U.S. Rare Earths approved to start rare earths production immediately!

As of today, U.S. Rare Earths, Inc. ('USRE', OTCBB: UREE) can start mining and producing rare earths at its Last Chance Project in the Lemhi Pass region of Idaho and Montana. USRE announced that it has received approval to re-open its historic tunnel work, speeding up the production process by at least three years, which is literally at least two years ahead of the closest competitor. USRE had expected to start processing by 2017 but thanks to the permission to revisit the existing adits (extending underground more than 400 meters, which have already proven to contain mineralized veins of critical rare earths), it can proceed much earlier; it can proceed now!

USRE said this accelerated development will enable it to save some USD$ 6 million in CAPEX while having being approved to handle 2,500 tons of metallurgical sampling starting now; it also has the rights to apply for the removal of an additional 7,500 tons of material for metallurgical sampling under Montana state exploration guidelines. The horizontal adits, tunnels, lead underground and giving access to subsurface mineral deposits, intersecting the Last Chance Vein. The historical record shows that these have known and high rare earth mineralization occurrences. Moreover, as a result of USRE having been approved by the U.S. Forest Service to access an REE stockpile located on its Last Chance prospect last August, the Company can get a head start on processing with zero CAPEX and OPEX costs.

The stockpile lends itself to prompt metallurgical sampling and USRE suggests the "stockpile contains at least 10 to 12 tons of highly concentrated rare earths enriched material".

This would make USRE “the first company to proceed with rare earth underground exploration and sampling in the continental United States” at far lower cost than anyone could have envisaged. “U.S. Rare Earths is very excited with the achievement of this milestone with the prospect of being the first underground mine since the 1960’s in the US to remove rare earth material,” said Kevin Cassidy, CEO of U.S. Rare Earths.

USRE has the luxury of being able to concentrate on the processing and metallurgy, rather than the exploration thanks to its readily available stockpile. Idaho Energy and Resources Co. extracted the material as part of rare earths exploration and its published data suggests that the stockpile presents a high percentage of heavy and critical rare earth elements. The rare-earth deposits were first explored by the U.S. Geological Survey as well as the Idaho Bureau of Mines and Geology and IERCO among others. USRE can rely on a very experienced management and exploration team with many and successful years of experience in the sector and their determination to create an wholly American complete supply-chain solution, which will include a separation mill for the critical and heavy rare earth elements in the continental United States.

Rare earths and other minerals are essential to the American defense industry and their supply, most of which comes from China, is wrought with uncertainties die to opaque political regulations and an ongoing reform of the mining industry system. Japan, for example, was deprived of rare earth elements in its maritime dispute with China in 2010, and has since feared further disruptions, leading to plans to source these important minerals elsewhere. The United States wish to prevent this risk, given the dire consequences that could result from the sudden imposition of crackdown The Armed Services Committee of the House representatives has issued various reports since last year, presenting the risks of rare earth shortages in severe terms and scenarios. One of these is

a Chinese embargo on exports of key rare earth elements and notes that in the current situation the United States would be paralyzed. The current and deepening dispute between NATO and Russia, evoking the gloomy relations of the Cold War, has added more tension to relations between NATO and China. Advocates of increased American self-reliance in the supply of critical materials suggest that it is not always safe to rely on our neighbors for the supply. Currently, the world rare earths market has become extremely asymmetric because China provides more than 90% of these minerals. Japan has already decided to secure a minimum of 60% of its rare earths supply from countries other than China within the next four years. Possible sources include India and Australia; however, it can now consider the United States as well, given USRE's accelerated development.

US Rare Earths secures 'fast track' to processing rare earth minerals

US Rare Earths ('USRE', OTCBB: UREE) has one of the best chances of developing a successful rare earths mining and processing facility in the United States thanks to its rare earths property at Lemhi Pass (western Montana and eastern Idaho), for which it has already completed a NI- 43-101 compliant preliminary exploration and assessment showing high concentrations of critical rare earths.

