

Meet Machine A: America's Answer to China; Plus, Your June Portfolio Update

UPDATES
June 12, 2026
Dan Amoss & Byron King

Jim and I are still astonished by the stock market's complacency in the face of rapid declines in global oil inventories.

Aside from a few brief selloffs driven by investors from around the world over-crowding into popular semiconductor and AI stocks, the market has been calm.

It has shrugged off the mounting costs of energy disruptions in the Persian Gulf.

Many catalysts could spark a rotation trade away from tech stocks toward the energy and minerals stocks we feature in *Situation Report*.

One catalyst is the sheer size and media attention on SpaceX – the IPO of the century – relative to *realistic* estimates of its profit potential.

Today's SpaceX trading debut might wind up trading poorly given the number of interested buyers who've already bought the shares at the IPO price. As I write at 12:10 PM ET, here's a chart of its first few minutes of trading.



IPO buyers got a price of \$135 per share, the price in the blue dotted line. Whisper numbers were for an opening pop into the \$170s, but it opened at \$150. So thus far, it's fallen a bit short of expectations.

Looking ahead, there is a long list of venture capital firms looking to lock in gains on SpaceX shares they've held privately and have made 3x, 5x, or 10x gains on paper in just a few short years.

Never before has an IPO been so hyped and so astonishingly valued (roughly \$2 trillion), with total board control by founder Elon Musk, a man on a mission to Mars.

Total board control means Musk can run SpaceX any way he likes, and public shareholders are not really a check or balance on further SPCX share offerings, acquisitions, or strategic business model pivots.

Meanwhile, in what Jim and I consider to be the most important story for investors by far in 2026...

More than 100 days of cumulative lost oil and gas production in the Persian Gulf cannot be restored overnight. And the losses just keep piling up. This means the period of high oil prices to rebuild global oil inventories will extend that much further into 2027.

Jim wrote a detailed analysis of the choices President Trump faces in a special commentary we sent you on Wednesday, [Three Roads Out Of Iran](https://my.paradigmgroup.com/article/three-roads-out-of-iran) (<https://my.paradigmgroup.com/article/three-roads-out-of-iran>). Be sure to read it in case you missed it. Jim these three roads out of Iran on Steve Bannon's War Room show yesterday as well. It's [linked here](https://rumble.com/v7b5200-james-rickards-you-can-take-kharg-island-and-bomb-the-iranian-export-infras.html) (<https://rumble.com/v7b5200-james-rickards-you-can-take-kharg-island-and-bomb-the-iranian-export-infras.html>).

Here's what we see the market ignoring or downplaying: Even after a U.S.-Iran deal to reopen the Strait of Hormuz is made – and such a deal could be weeks or months away – it will take several more months for the world's most important oil wells to get back online and for tanker traffic to get back to normal.

That's why we remain very bullish on oil stocks, including **Viper Energy (VNOM)**, an undervalued oil royalty stock. We also recommended a speculative call option trade idea on **Diamondback Energy (FANG)** last month.

Our American Birthright Phase II portfolio has stocks that benefit from a scramble by investors to buy any company that can help develop new oil fields outside the Persian Gulf.

In particular, **Atlas Energy Services (AESI)** could go a lot higher because it is a heavily shorted stock. Its frac sand business in the Permian Basin will recover in terms of both unit sales and prices, and that recovery may come sooner than the AESI bears expect. More on that below.

Our seismic equipment and service stocks (**GEOS**, **MIND**, and **TGSGY**) have strong leverage to a multi-year recovery in capital budgets at oil companies.

If institutional investors start to believe that Persian Gulf supplies will have a permanent disruption risk premium, then they will migrate toward oil and oil services companies that benefit from production and drilling activity in more stable regions of the world.

This month, we want to highlight one of our longer-held positions.

Many of you have joined us since last October and may not have considered this stock yet. I asked my friend and colleague Byron King to provide a comprehensive update.

Here's Byron.

Meet Machine A: America's Answer to China, Inc.

"You can't stop the clock, but sometimes you wish you could speed it up."

