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Interviews & News!

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Great Western Minerals Group Is Focused On Becoming The Leader In The Rare Earth Industry Outside Of China By Developing Their Hoidas Lake Deposits And Becoming A Fully Integrated Mine To Market Rare Earth



**GREAT WESTERN
MINERALS GROUP LTD.**

**Exploration
Metals/Mining
(GWS-TSXV)**

Great Western Minerals Group Ltd.

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**James B. Engdahl
President and CEO**

BIO:

With more than 20 years of experience in corporate finance at the executive level, Jim Engdahl has extensive expertise in financing mergers, acquisitions, and reorganizations.

A former Vice President of Barclays Bank of Canada, Jim has served as President, CEO, and director of Pacific & Western Trust, President and Director of Shore Gold Inc., and Vice President of

Finance and Director of Claude Resources Inc. - all public companies. More recently, Jim was the Regional Advisory Partner of the corporate finance arm of one of Western Canada's largest accounting firms. This position came as a result of the accounting firm's purchase of Cascadia Ventures Inc., a corporate financing and consulting group responsible for raising project financing in excess of \$100 million of which Jim was Managing Partner.

"We are pleased to be working with PowerOne and appreciate their commitment to help us advance the Hoidas Lake project through to a production decision" says Jim Engdahl, President.

Company Profile:

Great Western Minerals Group Ltd. continues to advance its goal of becoming the only fully-integrated Rare Earth producer in the world in its efforts to develop the 100 percent-owned Hoidas Lake Rare Earth deposit in northern Saskatchewan. The Company's wholly-owned subsidiary, Great Western Technologies Inc., owns and operates manufacturing facilities in Troy, Michigan, currently producing advanced materials for the alternative energy and special alloy markets.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Engdahl, what is your vision for Great Western Minerals Group?

Mr. Engdahl: "The Great Western vision is to become the leader in the Rare Earth industry outside of China, by developing our Hoidas Lake deposits and becoming a

fully integrated mine to market Rare Earth company. We are using our facilities that we own in Troy Michigan as a value-added, and to create an alternative for all Rare Earth users; an alternative to what is now a totally monopolized Chinese market place."

CEOCFO: What is the Rare Earth arena all about?

Mr. Engdahl: "If you remember your high-school chemistry, there is a lanthanide series of elements in the periodic table that consists of fifteen elements along with yttrium and scandium, which make up what is known as the Rare Earth elements. They are weighted from light to heavy based on their atomic weight. There uses are buried in many technologies these days and have only been developed for uses over the last thirty or so years. Each day that goes by, new uses are being found. The major uses now for various Rare Earth elements are vehicles that are being built for hybrids. A Toyota Prius for example will take 40 pounds for the 2007 model, and 60 pounds of Rare Earth for the 2008 model. The Rare Earths are used in the nickel metal hydrate batteries in those vehicles. They are used in the breaking system; they are used in the electric motors and the various glass as a preventative for UV rays. The phosphorous colors in the LCDs in the vehicles are also Rare Earth. One of the other uses that have been driving the demand very significantly is iPods. Within the iPods there is a very small Rare Earth component in the speaker system which allows them to build such quality small earphones for the iPods and those are Rare Earth magnets that are in there. You go to MRIs, which are Rare Earth magnets, and then you now have

other new developments in the magnetic world with Rare Earth magnetic refrigerators. They are not in production as of yet, but there are several models out there that have been developed and will hit commercial production over the next three or four years. Those are Freon-free refrigerators with very low energy cost. The supply-demand factor for Rare Earth going forward is gapping at a major pace.”

CEOCFO: Are they found together?

Mr. Engdahl: “Rare Earth elements are typically found together, although you will find some as by-products of other mines. Sometimes you will find a by-product Rare Earth, typically the heavier ones in some uranium mines. A primary Rare Earth deposit is very rare to be found in the world as an economic unit. Right now the major producer, 60% of the world’s supply comes from a mine in Bowtown, China’s Bayan Obo mine, and the rest of the 97% of the market that China controls, comes from other smaller deposits in the southern part of China. There are two potential mines in Australia; one is going to be in production next year. Another one that is very similar to our Hoidas Lake deposits owned by Arafura in Australia is about at the same dates as us. They expect to be in production in 2010. Our mine in Canada, or potential mine in Canada, at Hoidas Lake, with another deposit in the US, *Molycorps Mountain Pass mine* that has been shut down. It is in California and has had some environmental issues; it may get reopened. Even with all of those potential mines coming into production, by 2012, the supply and demand will still only be about 60 to 70% ratio where the supply will only be able to meet about 70% of the demand in the market place.”

CEOCFO: Please tell us about your property; how you came about it, the stages and what is coming up.

