



October 12, 2018

Mr. Jim McKenzie, President & Chief Executive Officer  
Ucore Rare Metals Inc.  
106-210 Waterfront Drive  
Halifax, NS B4A 0H3

Subject: AIDEA Review of the Alaska SMC and the Bokan-Dotson Ridge Projects

Dear Mr. McKenzie,

Ucore Rare Metals, Inc. (Ucore) and the Alaska Industrial Development and Export Authority (AIDEA) have been working toward the development of a processing plant for rare-earth elements in Southeast Alaska and the eventual development of the Bokan-Dotson Ridge rare-earth deposit on Prince of Wales Island.

In 2014, the Alaska Legislature, in Senate Bill 99, authorized AIDEA, at its discretion, to issue up to \$145 million dollars in AIDEA bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge (Bokan) rare-earth element project, which is owned by Ucore. The Bokan property is considered to be enriched with heavy rare-earth elements. The Bokan REE project is located 60 km southwest of Ketchikan, Alaska and has ocean access to the western seaboard and the Pacific Rim, a significant advantage in developing near term mine related production facilities in Alaska. This legislation provided that AIDEA could own and operate, or finance, the project.

Recently, Ucore announced that it plans to buy two sites in Ketchikan totaling 6 acres for a proposed rare-earth refinery and separation plant that would use innovative technology for the separation of rare-earth elements. This plant, known as the Alaska Strategic Metals Complex (SMC), is the first step in Ucore's planned development of the Bokan project. Ucore has indicated that the timeline for developing the Ketchikan separation plant currently calls for engineering and construction over the next two years, with operations starting in late 2020.

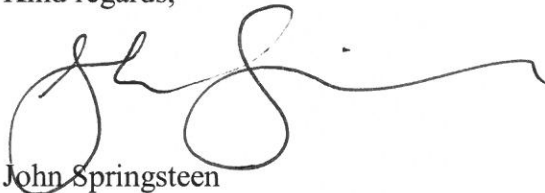
This new facility would be used initially to process rare-earth elements mined outside of Alaska, but the proposed separation facility is a component of Ucore's overall plan for the opening of Bokan rare-earth mine on Price of Wales Island. Development of the Alaska rare-earth element mine is currently on hold until prices improve enough to make the investment worthwhile. Once the Bokan mine is operational, product from Bokan would be processed at the Ketchikan facility, along with rare-earth products shipped in from other mines.

Based upon this information, AIDEA is in the process of examining methods to provide funding for the SMC project. AIDEA believes that the development of an industrial plant such as SMC in Ketchikan would lead to a diversification of the State's economy and provide a basis for the processing of rare-earth elements domestically, a goal which is important to both Alaska and the United States.

AIDEA supports Ucore's commitment to obtain local government and regional economic association support for the Alaska SMC. AIDEA welcomes the involvement of Alaskan entrepreneurs and business leaders like Mr. Randy Johnson and Mr. Mike Barry who both reside on Ucore's Advisory Board and provide a significant Alaskan perspective to the project.

The Alaska SMC plant and the associated and eventual development of the Bokan mine are the types of natural resource developments that AIDEA may consider financing to support the growth and diversification of Alaska's economy, and AIDEA looks forward to working toward these goals with Ucore, its anticipated supply chain partners, and other project stakeholders.

Kind regards,

A handwritten signature in black ink, appearing to read 'John Springsteen', with a long horizontal flourish extending to the right.

John Springsteen  
Chief Executive Officer / Executive Director

Cc: The Honorable Bill Walker, Governor of the State of Alaska  
The Honorable Bert Stedman, Alaska State Senator (District R)  
The Honorable Dan Ortiz, Alaska State Representative (District 36)  
The Honorable David Landis, Mayor of Ketchikan Gateway Borough  
The Honorable Lew Williams, Mayor of City of Ketchikan