UCORE RARE METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2012

This Management's Discussion and Analysis of Ucore Rare Metals Inc. ("Ucore" or the "Company"), prepared as of July 8, 2012, provides analysis of the Company's financial results for the period ended March 31, 2012. The following information should be read in conjunction with the unaudited financial statements and notes thereto for the period ended March 31, 2012 which are prepared in accordance with International Financial Reporting Standards. All amounts are expressed in Canadian dollars unless otherwise noted.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address anticipated operating costs, possible future resource property expenditures, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects, are considered forward-looking because we have used what we know and expect today to make a statement about the future. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements usually include words such as may, expect, plan, anticipate, budget, believe or similar words. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Additional details of the specific risks associated with the operations of the Company and such forward-looking statements are set out below under "Risks and Uncertainties". Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Overview

Ucore Rare Metals Inc. ("Ucore" or the "Company") is a junior exploration company listed on the TSX Venture Exchange (the "Exchange"), whose corporate strategy is to build shareholder value through the exploration and development of economically viable rare earth element ("REE") and uranium properties. Ucore is currently focusing its exploration activities on its Bokan Mountain/Dotson Ridge property in Alaska, while allowing its Lost Pond property in the Province of Newfoundland and Labrador to be advanced pursuant to a property option agreement.

Until a decision is made to proceed with the commercial development of one of its properties, the annual level of exploration expenditures of the Company is dependent on the Company's ability to either raise capital through the sale of shares or to attract project financing to continue to finance its exploration programs.

Resource Property Interests

Ucore's primary focus for the 2012 year to date has been, and continues to be the Bokan Mountain/Dotson Ridge REE property in Alaska, where the Company has incurred the majority of its exploration expenditures for the past several years. Ucore's strategy continues to be, to the extent possible, to progress its properties, to seek strategic opportunities for the advancement of its properties or to release the properties. A detail of the Company's deferred exploration costs for the quarter ended March 31, 2012 is included in Schedule "A".

Bokan Mountain/Dotson Ridge, Alaska

In 2006, the Company acquired the right to the Bokan Mountain property through five separate option agreements to acquire a 100% interest in a parcel of unpatented mineral claims from underlying owners and through staking a 100% interest in an additional parcel of prospective ground. The option agreements provide for the Company to acquire a 100% interest in the optioned claims in exchange for total remaining payments of US$90,000. The five vendors will retain Net Smelter Royalties ("NSR") ranging from 2% to 4% on their specific claims. The Company has the right to purchase between 33% and 100% of the NSR for cash payments of US$500,000 to US$1,000,000 per vendor.

Between 2007 and 2011, the Company undertook 5 drill programs totalling 134 drill holes comprising 19,662 meters of drill core. The Company released an NI 43-101 compliant resource estimate on March 7, 2011. At a 0.4% total rare earth oxide ("TREO") cut-off grade, which is contemplated by the current mine design, the property hosts an Inferred Resource of 5.3 million tonnes grading 0.65% TREO, with 40% of the TREO being the higher value heavy rare earth oxides ("HREO").

The purpose of the most recent drill program was to obtain sufficient information to allow for the upgrade of the NI 43-101 compliant Inferred Resource estimate to Indicated. Significant assays resulting from the most recent drill program, completed in 2011, were released on January 23, 2012. These results are currently being analysed for the purpose of upgrading the resource estimate as previously mentioned.

The majority of the work undertaken with respect to the Bokan project during the first quarter of 2012 consisted of metallurgical testing, expenditure associated with the mine design and a preliminary economic assessment. In the fourth quarter of 2011, the Company engaged Wardrop, a Tetra Tech Company, to prepare a preliminary economic estimate ("PEA") based on the Inferred Resource identified at Dotson Ridge. This work is ongoing and the results are expected in the coming weeks. In April of 2012, the Company announced the completion of an underground mine design study, completed by Stantec, of Tempe Arizona.

The metallurgical work is designed ultimately to result in a full metallurgical flowsheet for the processing of the Bokan ore, which will be released with the Company's upcoming PEA. In total, $306,000 of expenditure was incurred with respect to metallurgical research during the period ended March 31, 2012.

In total, the Company incurred expenditures totalling $874,000 on the project during the three months ended March 31, 2012.

Lost Pond, Newfoundland and Labrador

The Lost Pond uranium and REE property, located near the west coast of Newfoundland, is the subject of an earn-in agreement between the Company and Kirrin Resources Inc. ("Kirrin").

