CEO CFO

Rare Element Resources

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Rare Element Resources Is Focused On Its 100% Owned Rare-Earth Elements Deposit In The Bear Lodge District And Joint Venture On The Same Property With Newmont Mining Company To Exploit Its Gold Potential

Exploration
Gold and Strategic Metals
(RES-TSXV)

Rare Element Resources Ltd.

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Donald E. Ranta, Ph.D., P.Geo.
President and CEO

BIO:
Donald Ranta is an exploration and development mining executive experienced in planning, implementing and directing successful exploration and acquisitions throughout North and South America and internationally. He is also a former president and board member of SME and is a former Vice President, Finance and board member of AIME. He has successfully directed and led innovative exploration efforts resulting in the discovery, evaluation and/or acquisition of several major deposits including Montana's McDonald gold and Mexico's Santa Gertrudis gold ore bodies, and contributed to the discovery of the Sleeper gold deposit, Nevada. He has also participated in the acquisition or discovery of a number of other gold deposits including Baja California's Paradones Amarillos, Idaho's Kilgore, Montana's Seven-Up Pete, Mexico's Dolores gold-silver, Burkina Faso's Youga gold and Russia's Kuranakh gold. In addition, he serves as a director of Animas Resources Ltd. and Otis Gold Corp. and has been a Vice President of Exploration for Echo Bay Mines and Manager/Vice President for North American Exploration at Phelps Dodge Mining Company.

Company Profile:
Rare Element Resources Ltd is a publicly traded mineral resource company focused on gold and strategic metals such as the rare-earth elements. Rare Element and Newmont have entered into the Sundance gold exploration joint venture on the Company's Wyoming property. Newmont has the right to earn a 65% working interest in Rare Element's property, excluding any rights to the rare-earth elements and uranium but including rights to gold and other metals, by performing US$5 million in property work expenditures over a five-year period. Newmont also has the right to earn an additional 15% working interest by completing a positive project feasibility study.

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

CEOCFO: Mr. Ranta, what is the focus at Rare Element Resources today?

Mr. Ranta: "The company has two different things we are focusing on right now. Rare Element is focusing on a 100% owned rare-earth elements deposit in the Bear Lodge District; we call it the Bear Lodge Project. In addition to that we have a joint venture on the same property with Newmont Mining Company looking for gold, named the Sundance Project. Newmont is looking for a very large deposit of gold. Those are the two main things we are working on right now and both are at the exploration stage. We have a resource estimated on the rare-earths and we are planning to expand that. We are doing some preliminary metallurgy and mining engineering to evaluate its value."

CEOCFO: How did you acquire the property?
Mr. Ranta: "I actually joined the company after the property was acquired, but it was acquired originally for its rare earth potential. The people that acquired it knew that there was going to be some gold potential on it too, but they didn't focus much on the gold until Newmont stepped in and asked for a joint venture on our property. That is basically how we got a hold of the property with an acquisition of some claims and claim staking, and it was acquired in a period of time when there weren't too many people interested in rare earths or gold."

CEOCFO: What is involved with the rare-earth elements, the prevalence world wide and the demand?
Mr. Ranta: "Rare-earth elements are a group of fourteen elements on the periodic table, ones that many people haven't even heard of plus yttrium. We have about five of those rare earth elements on our Bear Lodge Property. They are used

for a variety of different purposes; mainly electronic uses, but also for other high-tech type purposes. For instance, cerium, which is one of our most abundant elements in the Bear Lodge property is used especially in television screens; it is used for phosphors. It is the most widely used of all rare-earth elements, but it is also the lowest priced. Lanthanum is used especially in nickel metal hydride batteries; the metal in metal hydride is largely lanthanum. So every hybrid automobile that has nickel metal hydride batteries, would use a certain amount of lanthanum in their vehicles. Neodymium is another one of the elements, and it is used especially in super magnets. The super magnets are those magnets that allow miniaturization of different electric motors, and one of the big new uses is neodymium magnets in the wind turbines that helps generate electricity from wind power. Praseodymium has very similar uses as neodymium and we have about 20% of our total rare-earths in the Bear Lodge property, as a combination of neodymium and praseodymium. That gives a fairly complete rundown of our four most important rare earth elements."

CEOCFO: What is the market opportunity there?

Mr. Ranta: "If you can imagine how many hybrid automobiles are going to be sold in the next number of years, there is about 65 lbs. of rare-earths in every hybrid automobile, such as a Toyota Priuss. There is about 565 lbs of neodymium, which is what makes the super magnets, in every wind turbine, and if there are going to be hundreds of thousands of wind turbines developed, there is going to be a huge growing market for neodymium. Lanthanum and neodymium are two of the rare-earth metals that are predicted to have some of the greatest market growth over the next number of years."

CEOCFO: A good investment idea!

Mr. Ranta: "Most of the rare-earths are actually produced right now by China. Something like 95% of the world's rare earths come from mines in China. Most rare earths used to be produced in the United States, from a mine in California called the Mountain Pass Mine, However, the Chinese started production and they were able to produce it at a lower cost than they were in the Mountain Pass in the1990's and early 2000's. So Mountain Pass was shut down and wasn't producing much of anything for quite a number of years. Mountain Pass is going back into production now, but the Chinese still produce 95% of the world's rare earths. The Chinese have decreased the amount of rare earths that they are willing to export-the rare earth metals or rare earth concentrate. They have actually announced that somewhere between 2012 and 2014 that they will not export any more rare earths. Therefore, all of the users of rare-earths in Europe, North America, and Asia, such as the Japanese and Koreans, are very nervous about that, wondering if they will really have a supply of rare earths to feed their industry."

