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With the Presentation of their First Resources Report on their Elk Creek Niobium Project in Southeast Nebraska Showing 80 Million Tonnes, Grading .62% Niobium, Followed by the First Drill Program Carried Out in Over 25 Years – it has Been a Monumental Year for Quantum Rare Earth Development Corp.

Resources
Rare Earth and Niobium
(QREDF.PK-OTC,
QRE – TSX Venture)

**Quantum Rare Earth
Developments Corp.**

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Peter Dickie
President, CEO and Director

BIO:
Peter Dickie brings more than 20 years of business experience with both public and private companies at which he held numerous senior management positions. With a background that includes four years in the securities industry, Mr. Dickie currently sits on the board of a total of four public companies in a fiscal and management advisory capacity. Mr. Dickie is a graduate of both the University of British Columbia, and the University of Victoria (B.C.).

Company Profile:
Quantum Rare Earth Developments Corp., (TSX.V – QRE, PK – QREDF, FSE – BR3) based in Vancouver, British Columbia, is a junior exploration company with a focus on seeking out potentially economic deposits of niobium and rare earth elements (REE) in North America and elsewhere in the world. Quantum has secured several critical projects to date including the Elk Creek Carbonatite in Nebraska, the site of substantial Niobium and Rare Earth deposits including an inferred resource of 80 million tons of 0.62% Niobium published in 2011, based on work carried out by Moly-corp nearly 25 years ago. The Company sees tremendous opportunity in the high demand strategic metal and rare earth markets and continues to evaluate additional potential projects, while developing current assets.

Interview conducted by:
Bud Wayne, Editorial Executive
CEOCFO Magazine.com

CEOCFO: Mr. Dickie, it has been a year since we last spoke; would you fill us in with Quantum Rare Earth and any changes that have taken place?

Mr. Dickie: It has been quite a monumental year for us. We started the year off with the reporting and presentation of our first every resource report on our Elk Creek Niobium Project, which is located in Southeast Nebraska. In March of 2011, we reported our resource at 80 million tonnes, grading .62% niobium. To put that into perspective, it equates to half a billion kilograms of niobium. Following that up in April, we commenced the first drill program on

that project that has been carried out in over 25 years. That was the start of our spring and we carried that on with some significant additions to our board of directors and advisory board with some very experienced mining engineers and chemical engineers. They are assisting us in developing this project. Now we are following that up with the next steps in the process. Another key step that is on going right now is the start of metallurgical testing on the niobium zone itself.

CEOCFO: Are all of these advancements taking place at your Elk Creek Project?

Mr. Dickie: Yes, this is all being done on our Elk Creek Project. A couple of our lesser known projects we managed to joint venture out during the year. Most of those agreements actually were concluded this past fall. Essentially, that does two things, first, it creates a bit of cash flow coming in for the company and it reduces our potential liabilities going out on the projects. And secondly, it allows us to focus on our Elk Creek Niobium Project.

CEOCFO: Do you still have the Archie Lake Rare Earth Project?

Mr. Dickie: Yes, we do still have 100% of the Archie Lake Project, and we did start a drill program there in September. We actually drilled a half a dozen holes there, but we have not received the assay results for those as of yet. We were looking at the overall lay of the project, the current financial markets as far as fund raising abilities are concerned and our focus on the Elk Creek Project. Therefore, we scaled back that drill

program a little bit, but it is something that we plan on revisiting in the future.

CEOCFO: How is it working in Nebraska and how often are you there?

Mr. Dickie: I have not been there as much as I would have like to be, but I was certainly there in the spring and early summer, when the drilling activities were going on. You have to keep in mind that this is an underground situation and not a deposit that outcrops at the surface. In reality, it is a beautiful part of the country, with some very nice and well run farms, but other than our core shack, where we store all of the core material from the drilling activities, there is really not a lot to see down there. Once we get back into a larger scale drilling program, I certainly plan on attending the site much more often.

CEOCFO: Is this a good area to be in; is the government friendly towards you and what is the infrastructure in getting in and out of the project with equipment?

Mr. Dickie: Nebraska is kind of a hidden gem as far as that is concerned. It is not well known as a mining state, primarily because most deposits that are found in the state tend to be underground. There is no outcrop situation, as it is largely a farming state. The reception that we have had to date has been overwhelmingly positive, right from the local citizens in the area of the deposit, up to the local county officers and individuals in the state office in Lincoln. We have had nothing but encouragement as far as developing this project is concerned. As far as infrastructure is concerned, because it is farmland, there are roads that crisscross the deposit, so it is not a situation where it is difficult to get access to it. We are located about 1 hour to 1 hour and 30 minutes south of Lincoln, the capital. Immediately adjacent to the project there is a major rail line that runs through there, which will afford us the opportunity to ship material out, once we start processing.

CEOCFO: Do you have an idea when you may start processing?

Mr. Dickie: It is a little ways off on the

horizon, but it is not so far that we cannot see it. Of the key steps that we are following at the moment, the first one is very integral to the success of the deposit and that is the metallurgical testing. When you drill a drill core hole, you can assay for the materials that are contained in it, but when it comes to commercial production, you have to be able to extract those materials economically in order to make the deposit work. Niobium is notoriously difficult, but having said that, it is not an impossible task. We know that Molycorp did testing in that respect 25 to 30 years ago. They had some fairly good success as far as recoveries are concerned. Therefore, we are hoping that with a combination of updated technology and relying in part on the level of expertise that they held at that time, which is still valid today, we will be able to replicate those results and perhaps even im-

The US right now, and for the last 50 years, has imported 100% of their niobium supply, and with a strong movement to lessen dependence upon out of country suppliers of critical and strategic metals, we believe we have the answer with the Elk Creek Niobium Deposit.