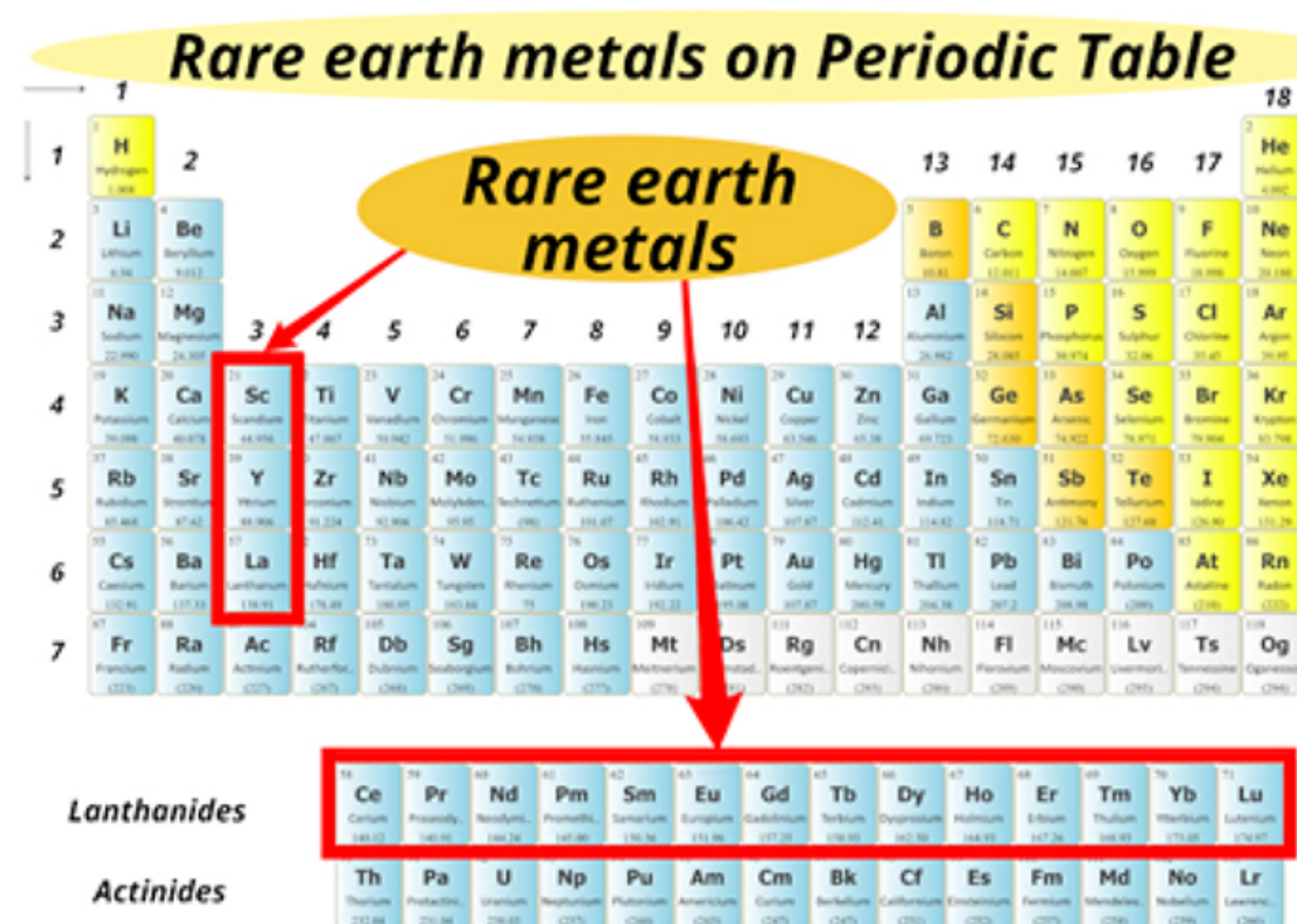
That's a line from an old friend, a retired Navy SEAL. He was talking about the rigors of SEAL training, let alone the long deployments and arduous missions.

That is, difficult challenges unfold at their own pace. And no matter what the job, a person must persevere. Push things. Move ahead. Make progress. Confront obstacles. Handle whatever comes down the line...

And that's about as good a summary as I can offer of the state of rare earths (REs) here in the West, ex-China. *Because Something Really Big is about to happen, called "Machine A."*

Breaking Chinese Dominance

If you follow REs, then you probably know that China dominates the sector. Chinese companies mine most of the world's RE ore. China processes the minerals. China dominates RE refining and downstream chemistry and products.



Rare earth elements. Credit U.S. Geological Survey.

In fact, China currently controls – as in *dominates!* – most of the end-state manufacture of things that contain REs.

Depending on the material, China is the origin for about 80–90% of products like strong permanent magnets (see illustration below), lighting phosphors, and innumerable electronic applications that are critical to modern tech in general (e.g., your smart phone or car), and military tech in particular (e.g., smart bombs, radars, missile guidance, and much else).