USRE expects to begin processing by 2017 in the United States. The exploration record at Lemhi Pass suggests that it may hold the highest concentrations of rare earths elements

in the U.S. USRE intends to revisit existing horizontal mines extending underground more than 400 meters, which have already proven to contain mineralized veins of critical rare earths. At the moment there is virtually no place where the critical and heavy rare earths are being processed into something useful except for China. Molycorp and Lynas Corp are processing outside of China (California and Malaysia respectively) but, so far, this activity has been limited to light rare earths (LREE). USRE has already reported very aggressive drilling results thanks to the strategic use of historical data and the application of new technology.

Very favorable exploration results led the company to expand its land claims to around 25,000 acres in several states including two Central Park-sized properties in accordance to data indicating the presence of very high percentages of critical rare earths. Moreover, USRE has the opportunity to divert much of its attention to processing because it has access to a sizeable stockpile of extracted rare earths ore on site and ready for processing. On August 11, USRE announced having gotten U.S. Forest Service approval to access an REE stockpile located on its Last Chance prospect claims in the Lemhi Pass region of Idaho and Montana. The stockpile lends itself to prompt metallurgical sampling and USRE suggests the "stockpile contains at least 10 to 12 tons of highly concentrated rare earths enriched material". This would make USRE "the first company to proceed with rare earth underground exploration and sampling in the continental United States" at far lower cost than anyone could have envisaged.

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Mining companies in the 'West' have been looking for ways to compete with China's rare earths industry. But actual success remains elusive, at least until the next few years when some miners in Australia, Canada and the United States are expected to come on line. Nevertheless, it is not sufficient in itself to discover a valuable resource, rich in heavy rare earths (HREE) at high grades; it is perhaps more important to develop the right processing or metallurgical technology in order to extract the desired metals in a cost effective and environmentally safe manner. At the moment there is virtually no place in the world where the ore can be further processed into useful rare earths except for China. Yes, Lynas Corp and Molycorp have built processing facilities, which are now operational, but they are not producing the kinds of products that are most in demand now. Metallurgy and rare earths processing has often proven to be complex and polluting, which has left China as the dominant force in the industry for the kind of magnets that are needed to make components used in anything from solar panels and wind turbines to laser guided missiles.

China's rare earths export policy remains contentious even if the World Trade Organization has deemed it illegal for China to restrict exports of these ever more important materials. China has already adopted countermeasures; however, by doing so, it has threatened the national security of the United States and its allies. So much of modern weapon systems (not to mention cell phones or computers) require the kind of

sophisticated electronics, nanotechnology and optics that are only possible through the use of rare earths and related critical metals. Chinese restrictions risk being tighter in periods of confrontation such as the one the world is experiencing now with a virtual resumption of Cold War attitudes between the West, Russia and China. Even if the geopolitics improves, China has adopted its own internal mining restrictions in order to control pollution, which has become a crucial political issue.

The demand for political freedom in China might be trumped by the demand for clean air as a trigger for widespread social revolt. After the ore has been extracted from the ground, unnecessary components are removed and a concentrate is treated with acid and chemicals to achieve separation of the individual metals. Many of the 17 rare earths are so similar that the separation of individual elements is extremely difficult in their physical structure. It can take several months and require more than 1,000 chemical treatments. This is costly and polluting; it is also the most important step that a rare earths company must consider in order to have a shot at commercial success. Therefore, the Chinese Government has very valid reasons to reduce and rationalize rare earth production beyond issues of nationalism and 'realpolitik'. There is no doubt that the West must act quickly to address the potential rare earth supply chain threat posed by China's concerns. China itself would appreciate the emergence of other heavy rare earth mining and, especially, processing resources. China's share of global production will certainly fall in the next few years even as it shall continue to dominate the industry, especially the processing of the raw mineral into commercially ready products.