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## Canadian Stocks Poised to Become Leaders

April 11<sup>th</sup>, 2010

### Ucore Uranium Inc. (TSX.V: UCU) > Last close \$0.31

#### Share Data

Current Price.....	\$0.31
52 Wk High.....	\$1.00
52 Wk Low .....	\$0.09
Cash (MM) .....	\$2.0
Total Debt (MM) .....	\$0
Shares Outstanding (MM)	
Basic.....	87.2
Diluted.....	109.4
Mngt. & Dir.....	5.6
Market Cap.....	\$27M

#### Price Chart



#### Company Highlights

- Largest historically documented Heavy Rare Earth Element (HREE) deposit in the US (*Non-NI 43-101 compliant*)
- Nearest American HREE deposit to production
- Historical resource of 374M lbs of Rare Earth's
- One of very few primarily HREE skewed deposits in the world @ 50% HREE
- Property contains former high grade Ross Adams Mine, which is Alaska's only prior producing uranium mine
- USGS estimated 11+ million pounds U3O8 remaining in situ
- Entire mine workings and road network intact
- Exceptional access to deep water shipping and rail facilities
- U.S. Bureau of Mines (USBM) metallurgical study reported a significant 96% separation and recovery of yttrium from Bokan Mountain (Green and Harbuck;1996). Yttrium can be considered a proxy for heavy rare earth elements (HREE's)



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## Company Profile

Ucore Uranium (TSXV: UCU) is an exploration company with significant exploration holdings across North America. The company's Alaska-based flagship property at Bokan Mountain is the site of a former high grade producing uranium mine, with an estimated unmined resource of 11 million + lbs of U<sub>3</sub>O<sub>8</sub>, and a Rare Earth Elements (REE) resource that is estimated to be the largest combined heavy and light REE deposit within the United States (all estimates based on USGS data; non 43-101 compliant). Bokan has near term production potential and is located in an area of Alaska specifically set aside for natural resource development, with no residential or indigenous populations in proximity.

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## Key Asset(s)

- Ucore's flagship property at Bokan Mountain is situated at the southern most part of the Alaskan panhandle, on the southern end of Prince of Wales Island. It is approximately 60 km southwest of Ketchikan and 130 km northwest of Prince Rupert. The Bokan Mountain project covers 30 sq. km (19 sq. miles) and includes the former high grade Ross Adams Mine, which is Alaska's only prior producing uranium mine. The Ross Adams mine operated for short periods between 1957 and 1971, initially as an open pit and later an underground mine. During this time, a total of 1.3 million pounds of U<sub>3</sub>O<sub>8</sub> were produced, at an average grade of 0.76% from the Ross Adams zone, one of more than 30 uranium occurrences known at Bokan Mountain. The Bokan Mountain property also contains a non-NI 43-101 historic resource of 374M lbs of TREO @ 50% HREE.

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## The Regent Thesis

This Regent Report is on a rare earth element exploration company that is advancing what is the largest historically documented deposit of Heavy Rare Earth Elements (HREE) in the United States (*Non-NI 43-101 compliant*). The company is: Ucore Uranium Inc. (TSXV: UCU)

Rare earth's is a sector that has been very hot since last summer and it is a sector that Kirk and I have been watching and waiting for the right time and stock to invest in. Honestly, it is a complicated sector to understand and most of the rare earth elements are even harder to pronounce. We watched the rare earth junior's rocket up in price mid last year and thought this to be a classic "insanity wave" that will only end in tears as the commodity and sector fall out of favour like the uranium, coal, moly and potash sectors have over the last few years.

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As we suspected, most cooled off at the end of October 2009 with 40 to 50% retracements. However, it appears that the fundamentals of the underlying commodities are now better understood and better support the case for investment as such, the juniors have begun to recover and stabilize. So, why the sudden interest in rare earth's? Well, like other commodities it is the China effect. However, this time around China is not looking to import the metals because the country actually accounts for almost all of the global production of rare earth's and is looking to restrict or outright ban the export of certain rare earth metals. Why is this important?

Many of these metals are vital to energy-efficient technology: Neodymium is used in rare-earth magnets for high-efficiency motors: Chances are your new High-Efficiency washing machine, BlueRay DVD player or Toyota Prius uses rare-earth magnets in their motors. Although well before our time, some of our subscribers may remember the rush to discover uranium deposits in the 50s and 60s. Geiger counters are a running joke in cartoons of that era. Well, we are now on a hunt for new non-Chinese deposits of rare earth metals.

We were recently introduced to a rare earth company called Ucore Uranium and after doing some reading and fact-finding on the sector we found that this company in our opinion offers some key advantages over many of the other rare earth juniors trading at 2, 3 or even 5 times the market cap of Ucore. Presently, there are more than 190 companies claiming to have rare earth projects according to research that was completed by Byron Capital out of Toronto. Of these, many of the projects are mainly light rare earth deposits. So, seeking a project that has unusually high in the more valuable heavy rare earth elements (HREE) would probably be a good idea. Ucore's Bokan Mountain deposit is estimated to be 50% HREE and it has among the highest known absolute HREE grades in the world. While LREE's can be valued in the tens of dollars per pound, HREE's run a range between hundreds and thousands of dollars per pound.