CHINA BENEFITS FROM MASSIVE SCALE AND 40 YEARS OF UNCONTESTED EXPERTISE DEVELOPMENT

Regional Share	Mining	Oxides	Metals & Alloys	NdFeB Magnet
China	67%	88%	92%	93%
USA	10%	<1%	0%	<1%
Europe	0%	<1%	<1%	<1%
Australia	9%	0%	0%	0%
Japan	0%	0%	7%	6%
Malaysia & Other	14%	10%	1%	1%

China dominates global output of strong permanent magnets. Credit Ucore.

In other words, there's no way that U.S. industry can currently produce just about anything "high tech" absent Chinese REs. Not smart phones, computer chips, cars or especially electric vehicles (EVs); and not new radars or guided missiles or even submarines for the Navy.

So, it's no wonder that the West has been scrambling for several years to find a way around China's RE dominance.

Indeed, in recent years REs have gone from a scientific or engineering curiosity in university and corporate labs to a top priority level of national industrial policy in the U.S.

Welcome to Louisiana, And "Machine A"

And this brings me to a site just outside Alexandria, Louisiana, a former U.S. Air Force base that is now an industrial campus.

This particular locale has a couple of 10,000-foot runways. It's near Interstate highways, not far from the deep-water channels of the Mississippi River. And serviced by Class-1 rail lines.

Another thing happening at this site is a new building, almost complete, with thick concrete floors and heavy anchor bolts that penetrate deep into the ground, atop which will soon be a device called "Machine A."

Machine A is the result of many years of research and hard work by a company named **Ucore Rare Metals, Inc. (UURAF)**, which we discussed in this *Special Situations* letter last fall, 2025.

And the guts of Machine A are based on new technology that leapfrogs the chemistry one sees in China. That is, yes, China is good at what they do with REs, based on many years of effort. But are the Chinese *that good*?

Along the way, people from Ucore sat down and asked, "What do the Chinese know that we don't?"

And the answer was... "Nothing."

That is, chemistry is chemistry. Physics is physics. But in China, people just get about their business and do things. They build things. They mine, move, process, refine and manufacture products.

So, Ucore took a look at RE processing, much of which is based on a long-established methodology called "solvent extraction" (SX), which is basically dissolving RE minerals in acid and doing a slow form of chemistry to harvest the particular elements.

And Ucore figured out a way to speed it all up, turning SX into something it calls... yes... RapidSX.

As the name implies, it's fast. And what takes weeks and even months in China can happen in hours and days with RapidSX.

So Ucore focused on turning RapidSX into an engineered system, and built a pilot plant in Kingston, Ontario, just northeast of Toronto along Lake Ontario.



RapidSX pilot system in Ontario. Credit Ucore.

I've visited the Kingston site and seen the RapidSX process in action; literally, I've watched RE material dissolve in acid and then go through a series of columns where RE end-products are extracted. The science works, and it's fast; so now, the challenge is to scale it up.

Along those lines, it's worth noting that Ucore's chemistry can refine RE material to astonishing levels of purity. Not "just" 99%, but 99.9, or 99.99, or 99.999% and better. It's kind of Star Trek-y, except that it's happening here and now, not on TV reruns.

Which brings us back to Machine A, under construction in Louisiana, where Ucore is building out the facility and interior equipment. As with any complex project, there's piping, wire, cable, control systems, safety systems, tanks to hold fluids, and hookups for electric and natural gas. That, and deals for long-term supplies of necessary chemicals from nearby Louisiana refineries and chemical plants.

Plus, Ucore is locking down supplies of RE ores from across the world. Sure, there are minerals in the U.S. and Canada. But Ucore is also making deals for material from South America, Africa, Asia and even Australia. The idea is to ship it to Alexandria, drop it in the starting pits, and let RapidSX chemistry do its thing.

What's the timing? Ucore will work all summer and fall. Management expects to commission Machine A towards the end of 2026 or early 2027.

The customers are already out there: defense firms, auto companies, electronics firms, magnet makers and many more. Everybody everywhere wants high-quality, U.S.-produced products. And 99.999%? Yes, customers are lining up.

And what comes after Machine A? Well... There's Machine B, but that's another story.

We recommended **Ucore (UURAF)** shares last fall. They're still on the buy-list for medium- and long-term holdings.

In recent days, much of the stock market has sold down, and certainly the miners and minerals side. Ucore shares have dropped in price as well, but nothing has changed about the fundamental solid prospects in the future. Accumulate shares opportunistically. This one is going places.

As always, of course, watch the charts, buy on down days, always use limit orders, and never chase momentum.

That's all for now. Thank you for subscribing and reading.

Best wishes...

Byron W. King, Senior Geologist for *Situation Report*