

## Rare Earth Stocks May See Strategic Acquisitions By Jeb Handwerger

The prices of rare earth oxides are blasting through the stratosphere. Manufacturers are driving prices in their haste to involve them in production of hybrid vehicles, wind turbines and the most high tech applications of which many sophisticated investors are unaware. These producers need the rare earth ore and are willing to pay for them on the world markets. The interest of these high tech corporations need rare earths in order to survive. China has the right stuff, but are claiming perhaps rightfully that they need the materials for themselves. In fact they are in the forefront of venturing abroad to takeover promising heavy rare earth mines all over the world. America once commandeered this mining area, but over the years, China co-opted this area and became the world leaders supplying over 97% of the world's rare earth supply. North America and Europe need to move fast to develop their own supply.

One of the great demands for rare earths is coming out from manufacturers of hybrid cars. Toyota in order to produce the Prius requires a large amount of rare earths in each automobile. Toyota has risen the price of the Prius. This is no surprise as each Prius car

uses at least 1kg of neodymium which has recently soared in value. These new hybrid models are driving sales and one can be sure that the major manufacturers will make sure to gain supplies for several years to come.

We are going to see a race to control rare earth assets globally. These manufacturers through the support of their governments will find available supply by strategic acquisitions and off take agreements. I have positioned my readers in the major heavy rare earth deposits in the U.S. (Ucore), Australia(Lynas), Canada (Avalon) and Europe(Tasman).

Many are upset that I have not put Molycorp(MCP) as one of my recommendations. I feel that Molycorp is heavily marketed and has been the darling of the market. The stock has reached extremely overbought levels. Most people do not realize that Molycorp will first be seeing profits from already mined ore and is still years away from mining at Mountain Pass, plus the Mountain Pass deposit is mostly light rare earths. I am looking for the critical heavy rare earths outlined by the US Department Of Energy, such as dysprosium, terbium and europium. The West is struggling to gain supply over the

next few years and some of these undiscovered gems(UCORE) with the crucial heavy rare earths will not last long at these price levels. Molycorp better move fast to gain heavy rare earth assets before people realize that their deposit is not as valuable as what is being currently marketed.

It is important for investors to realize that companies in the rare earth sector are advancing rapidly in developing projects all over the world. Prominent among them is Lynas Corporation as Australian entity in whom Japanese interests have taken large positions. They announced the establishment of a proposed production plant in Malaysia. They insist they are still on target for commencing production by September 2011. Malaysian environmentalists are protesting this. They remember being badly burned by Mitsubishi of Japan who left Malaysia holding a radioactive bag after producing rare earths. The environmentalists in Malaysia are very careful this time. The Lynas management is assembling a panel of experts from all over the world to calm Malaysian fears and at the same time prevent any unfortunate

reoccurrence. Lynas welcomes the one month review to ensure the project is safe and presents no danger to the workers. Lynas also hopes to have its Australia Mt. Weld project up and running. Lyan Japan so desperate to obtain product for their high tech industries on which their economic survival is based, has bankrolled the building of this project. Lynas is hoping to transport this ore from Australia to Malaysia for processing. This contract was signed by both sides in September 2008.

Little noticed is the acquisition by Lynas of a large rare earth deposit in Malawi, Africa. They have the approval of the Malawi Government to commence development of this major project. Interestingly, the deposit has extremely low natural radiation levels unusual for a Rare Earth Deposit.



Lynas appears to be reaching extremely oversold levels and long term support. This is an area in which we have seen major reversals higher. I am confident about the progress of this facility in Malaysia and believe Lynas will truly be the first miner to the market outside China. Lynas is on sale and should hit our short term target's shortly.

The Rare Earth Supply constraint continues to elevate Rare Earth Prices sharply both inside and outside China. This unstoppable rise in value of rare earth mining stocks leads to the conclusion there may be a burst of increasing breakouts on top of recent months of congestion. Investors will not be asking for much longer why aren't rare earth mining stocks going in tandem. I believe we will see major gains in the second half of 2011 in these stocks and a large amount of transactions.

