

Alaska Government steps up to the plate with \$145M bond offer to finance Ucore Project

☒ On February 19, Ucore Rare Metals Inc. ('Ucore', TSXV: UCU; OTCQX: UURAF) announced that the Alaskan senate is considering approving up to \$145 Million in long term bonds to finance the Company's Bokan-Dotson Ridge Project through the Alaska Industrial Development and Export Authority ("AIDEA" or the "Authority"). The stock jumped 30%, reaching a record trading volume of nearly two million shares and closed at CAD\$ 0.355/share, representing a one day price increase of 30% – at one point hitting a peak of CAD\$ 0.42/share, which would have meant a 55% increase.

The government of Alaska had already discussed the offer of generous financing assistance to help Ucore with some of the investment costs for the Bokan project. In fact, Ucore's President & CEO Jim McKenzie has generally enjoyed strong government support from Alaska. What had been, hitherto, rumors and statements, therefore, were thus confirmed. This is a very important milestone for Ucore, because it would effectively lower the total CAPEX of the project – already at only USD\$ 221 million – to what would be a 'risible' amount when compared to other projects. Moreover, in proposing the financing, the Alaskan government has also confirmed its long term interest in promoting rare earth production in the State, which further reduces Ucore's risk by easing the management of regulatory issues (one only need mention Lynas Corp's experience in Malaysia to understand how government regulations can impact a rare earths project). The announced Alaskan official support could be representing just a start, which would likely set the share prices recorded last week as

a new base.

Alaskan legislators will vote to on the bill – which given AIDEA’s record, should pass – after it is reviewed by the Labor and Commerce Committee. One of the keys of this support has been Ucore’s positioning as a rare earth opportunity to extract and process rare earths that are critical to the advancement of US national defense and US national energy needs. The Alaska State Legislature, meanwhile, had already voted unanimously in favor of Senate Joint Resolution No. 8, which guarantees official backing for continued “exploration, extraction, processing and production of rare earth elements” in the State. The Alaska legislature is not the only government entity to have endorsed Ucore. Indeed, in 2012, the US Department of Defense (DOD) signed a contract with Ucore as part of its assessment of competitive domestic suppliers of neodymium-iron-boron (or ‘neo’) magnets and equivalents.

The DOD’s concern is that the US national security is vulnerable to Chinese dominance in REE production and it wants to ensure reliable supply, sourcing from potential producers with decades of yield, high grade mineralization and relatively low cost. The Armed Services Committee of the U.S. House of Representatives has been encouraging the U.S. Department of Defense to purchase high volumes of strategic rare earth elements to build up stocks of six critical metals, including dysprosium and yttrium. So far, such supplies must be sought elsewhere – inevitably China for the time being. Clearly, developing US supplies and reducing dependence on imported critical elements is crucial. Given its security sensitive role, the DOD also wants a supplier that faces few risks of disruption, technical, regulatory or environmental – and Alaska’s legislature should further help mitigate this risk. The DOD has become more concerned with REE supply issues and it has taken the first steps toward restoring a US domestic supply of neo magnets. Neo magnets are used to make missile guidance systems, fuses for explosives and satellite

communication devices, all of which, evidently, are important to US national security.

Ucore can match all these requirements. The Company can boast one of the largest NI 43-101 compliant Heavy rare earth (HREE include dysprosium, terbium, and yttrium) mine in North America and it is one of the best prospects for becoming a steady supplier of HREE thereby addressing the DOD's long term requirements from the Bokan project. The military demands that there not be any cracks in the supply chain of such critical metals for the development of current and future defense technology. Bokan Mountain also allows Ucore to take advantage of efficient transport route for shipping the ores, featuring a significant amount – almost a quarter – of yttrium oxides. The long term sustainability of the Bokan Mountain is suggested by the unique 'Solid Phase Separation' process used to purify the mined rare earth elements; a technique that the Company claims is able to remove 99% of impurities. Ucore calls the process Solid Phase Extraction, or SPE technology, said to be cheaper and cleaner than the typical 'Solvent Exchange' approach used in China.