Ucore and Kirrin entered into the Letter Agreement on September 15, 2008, granting Kirrin an option to earn up to a 50% interest in the Lost Pond property by completing work commitments. The amount of these work commitments was renegotiated in September of 2011. Work commitments totalling $2.045 million over a four year period must be completed and Kirrin must issue 300,000 common shares to complete their earn-in.

Upon Kirrin fulfilling its earn-in obligations, the parties will form a 50/50 joint venture, with each partner contributing its pro-rata share of future expenditures, or alternatively, Ucore may elect to convert to a 35% interest, which will be carried through to completion of a pre-feasibility study. If either party dilutes its interest to less than 10% in the joint venture, its interest shall be converted to a royalty of 1.0% or 1.5% of gross sales, depending on underlying royalties, of which 0.5% may be purchased by the other party for $500,000.

As a result disappointing uranium exploration results, the Company undertook an impairment review of the Lost Pond Property, which resulted in a write-down of $1,033,367 for the year ended December 31, 2010. This write-down resulted in a carrying value of $2,800,000 which is equal to management's best estimate of the fair value of these assets. While exploration results did not meet the objectives set for uranium exploration, the property remains of interest with respect to rare earth elements, with 9 distinct targets currently identified.

As a result of the Letter Agreement with Kirrin, Ucore does not expect to incur significant expenditures on the Lost Pond property during fiscal 2012.

Ray Mountains, Alaska

During 2011, the Company acquired through physical staking and claim recording approximately 11,400 acres located in the Ray Mountains, Alaska. Limited work was completed on the project during the period, primarily consisting of initial geochemical analyses of mineral samples obtained in the region. The Company intends to conduct further testing on the property during the summer of 2012.

Sandybeach Lake, Nunavut

Ucore holds a 100% interest in the Sandybeach Lake property, located in southwestern Nunavut. The 18-square kilometre property is centered on Sandybeach Lake, located five kilometres northeast of the northern extents of Neultin Lake in Manitoba. The carrying value of the property was written down to nil in 2010, however, the Company intends to maintain the claims in good standing and is considering alternatives for the advancement of this property.

Greater Newfoundland and Labrador

In addition to the Lost Pond property, Ucore holds a portfolio of uranium properties spanning current and prospective uranium districts in Newfoundland and Labrador.

In 2007, the Company entered into a Letter Agreement with Bayswater Uranium Corporation to provide for, on a 50/50 basis, the joint ownership and exploration of their mutual uranium properties in the Central Mineral Belt, now referred to as the Makkovik River Project. During 2011, Bayswater terminated this agreement. As a result, the Company conducted an impairment review with respect to this property and the carrying value of the property was reduced to nil at December 31, 2011. The Company has maintained a number of claims in the area which contain prospective exploration targets and is currently considering alternatives for the advancement of the project.

Selected Annual Information

The following annual information is prepared in accordance with International Financial Reporting Standards with the exception of 2009 figures, which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Amounts are reported in thousands of Canadian dollars, except for per share amounts.

	For the year ended December 31, 2011 $	**For the year ended December 31, 2010 $**	**For the year ended December 31, 2009 $**
Net loss	3,535	2,857	1,338
Loss per share – basic and diluted	0.02	0.03	0.02
Total assets	31,699	29,633	20,408

Results of Operations

The Company has no operating revenues and is dependent on equity financings and/or project financing alternatives to fund its operations. As a result, the Company expects to incur operating losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties.

During the quarter ended March 31, 2012, the Company incurred a net loss before income taxes of $1.1 million compared to a net loss before income taxes of $810,000 for the quarter ended March 31, 2011. The increase in the loss was mainly a result of a general increase in activities at the Company, including increased engagement of outside consultants, increased staffing levels and an increase in share-based payments expensed during the quarter.

The Company earned approximately $7,000 more interest income during the quarter than during the same period in fiscal 2011 as a result of higher cash balances on hand.

Operating expenses for the first quarter of 2012 totalled $1.1 million, compared with $0.8 million for the same period during the prior year. The majority of this increase is due to increased use of professional services, increased staffing levels, and higher share based payments, together with a general increase in activity at the Company. Office and premises expenses for the quarter were approximately $59,000, an increase of approximately $7,000 compared to the prior year comparative. This is largely the result of opening a Vancouver office for technical staff in January of 2012. Salaries and consultants' expenditures of approximately $338,000 were incurred during the period, an increase of 62% compared to the same period in 2011 as the Company increased employee staffing levels. Professional services totalled approximately $154,000, an increase of $40,000 compared to the same period in 2011 as the Company increased its use of outside consultants during the quarter. Consultants were engaged during the period to provide general business consulting, advice with respect to the worldwide rare earth market, and government relation services. Travel expense increased by approximately $29,000 to $95,000 as a result of increased staffing levels. Expenditures on investor relations and marketing increased by approximately $5,000 as compared to the previous year as a result of an increased marketing effort which took place during the quarter.