"Our current plans are to take the resource that we have, which is the 9.8 million tons of a little over 4% rare earth oxide (REO), and we are going to be expanding that with a drilling program this summer. We are also doing quite a bit of metallurgical testing to make sure that the rare earth metals are going to be recoverable. We had quite a bit of success with our drilling program last year and we expect to have quite a bit of success this year. Our hope is that we will be able to double the oxide part of the resource, which is 4.5 million tons of 4.3% rare earth oxide. Plus we have had very encouraging metallurgical test results indicating that we are going to get good recovery of the rare-earth metals from the oxidized materials. The oxide material is especially valuable to us because it is right at the surface." - Donald E. Ranta

CEOCFO: Is this entirely with your company?

Mr. Ranta: "Right now we have a partner in the gold; we don't have a partner with the rare-earth elements."

CEOCFO: Are you looking to partner or do you want to keep it 100%?

Mr. Ranta: "Some time in the future we would probably consider a partner, but at the current time we are planning to evaluate and advance the rare-earth property by ourselves. We have been able to raise quite a bit of money here recently, which allows us a lot of flexibility in how we go forward. So at this point we are not planning to bring in a partner until we have fully valued the rare earth deposits that we have on the Bear Lodge Property."

CEOCFO: What is it about Rare Element Resources that has allowed it to be successful in raising funds?

Mr. Ranta: "The largest reason we are able to raise quite a bit of money here, especially in the last several months is primarily because there has been a growing recognition of the value of rare-earth elements to industries and particularly to the western world outside of China. Added to that is the worry that the Chinese will not be able to supply that demand. We have a very efficient financing team that engenders confidence among our investors. Also this past spring we were able to finish a NI 43-101 resource estimate that shows that we have what could be arguably the second largest deposit of rare earths in North America. All of these have allowed our share price to accelerate and we have been able to capitalize on that with a couple of recent financings that have been very successful. The biggest reason right now is probably the recognition of rare earths as very valuable metals that are needed for our future high-technologies, and especially the 'green' technology industry."

CEOCFO: What is the timetable?

Mr. Ranta: "Our current plans are to take the resource that we have, which is the 9.8 million tons of a little over 4% rare earth oxide (REO), and we are going to be expanding that with a drilling program this summer. We are also doing quite a bit of metallurgical testing to make sure that the rare earth metals are going to be recoverable. We had quite a bit of success with our drilling program last year and we expect to have quite a bit of success this year. Our hope is that we

will be able to double the oxide part of the resource, which is 4.5 million tons of 4.3% rare earth oxide. Plus we have had very encouraging metallurgical test results indicating that we are going to get good recovery of the rare-earth metals from the oxidized materials. The oxide material is especially valuable to us because it is right at the surface. It starts basically at grass roots and goes down 500 feet, so it is the material we would want to mine first, and based on the metallurgical testing, that is where we are having our greatest success with a potential processing plant."

CEOCFO: Would you tell us more about the gold project with Newmont?

Mr. Ranta: "Newmont has an opportunity to earn a 65% interest in the property, except for the rare earths. We have a five-year joint venture deal with them where they are earning into the joint venture. They have to spend $5 million over the five years. As of June Newmont had spent about $2 million of that $5 million, so they have about $3 million to go over the next two years, and they are about three years into the program. They are in the fourth year now. They started drilling in early July and they are drilling for some higher grade gold mineralization in the Bear Lodge area. We call the joint venture Sundance, which is Newmont's name for the joint venture. Sundance is a little town that is close by the project area. Newmont has drilled 26 holes on the joint venture property in 2006 and 2007, intercepted quite a bit of low-grade gold mineralization, and now they are hoping to find some higher grade gold mineralization. They are drilling one of the better grade portions of the area based on the previous drilling that has been done. There are probably almost three hundred drill holes that have been drilled for gold throughout the Bear Lodge Mountain, and Newmont is kind of leveraging off of that with some of their drilling targets this summer."

CEOCFO: What if any challenges do you see ahead?

Mr. Ranta: "Metallurgy is the biggest challenge with all rare earth deposits, but just within the last few months we have had this breakthrough in our metallurgical testing program that shows that we can get some very good concentrate grade and good recovery of the oxidized material. So metallurgy is not as much of a challenge right now. Permitting is always going to be a challenge in the US and we are dealing with the United States Forest Service, but nothing insurmountable at this point. Everything on the Bear Lodge project is coming up roses, and I think the market is realizing that, and it is one of the reasons our share price is robust these days."

CEOCFO: In closing, why should potential investors pay attention to Rare Element Resources?

Mr. Ranta: "Mainly because the potential pay-out is huge. The deal with Newmont would actually allow Newmont to earn 65%, but they can earn up to as much as 80%. Newmont being a very large gold company, we suspect that they would want to have at least 5 million ounces or more. Now that leaves at least 1 million ounces of gold for Rare Element Resources; well that is worth quite a bit of money. At $1,000 an ounce that would be worth probably $1 billion gross metal value for our account. You do have to take into account production costs and things like that. Nevertheless, it is pretty substantial. Based on our NI 43-101 report we showed that each ton of rare-earth material in the Bear Lodge project resource area is worth approximately $250-270 per ton. That is a significant value and very high-grade. The equivalent in gold would be more than a quarter of an ounce per ton sitting right at the surface, and with the breakthrough in the metallurgy, all of a sudden things are looking very attractive. With 10 million tons of material that could be somewhere around $250 to $270 per ton, the gross metal value of rare earth deposit is a very large number. We add $1 billion potentially of gold, and a larger number in rare-earths and you get some really big numbers in gross valuation of Rare Element Resources."

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