

Ucore holds rare earth conference, promotes North American supply-chain

PITTSBURGH (Asian Metal) 12 Aug 11 – Nova Scotia-based Ucore Rare Earths finished its Alaskan Rare Earth Conference in Ketchikan, AK earlier this week. Local, state and federal politicians, academics, investors and other market participants were on hand to tour the company's Bokan Mountain property and openly discuss issues and challenges facing the rare earth industry in developing a sustainable and reliable supply-chain outside of China.

Bokan Mountain's deposit is a hydrothermal deposit, which historically has proven to carry higher ratios of heavy rare earths to lights. With drills in place at the site, Ucore anticipates releasing its preliminary economic assessment by Q4 and a prefeasibility study within the next 24 months.

"We're having a phenomenal drill season. We have done over ten holes so far, and we intend to update the resources from inferred to indicated category," Jim McKenzie, President and CEO of Ucore, reported to Asian Metal. "We plan on drilling some deep holes. I just signed off on bringing in a large drill for late August. [The deposit] conglomerates at the surface, like fingers, so we are trying to reach the palm of the resource."

To date, China controls just over 95% of the global rare earth supply, with Molycorp being the only company in North America in production at 3,000t/y. The highly sought after metals and oxides have not been mined in North America since 2002, when Molycorp ceased operations at its Mountain Pass facility; current production is from previous stockpiled material at the site. In the past 18 months, China has made attempts to curb exports by reducing available quotas and protecting domestic resources.

"I think the number one concern is that [China] projected the [amount] of product demand for the next several decades and [the government] realized that they are running out. I [feel] that when it comes to certain rare earths, particularly heavy, they are just discovering that they have a limited supply," McKenzie stated. "They could undermine their own potential for economic growth, so they want to encourage deposits outside of China as a result."

During Ucore's Alaskan Rare Earth Conference, participants took part in workshops and discussions covering several issues facing the industry. McKenzie noted that the time it takes to secure necessary permits is one of the major issues facing would-be producers in the US and Canada. McKenzie attributes his company's rapid success to Alaskan Senator Mark Begich and his support gathered by the US Department of Agriculture that helped expedite the permit process.

"A lot of the heavy lifting [in securing our permits] was done by Senator Begich and the Department of Agriculture," McKenzie mentioned. "[Senator Begich envisions] southeast Alaska becoming a potential rare earth hub, [including capturing value-added, downstream industries in the region]."

Supply-chain development of rare earths is critical to both the US and Canada. With applications ranging from defense radar systems, lasers, FCC catalysts and high-efficiency permanent magnets to hybrid vehicles, the future of the North American economy and its competitiveness in the related industries rely heavily on a secure and sustainable supply.

"The big thing for [Ucore] is the US federal government recognizing that rare earths are deeply needed by the Department of Defense and Department of Energy. The US cannot remain competitive without access to these metals," stated McKenzie. "The US government is willing to intervene in order to expedite permitting. We virtually leapfrogged ahead 12 months because of the help of the US Department of Agriculture."

Shares of Ucore Rare Metals (TSE:UCU) rose 3.23% Thursday to end at CAD0.64 per share at market close.