The Company recorded non-cash stock-based compensation expense of approximately $301,000 attributable to the estimated value of stock options earned during the period, an increase of approximately $47,000 as compared to the first quarter of 2011, as well as non-cash amortization expense of approximately $5,000, representing depreciation of the Company's equipment. In addition, the Company capitalized approximately $47,000 of non-cash stock-based compensation expense during the period to resource properties, attributable to the value of stock options earned by the Company's exploration personnel. The increase in non-cash stock-based compensation expense was largely a result of the stock option grant which took place in late 2011, which impacted the first quarter of 2012.

No income tax expense was recognised during the current period as the benefits of losses carried forward are not recognised as an asset in the financial statements.

The Company realised a currency exchange gain of approximately $10,000 during the period relating to its foreign currency translation, as compared to a minimal loss for the prior year. As the Company continues to deal in both the Canadian and United States currencies, the Company may continue to incur foreign exchange gains and losses arising from changes in the value of the United States dollar relative to the Canadian dollar.

Summary of Quarterly Results

Expressed in thousands of dollars, except per share amounts	03/31/12 $	12/31/11 $	09/30/11 $	06/30/11 $	03/31/11 $	12/31/10 $	9/30/10 $	6/30/010 $
Net loss before provision for taxes	1,055	1,307	641	703	810	1,873	528	585
Loss per share – basic and diluted	0.01	0.01	0.00	0.01	0.01	0.02	0.00	0.01
Total Assets	30,409	31,698	33,251	31,512	32,627	29,634	23,677	23,284

The Company increased its focus on investor relations and marketing in the second quarter of 2010, which is reflected in the net loss for the second and third quarters of 2010. During the fourth quarter of 2010, the Company undertook an impairment review of its resource properties, which resulted in a write-down of resource properties in the amount of $1.2 million, as discussed above. This contributed significantly to the loss for the quarter ended December 31, 2010. General corporate activities increased significantly during 2011, with the Company bringing on additional employees and outside consultants, as well as obtaining larger office space to accommodate these increased levels of activity. The focus on investor relations and marketing continued. During the fourth quarter of 2011, the Company incurred an impairment loss on its Makkovik River project in the amount of $431,193. All of these factors contributed to higher operational losses in the 2011 year.

Liquidity and Capital Resources

At March 31, 2012, the Company had working capital of $5.8 million, with a cash and short-term deposit balance of $5.8 million. Short-term deposits consist of Guaranteed Investment Certificates that are cashable at any time with no penalty or loss of interest.

The Company used approximately $686,000 of working capital to fund operating expenses for the first quarter of the year. Net cash expenditures on resource properties and related deferred costs totalled $1.1 million during the three month period. This was primarily funded from working capital.

The Company generated $54,000 from the exercise of warrants and stock options during the first 3 months of the year.

While management believes that the Company has sufficient funds to undertake of its currently planned activities for the next 12 months, the Company does not generate any revenue and consequently, in the future, the Company plans to rely on additional equity financings and/or entering into joint venture arrangements in order to continue exploration on its properties. There can be no assurance that the Company will be able to obtain the required financing, and the failure to do so could result in the loss of its interest in certain resource properties, delay exploration activities on its properties and limit the Company's ability to acquire additional properties. There can be no assurance of continued access to capital, including equity funding, in the future.

Off-Balance Sheet Arrangements

At March 31, 2012, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, non-cash stock-based compensation and deferred income tax assets and liabilities.

The Company's recoverability of the recorded value of its resource properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is subject to a number of risk factors, including legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The factors affecting non-cash stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors including the market value of the Company's shares and the financial objectives of the stock-based instrument holders.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused losses carried forward and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Future Changes in Accounting Policies

IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB on November 12, 2009, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 ("IAS 39") for debt instruments with a mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company has not early adopted IFRS 9 and is currently evaluating the impact on its financial statements.

IAS 1, Presentation of Financial Statements, was amended to revise the presentation of other comprehensive income. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not early adopted the amendments to IAS1 and is currently evaluating the impact on its financial statements.

