (around \$76.7 per pound, projected to reach mid-\$80s).
  - **Cash Reserves:** Approximately \$271 million in cash on the balance sheet.
  - **Historical Reserves:** 175 million pounds of historical uranium reserves (though a new assessment is needed).
  - **Sweetwater Complex:** The Sweetwater Complex, authorized for mining, has a 12.1 million pound license production capacity and is key to joining a supply chain currently 95% dependent on foreign imports.
- **Projects:** UEC is not a "one-hit wonder". It has projects in Canada (conventional mining), Wyoming, Texas, and Arizona.
  - **Hub-and-Spoke Model:** In Wyoming (Sweetwater) and Texas, it uses in-situ recovery. The Sweetwater complex includes a 3,000-ton-a-day conventional uranium mill, which is fully licensed and permitted by Wyoming and is the largest uranium production facility in the US with dual-feed capability. This model means no reliance on external plants or outside refineries.
- **Risk:** As a commodity market player, UEC faces risks from uranium market volatility, political power changes, and fluctuations in product prices. UEC is a member of the Russell 2000 index.