I have been carefully guiding my subscribers into those rare earth stocks that hopefully will lead the upcoming rare earth marathon. One that I believe has been completely overlooked is Ucore.



Ucore’s Bokan Deposit is the currently the only U.S. heavy rare earth deposit with a 43-101 compliant resource. This company has been overlooked and I believe at this bargain level to gain some interest by a Molycorp or a large sovereign debt fund to help fast track this deposit. The State Of Alaska has been petitioning Washington to get this mine into development.

## Current Recommendations

- 1) Buy U.S. Gold (UXG) Recommended at 4.95,  
Buy Under \$8.25  
Target \$12 Stop Loss \$6.00(8/1/10)
- 2) Buy General Moly (GMO) Recommended at \$3.50,  
Buy Under \$5 Target \$9.00 Stop \$4.00 (9/27/10)
- 3) Buy UR Energy (URG) Recommended at \$0.98,  
Under \$1.50 Target \$3  
Stop Loss \$.98 (10/8/10)
- 4) Buy International Tower Hill Mines (THM) Recommended at \$6.90  
Under \$9.25 Target \$12  
Stop Loss \$8.25(10/20/10)
- 5) Buy Lynas (LYSCF) Recommended at \$1.65,  
Under \$2.25 Target \$3  
Stop Loss \$1.40 (12-22-10)
- 6) Buy Gold ETF (GLD) Under \$130 Target \$160  
Stop Loss \$122 (1-21-11)
- 7) Buy Gold Mining ETF (GDX) Under \$52.75  
Target \$67 Stop Loss \$48 (1-25-11)
- 8) Buy Avalon Rare Metals (AVL)  
Under \$7 Target \$13  
Stop Loss \$5 (2-3-11)
- 9) Buy Western Lithium (TSX:WLC; OTCQX:WLCDF) Under \$1.60  
Target \$4  
Stop Loss \$1.14 (2-14-11)
- 10) Buy Ucore (TSX.V:UCU; OTCQX:UURAF) Under \$1  
Target \$5  
Stop Loss \$.60 (2-15-11)
- 11) Buy Denison (DNN) Under \$2.75  
Target \$6  
Stop Loss \$2 (3-16-11)
- 12) Buy Uranerz (URZ) Under \$3.50  
Target \$7  
Stop Loss \$2.50 (3-16-11)
- 13) Buy Tasman Metals (TASXF or TSM.V) Under \$6.25  
Target \$12  
Stop Loss \$5 (4-29-11)

## Important Notice:

Stops should be mental to prevent shakeouts and for me to evaluate.

For questions, feedback or comments, please contact me at [jeb@goldstocktrades.com](mailto:jeb@goldstocktrades.com)

Please do not ask for personal financial advice.

**Do Not Forward. It is Considered Theft and a Violation of Biblical and Secular Law.**

Charts are courtesy of [stockcharts.com](http://stockcharts.com)

### Legal Disclaimer:

I am offering ideas for your consideration and education. I am not offering financial advice and am not a financial or investment advisor. I AM A FELLOW INVESTOR AND TRADER SHARING HIS THOUGHTS for educational purposes only.

This publication is a 100% subscriber supported. No compensation is received by the author from any of the companies mentioned.

By reading this disclaimer you will not hold responsible me or any person associated with <http://goldstocktrades.com> responsible for any losses that may occur from trading based on these recommendations. This information is solely educational and not intended to offer any financial advice whatsoever. Performance returns cited are derived from estimates. The returns must be considered hypothetical.

Note: I receive many emails every day and would like my premium subscribers to take priority in my correspondence. Please enter GST-26 in the subject field when writing. This will help me provide timely feedback to you and prevent emails from getting filtered into junk mail.

## Realized Positions Since 8-1-10

SPY Short -2%

NGD +15%

FRG +16%

SLV +15%

GLD +13%

SLV +20%

NGD +30%

GMO +20%

URG +40%

UXG +16%

THM +20%

FRG +42%

GMO +57%

URG +70%

URG +200%

LYSCF +28%

FRG +123%