Mr. Engdahl: “Our property was discovered back in the 1950’s when they were looking for uranium in the northern part of Saskatchewan, which is a province in Canada that hosts many world-class in-

dustrial deposits. We hold the largest potash reserves in the world and produce the largest amount of uranium in the world. We have the largest diamond-bearing kimberlite and we also have a very significant part of the tarsands oil field. To find another deposit in Saskatchewan of another mineral that is a world-class is not an incredulous thing. Our deposit is in the northern part of Saskatchewan about thirty miles from Uranium City. We have drilled off only a very small fraction of the deposits but that very small fraction of the deposit has reserves on it that will give us a twenty-year mine life at 500 tons a day. If the world demand dictates more, and it will and it makes more economic sense for us to do more, we could easily increase that through extra drilling to prove up more reserves. We do have a full blown 43-101 report as prepared by Wardrope engineer-

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- James B. Engdahl

ing and we are well on our way to completing our environmental impact statement with Golder and Associates. We are in a phase of the preliminary economic assessment phase which is a pre-feasibility phase determining what is the best possible root, what are the economics and what are some of the costs on the revenue side. We hope to have a report on that completed. It is past due but we certainly hope to have that available in September or October of this year.

CEOCFO: Is this a 100% owned project?

Mr. Engdahl: “This is a 100% owned property.”

CEOCFO: Do you expect to continue that way?

Mr. Engdahl: “Yes we do. We will develop it ourselves and we will continue to look for other deposits, as we are right at

the present. We are looking at other potential deposits in North America as well that could very well augment and/or compliment anything we do in the Rare Earth industry. The main thing once we do get into production is to do the value-added end in our facility in Michigan, which is the company we own 100% in Troy Michigan called Great Western Technologies Inc. It has the capacity to do super alloys and battery powders, magnet powders and metals to create the value-added product that will add significant value to the value of our Rare Earth.”

CEOCFO: So you have it covered!

Mr. Engdahl: “We hope so. There are certainly things that we are going to run into that we need to do more of or expand on or certain things that we definitely are going to be looking at all of those issues.

If it means expanding here or adding this or acquiring that, we are certainly going to be looking at it. We have just finished financing which gives us a very good capital base to do that.”

CEOCFO: Do you have some other projects as well?

Mr. Engdahl: “We do. We own ten million shares in a company called Great Western Diamonds. That company is

actually merging as of September and it has been announced in the process subject to certain things happening. It is going to be merged with Valdiam and Elcadra, which will then make it not only a diamond exploration company but also a diamond producing company as it will have significant assets and production in Brazil. We hope that the ten million shares of Great Western Diamonds will be able to provide us with a sufficient equity component to put the mine into production at a later date when we require the capital to do that. That should augment the term financing that we will require as well, so that hopefully we will not have to go through much more dilution if any to get to that stage. Aside from that, we also have some very significant grassroots properties in California and Nevada, copper, gold, silver, molly. The CHUCKWALLA project in California is

drill-ready and we are going to do a drill program there this fall. We also own a property at Copper Hill, which is a copper/gold/moly deposit with very significant potential. We are going to do some drilling there this fall. We do intend on spinning them off into another sort of entity of some type so that Great West Minerals can continue to focus on its Rare Earth properties and its Rare Earth becoming a dominant player in the Rare Earth industry. We will try to get some more shareholder value for those properties that we do own and hopefully that will augment any equity dollars that we need to take our Rare Earth model along the road a bit faster.”

CEOCFO: Does the investment community understand the Rare Earth elements?

Mr. Engdahl: “Typically speaking they do not. Over the last six to twelve months, because of the critical nature of the elements and what people are finally starting to understand that these are truly critical in the alternative energy world. Some of the work that we are doing in our Michigan plant is research work for hydrogen storage for one of the big three automakers. We are doing work with some of the larger aeronautical manufacturers and doing super alloys. The hybrid industry to the pollution problems in

terms of air quality is horrendous and right now the only solution out there to help minimize that is your hybrid vehicles. As of the last six months, we get calls regularly from end users wondering when they are going to be in production as they would be interested in an off take agreement. They only have one source right now and that source in China is being cut back because of the tremendous use of Rare Earth that China is using now. Their absorption rate and cars that are going on the streets of Beijing alone is a thousand cars a day. The pollution problems that they have in China are going to be driven further, so the demand for Rare Earth in China is eating up their own supply so there is a thirty percent cutback in exports, there are duties and tariffs being added to export to Rare Earth products that are being exported. The end users are getting very nervous that they are not going to have a supply very soon and they do have to have that. We intend on being that alternative for them.”

CEOCFO: Why should potential investors be interested and what might they miss when they look at the company?

Mr. Engdahl: “I think they are going to miss the opportunity to participate with a company that will be the leader, if not in

the world certainly within the North American market place. These elements that we have are very critical in the development of the auto industry and the aeronautical industry, in the defense systems of the US military, so they are going to miss on the rebuilding of that industry in North America. We believe that we have the significant deposits certainly in North American and hopefully we will be able to augment that with other deposits as well in North America.”

CEOCFO: What should people remember about Great Western Minerals Group?

Mr. Engdahl: “People have to understand what the risks for end-users are in terms of the dominance of the Chinese marketplace. It is very poor management for CEOs of large corporations that are reliant on a key element mineral, whatever it is for their production process. If they have to risk one mine, one country, and they cannot get that, and they cannot produce their product, so their company is at risk. Therefore, it is very significant and the thing that the marketplace has to understand and I think that is what is happening now. The end users are truly recognizing that based on the traffic flow that we get to our website and based on the phone calls we get.”



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