

Molycorp Stumbles, Avalon and Lynas Delay, Ucore Shines By Jeb Handwerger

Gold Stock Trades is growing increasingly aware that Ucore is the little David that has the potential of besting the Goliaths in the rare earth area. Recently, GST took a field trip out to Alaska’s Mt. Bokan to assess the situation with our own eyes. This was followed by a trip to Hazen Labs in Denver to determine the economic viability of extricating the heavy rare earth concentrate from the underlying rock.

It is all good and well for companies to deluge investors with hyperbole. After all this is the source of the word hype. Today the rare earths claimed by other companies in this sector are having to make embarrassing readjustments to their elaborate projections. Thus Molycorp comes out with disappointing numbers that expose their inability to meet their own projections. What about Avalon? They have been forced to fall on their own swords as they admit delays on their feasibility study due to issues involving metallurgical processing so important to the economic viability of their project. Lynas has local opposition against their processing plant in Malaysia .

Investors are growing cautious as these companies have to face the bread and butter realities incumbent on bringing rare earths into production away from the Chinese players. Certainly, little David (Ucore) appears to have a certain advantage over the cumbersome and much larger behemoths on the field.

Ucore was called to Washington in an advisory capacity as an expert source for the edification of the Senate Energy and Natural Resources Committee. Our representatives are beginning to awaken to the urgency of developing a domestic rare earth supply chain. At last our representatives are realizing the importance of taking the Critical Minerals Act off the shelves and making the bill a fait accompli.

We are talking here about national survival as heavy rare earth metals such as dysprosium and terbium are essential for the growth of our domestic industrial base and our national security. The Committee was made aware that it was not enough to mine the material and send it to China for separation. America has to produce magnets on U.S. soil or face becoming a client state of Beijing.

Paradoxically, the rare earths were once an American resource.

Somewhere along the way the Chinese twenty years ago were able to coop American know how. Ucore brought this urgency to the awareness of the committee. Ucore’s CEO Jim Mckenzie emphasized, “...Restarting the rare earth supply chain within the United States is essential not only for national security and clean technology, but also as a means to putting American-based ingenuity back to work and avoiding further degradation of the country's industrial base.” Ucore is talking jobs here and American independence.

Interesting how the Chinese have turned the precepts of Adam Smith against us. There is a good reason why Ucore was asked to enlighten the committee. Ucore owns the highest grade and largest 43-101 compliant resource of critically essential heavy rare earths.

We now find that purported giants such as Molycorp, Avalon and Lynas have over-claimed and are facing an embarrassing retreat from their projections. Molycorp missed guidance, Avalon delays their feasibility due to metallurgy and Lynas has got their own problems of having to operate in a questionable jurisdiction in Malaysia. There is much noise here and little substance. These companies have multi-billion market caps that are questionable and

have shown meager results. Ucore has only an \$80 million market cap but presents a rare instance where the little guy can slowly but surely present a superior case. Ucore has certainly gained market share on Molycorp in 2011 and may continue to do so in 2012.



The reach of the giants have exceeded their grasp. It is not enough to claim colossus advantage if you are bucking up against unfriendly jurisdictions, questionable logistics such as roads or ports, high capital costs, environmental opposition and resistance from

indigenous groups. Today, the Goliaths are stumbling as they finally have to come up against their moment of truth.

Ucore is moving ahead quietly and surely with the support of the entire Alaskan political representation including the Governor, Senators and Congressmen. “Little David” (Ucore) has a few more stones in their slingshot such as the advanced X-ray approach of extricating the heavy rare earth ore from the waste rock and what is hoped to be a positive Preliminary Economic Assessment(PEA) expected in the first quarter of 2012. Additionally the metallurgical results from Hazen have been extremely favorable and hopefully will continue to yield increasingly positive results.

In conclusion, we feel that Ucore will lead the next leg up in the rare earth sector. In this case, bigger will not necessarily be better, instead it will all boil down to the economics of extraction, a domestic supply chain and geopolitical/financial support. Stay tuned.

Current Recommendations (Date Of Recommendation In
Parentheses)

- 1) Buy U.S. Gold (UXG) Under \$7.50 Target \$12 (8/1/10)
- 2) Buy General Moly (GMO) Under \$5 Target \$9.00 (9/27/10)
- 3) Buy UR Energy (URG) Under \$1.75 Target \$3 (10/8/10)
- 4) Buy International Tower Hill Mines (THM) Under \$8.50 Target \$12 (10/20/10)
- 5) Hold Lynas (LYSDY) Target \$3 (12-22-10)
- 6) Buy Gold ETF (GLD) Under \$162 Target \$200 (9-27-11)
- 7) Buy Gold Mining ETF On Pullbacks Under \$60 (GDX) Target (\$67)\$74 (1-25-11)
- 8) Hold Avalon Rare Metals (AVL) Target \$6 (2-3-11)
- 9) Buy Western Lithium Under \$.90 (TSX:WLC; OTCQX:WLCDF) Target \$4 (2-14-11)
- 10) Buy Ucore (TSX.V:UCU; OTCQX:UURAF) Under \$.85 Target \$5 (2-15-11)
- 11) Buy Denison (DNN) Under \$2.50 Target \$6 (3-16-11)
- 12) Buy Uranerz (URZ) Under \$3.50 Target \$7 (3-16-11)
- 13) Buy Tasman Metals (TASXF or TSM.V) Under \$5.25 Target \$12 (4-29-11)
- 14) Buy Silver (SLV) Under \$40 Target \$60 (5-18-11)
- 15) Hold Quest Rare Minerals (QRM or QRM.V) Target \$14 (5-27-11)
- 16) Buy New Gold (NGD) Under \$12 Target \$18 (7-13-11)
- 17) Buy Alexco Resource (AXU) Under \$10 Target \$15 (9-20-11)

Notice:

There will be times when we will be unable to go to press. This is not to be interpreted that we have taken a day off. The GST Eagle maintains a constant vigil from his aerie. This means we are working diligently researching and writing.

Important Notice:

For questions, feedback or comments, please contact me at jeb@goldstocktrades.com

Please do not ask for personal financial advice.

Do Not Forward, copy, create derivative works or otherwise share this content in any form, whether written, electronic, facsimile or otherwise. It is Considered Copyright Infringement and is Theft and a Violation of Biblical and Secular Law.

Charts are courtesy of stockcharts.com

Legal Disclaimer:

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

This publication is a 100% subscriber supported. No compensation is received by the author from any of the companies mentioned for the recommendation of a stock in this service.

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 informational 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. Due to the volume of emails received, not every e-mail will be guaranteed a response.

Realized Positions Since 8-1-10

SPY -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%

GLD +24%