IFRS 10, Consolidated Financial Statements was issued by the IASB on May 12, 2011 and replaces the current IAS 27, Consolidated and Separate Financial Statements. The new standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

IFRS 11, Joint Arrangements was issued by the IASB on May 12, 2011 and replaces the current IAS 31, Interests in Joint Ventures. The new standard classifies joint arrangements as either joint ventures or joint operations.

Interests in joint ventures will be accounted for using equity accounting, eliminating the proportionate consolidation option currently available under IAS 31. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

The IASB issued IFRS 12, Disclosure of Interest in Other Entities on May 12, 2011. This standard establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this standard.

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. This is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosure of fair value measurements. The new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

IAS 19, Employee Benefits was issued by the IASB and introduced changes to the accounting for defined benefit plans and other employee benefits. The amendments to other employee benefits include modification of the accounting and termination benefits and classification of other employee benefits. The Company does not anticipate the application of IAS 19 to have a material impact on its consolidated financial statements.

Related Party Transactions

As at March 31, 2012 the Company has recorded an advance to an Officer of the Company in the amount of $44,345 (December 31, 2011 - $13,095), which is non-interest bearing with no fixed terms of repayment.

During the quarter ended March 31, 2012, the Company paid consulting fees of $11,250 (2011: $21,000) to a company owned by a Director of the Company.

All related party transactions were in the normal course of operations and were valued at the exchange amount agreed to between the parties.

Outstanding Share Data

The following is the Company's issued and outstanding share data as of the date of this report. Each stock option and warrant is exercisable for one common share of the Company.

Securities	Number	Weighted average exercise price $	Weighted average remaining life (years)
Common shares	151,665,277	n/a	n/a
Stock options under plans approved by shareholders	6,090,000	0.52	3.0
Warrants	12,643,125	0.54	0.42

Between March 31, 2012 and the date of this report, 95,525 shares were issued pursuant to the exercise of warrant agreements, resulting in cash proceeds to the company of $27,000. On June 18, 2012, 4,959,747 warrants expired unexercised.

Subsequent events

Between March 31, 2012 and the date of this report, Mr. Pat Ryan was appointed to the Board of the Company. Additionally, Mr. Ken Collison was appointed Chief Operating Officer of the Company.

Risks and Uncertainties

The Company's financial instruments consist of cash, short-term deposits, marketable securities, accounts receivable, and accounts payable and accrued liabilities. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

In conducting its business, the principal risks and uncertainties faced by the Company relate to exploration and development success of the Company's mineral properties as well as metal prices and market sentiment to a lesser extent.

Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, including the possibility that resource properties may not in fact contain mineral deposits that can be exploited on an economical basis, the Company may be required to work in remote locations that lack the benefit of infrastructure and easy access.

The Company's exploration projects in Lost Pond, Newfoundland is subject to a joint ventures by Kirrin Resources Inc. The termination of this joint venture could potentially have an impact on the Company. The Company is currently relying on this joint venture partner to advance this project and there is no assurance that this exploration projects will continue.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company will be reliant on equity financing for its long-term working capital requirements and to fund its exploration programs. The Company does not generate any revenue and does not have sufficient funds to put any of its resources interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.ucore.com.

UCORE RARE METALS INC. Schedule "A"

Schedule of Resource Properties

For the three months ended March 31, 2012

Details of Resource Properties and Related Deferred Costs

	Bokan Mountain/ Dotson Ridge	Ray Mountains, Alaska	Lost Pond	Total March 31, 2012
Mineral Properties				
Balance, beginning of period	$ 3,922,656	$ 52,413	$ 1,213,757	$ 5,188,826
Expenditures during period	-	-	-	-
Change in foreign exchange rates	(63,038)	-	-	(63,038)
Balance, end of period	3,859,618	52,413	1,213,757	5,125,788
Deferred Exploration expenditures:				
Geology	315,549	-	-	315,549
Environmental & permitting	58,612	-	-	58,612
Preliminary economic assessment	193,633			193,633
Metallurgy	306,008	-	-	306,008
	873,802	-	-	873,802
Balance, beginning of period	16,756,347	38,847	1,586,243	18,381,437
	17,630,149	38,847	1,586,243	19,255,239
Change in foreign exchange rates	(223,313)	-	-	(223,313)
Balance, end of period	17,406,836	38,847	1,586,243	19,031,926
Mineral properties and deferred exploration expenditures, end of period	$ 21,266,454	$ 91,260	$ 2,800,000	$ 24,157,714