The next item to consider is metallurgy and the ability to extract and separate the individual rare earth metals. This is the Achilles heel of REE deposit viability. You ignore it at your risk, and many prospective REE projects have been sunk by bad metallurgy. The metals comprising the rare earth elements are all so similar in their makeup that differentiating them, separating and recovering each from the others, can be a daunting task in the lab. This is where Ucore has an advantage over many of the other REE juniors:

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In 1996, the U.S. Bureau of Mines (USBM) completed a metallurgical study which reported a significant 96% separation and recovery of yttrium from Bokan Mountain. Yttrium can be considered a proxy for the entire group of heavy rare earth elements (HREE's). Ucore engaged the services of Mountain States R&D International of (MSRDI) to review the USBM (currently the USGS) study with respect to NI 43-101 compliance. MSRDI found the methodologies and conclusions contained within the study to satisfy the NI 43-101 standards which came into effect after the USBM study was released in 1996. The leaching formulas that came out of the study represent an asset that few emerging REE deposits can lay claim to. Plus those formulas effectively leap frog Ucore ahead in the mine feasibility cycle.

Ucore's Bokan Mountain project contains the past producing Ross Adams uranium mine that operated between 1957 and 1971 and produced a total of 1.3 million pounds of U<sub>3</sub>O<sub>8</sub> at an average grade of 0.76%. In 1989, a US Geological Survey estimated that the area hosts some 11+ million pounds of uranium and 374+ million pounds of rare earth elements; identifying the Bokan Mountain property as one of the largest combined heavy and light rare earth deposits in North America (*Reported by Warner and Barker (1989) for United States Department of the Interior, Bureau Of Mines*). Since acquiring the Bokan Mountain property in 2007, Ucore has been working to confirm the USGS estimates and is investigating the possibility of an even larger resource, to be explored with modern exploration techniques.

The Bokan Mountain project is the most advanced and nearest American HREE deposit to production and makes a perfect counterpart to the Mountain Pass and Bear Lodge LREE deposits also located in the US. The US is deeply dependant on HREE's for military, national defense and homeland security applications. Examples include: aircraft control; laser-guided missiles and smart bombs; radar, sonar and mine detection; displays and optical equipment; power generation; and ceramics and coatings to name a few. So, the deposit offers great geopolitical features as well.

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The 2007-2009 field programs at Bokan Mountain successfully completed 73 diamond drill holes spanning five distinct rare earth targets. Those targets consist of the Dotson, Geoduck, Cheri, and I&L zones to the southeast of the Bokan intrusive complex, as well as the Sunday Lake zone to the northwest. The three seasons of drilling at Bokan have yielded some of the highest heavy rare earth element (HREE) grades on record for a North American rare earth deposit. Drilling in 2010 will focus on the rare-earth-bearing zones at the Dotson trend and the Sunday Lake zone, which yielded significant heavy REE intercepts in 2009. This year's program will target a minimum of 3,000 metres, and will include detailed geological mapping, airborne and ground-based geophysical surveying, detailed mineralogical studies, environmental baseline data collection, and bench-scale metallurgical testwork. The 2010 work also includes the completion of an early stage scoping study of prospective mining logistics and methodologies and a conceptual non-NI 43-101 resource estimate at Bokan. As for immediate near-term catalysts, we hear that the conceptual resource estimate is days away from being announced.

A high-priority objective in 2010 will also be the generation of an NI 43-101-compliant resource estimate for the centrally located Dotson Trend that should be completed in the latter part of the year. The Dotson Trend now has an established strike length of three kilometres, not including the nearby I&L, Cheri, and Geoduck zones, which are all located on the southeast side of Bokan Mountain.

As for the share structure and financial strength of the company, there is a bit of a warrant overhang on the company with about 18M warrants outstanding with exercise prices ranging from a low of \$0.10 to a high of \$0.55. Most don't expire until April and July 2011 with about 3.8M expiring in late June and early July of this year at a price of \$0.55. If all are exercised, the company will receive an injection of \$5.6M to its treasury so the company is starting to put a big emphasis on promotion and investor relations in preparation for the start of its news flow and exploration season. This number of warrants could be holding the stock down a bit but this is where we see the opportunity to accumulate a position and the price of the stock has begun to tick up nicely the last 2 days with the increased volume, we think in anticipation of some news flow.

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**In Summary**

We see Ucore Uranium as a tremendous opportunity to invest in the Rare Earth Element sector. They have an advanced-stage project that has a past producing uranium mine in a mining friendly jurisdiction that happens to be the largest historically documented HREE deposit in the US. With China making rumblings about completely banning the export of HREE's, Ucore's Bokan Mountain deposit stands to become an incredibly strategic deposit for domestic supply. With the expected oncoming stream of LREE mines outside of China we see the need to invest in a project that offers both LREE's and HREE's such as Bokan Mountain. Ucore's news flow is about to begin and 2010 represents an important year to use the last 3 years of field work to produce high value items such as a scoping study and resource calculations. The market cap of the company is only \$27M while peers such as: Rare Elements at \$106M and Quest Uranium at \$156M are valued much higher. The mandate of Contact Financial's Regent Report is to identify stocks that have the potential for triple digit growth within 12 months or less and we think Ucore Uranium offers this opportunity now.

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We will be buyers tomorrow to acquire shares of Ucore Uranium (TSXV: UCU)

Best regards,

***Keir Reynolds & Kirk Gamley***





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## Who We Are

The Regent Report, written by Keir Reynolds and Kirk Gamley, provides investors and market pros with commentary and *specific* investment ideas for profiting on Canadian-listed small cap stocks. Approximately, twice a month we issue reports on stocks that we intend on buying ourselves because our research has identified them as having the potential to trade higher.

Investment opportunities that offer the potential for huge gains don't happen every day, so our reports come out only when we identify a public company that we believe to be poised for near-term growth. Our goal in screening opportunities is to find stocks that offer the potential for at least a 100% return in 12 months or less.

Transparency is a cornerstone of this stock newsletter. Instead of recommending stocks that we already own at cheaper levels, we write about stocks that we plan to buy. As a result, our Premium Members are presented with the opportunities we have identified as soon as we complete our analysis and thus can acquire shares at the same time as us, should they choose to.

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