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prove on them. Once that is done, then we have to start looking at the overall economics of the project and at first glance, they certainly look very positive. We of course will have to have an independent third party verify that for us and that will be the next step that we anticipate announcing a contract on in the next few weeks.

CEOCFO: Long term, do you see Quantum Rare Earth as an exploration company or someday becoming a production company?

Mr. Dickie: At the moment, I classify Quantum as in the midst of the roll-over from exploration to development. The exploration aspect of a company of our size is locating a grass roots project, drilling it to the point where you have an ore body that looks like it could be economic and then starting the testing on that ore body. We have gotten past that point. As I mentioned, we are now looking at the metallurgy of the deposit. We will shortly have a third party looking at the economics of the

deposit, but we have already had a good look at it internally and following that you will get into the feasibility stage, then production. Prior to that happening, do I anticipate us doing 100% of the work and 100% of the advancement? I could not say for sure. Putting a mine into production is not a cheap venture, and having a larger company partner up with us on this project may prove to be the fastest, most economically sound way of advancing this. Essentially, there are only three mines in the world that produce niobium and the largest in the world that has roughly 85% of the world production out of it, is a privately held mine owned by a company called CBMM in Brazil. For anyone that has seen the reports on this, they have actually had two transactions this year where they have sold of in total, 30% of that mine. Those purchases were made by Asian steel companies, who are the substantial end users of the niobium product. They paid roughly \$4 billion for that 30% interest. So they are realizing that in the not to distant future, there will be a shortage for this product. What these steel companies are doing is they are locking up supplies. They want to make sure that they get the source material that they need, so what they are doing is they are purchasing parts of these mines. At the moment, we do not have a strategic partner, or a purchaser as such, looking at buying a significant portion of project, however, the closer we get to actual production on this project, the more likely a scenario this may become.

CEOCFO: So I can assume that you still own the Nebraska Project 100%.

Mr. Dickie: Yes that is correct. The operating company in Nebraska is called Elk Creek Resources, which is a 100% owned subsidiary of Quantum Rare Earth Developments Corp. And while we are corporately named Quantum Rare Earth Developments, in part because the Nebraska project has essentially two separate deposits – one of rare earth elements, and the other being the niobium deposit – it is a bit of a misnomer as we are primarily developing the niobium deposit as

it has had much more attention and work done on it historically and recently. The rare earth portion of the project, we will certainly look at developing in the future, but it is something that is going to get a little less attention from us this coming year than it did in this current year. You mentioned the markets for these commodities. Well the markets for the rare earths elements went through a bit of a bubble phase and it has been coming off. However, the niobium is a little bit different story, as it has been on a fairly steady trajectory. The high price that niobium reached during this year was about \$46 a kilogram for ferro-niobium, and the current price is \$43 a kilogram. So it is not a situation that has run into a bubble effect, where you have had speculators pushing the price up. It has been a fairly steady climb and it is largely based on increased demand for the product.

CEO CFO: I guess you have had to go out there and explain to investors who are saying, "Quantum, rare earth or niobium; what are you"?

Mr. Dickie: I do. It is an on going situation that I face literally every day. Having Rare Earth in our name, people automatically assume niobium is one of the rare earths, but I can assure you that it is not. It is often referred to as a rare metal or a strategic metal and as a result, often gets incorrectly lumped into the rare earth pile. In addition to that, there is legislation that is being looked at in the

United States, where the recreation of stockpiles of certain rare earths and strategic metals and critical metals is being looked at and discussed extensively and the rare earth element group of minerals is certainly included in that. However, in addition, there are some other minerals that are also included in that and niobium is one of them. Often times there is a confusion, but rest assured that this is a niobium resource that we are developing and the rare earth deposit that we have there, while we have yet to define the size of it, it is certainly a separate deposit.

CEO CFO: Is this still the only niobium mine that is on the horizon in the United States?

Mr. Dickie: From all of the information that we have, certainly from a size and a grade point of view, as a primary niobium mine, this is the only one that we know of on the horizon. There are a couple of other primary niobium deposits elsewhere in the world that are talked about, but so far, we believe ours has the highest tonnage at the ore-grades we have reported. As far as a primary niobium deposit is concerned, this is the only one in the United States that we know of.

CEO CFO: What is the financial picture for Quantum Rare Earth Development today? Do you have the funds to continue the exploration and work on your Elk Creek Deposit or will you have to raise funds in the near future?

Mr. Dickie: We have recently completed a small equity raise to top up our current finances. These funds will provide us with the necessary capital to complete not only our current metallurgical work, but also to allow us to employ an independent engineering firm to provide us with a preliminary economic assessment report, or PEA, and an updated resource report, which we hope to have delivered in the first quarter of 2012.

CEO CFO: In closing, why should potential investors consider Quantum at this point?

Mr. Dickie: Trying to sum up all of the positive aspects of this deposit, as I mentioned, this is the only primary niobium deposit in the United States that we know of. It is substantial in size and grade. Also, being centrally located in the United States, with access to capital, transportation and power, answers a lot of the questions necessary to put a mine into production. The fact that the United States considers niobium a critical or strategic metal, that they are looking at stockpiling, confirms our belief that this is a necessary metal to certain aspects of the economy in the United States. The US right now, and for the last 50 years, has imported 100% of their niobium supply, and with a strong movement to lessen dependence upon out of country suppliers of critical and strategic metals, we believe we have the answer with the Elk Creek Niobium Deposit.



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