

August 11, 2011

Ucore Rare Metals Inc. (TSXV:UCU)

Ucore's Bokan Mountain Site Visit

Highlights:

- Broad attendance with government officials from Alaska and Washington, including Alaskan Governor Sean Parnell, Senator Mark Begich and senior representatives from Senator Lisa Murkowski's office. Also present were leading rare earth geologists including members from the U.S. Geological Survey and the Geological Survey of Japan.
- Government representatives reiterated the importance of the Bokan property project for the Alaskan economy and for the United States as it develops domestic supplies of critical metals. After the site visit, Senator Begich of Alaska issued a formal statement supporting the project and urging Washington and First Nations groups to help facilitate and fast-track the development of the Bokan Mountain project.
- The site has good infrastructure, with well-maintained roads.
- Mineralogy consists of a system of veins with consistent orientation that extend over one mile in length. An underground REE mine in the area is expected to have low environmental impact.
- Metallurgical tests are underway. Ucore stated that it has made significant improvements in the optimization of its metallurgical work and details should be announced before the end of August.
- Ucore announced recently that it has discovered drill cores from locations situated outside the zone covered in the company's NI 43-101. The company plans to analyze those samples and believes that it could lead to increased resources.
- Ucore is exploring the use of *ore-sorting* technology, which is widely used in the mining industry, particularly in the diamond industry. The company expects to be the first rare earth company to use this technology to reduce the amount of ore mass that is processed in order to lower processing costs.

Recommendation:

We maintain our Speculative Buy recommendation and target price at \$1.09.

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Stock Rating: Speculative Buy
Prior: Unchanged
Risk Rating: High

1-Year Target Price \$1.09
Prior Unchanged
1-Year ROR 76%

(\$ mm except per share data)

Share Price	\$0.62
52 Week High	\$1.28
52 Week Low	\$0.34
Shares Outstanding (Basic)	148.05
Market Cap	\$91.79
Net Debt	(13.30)
Cash & Short Term Investments	\$13.30
Debt	\$0
Total Enterprise Value	\$78.49
NAVPS	\$1.28
P/NAV	0.48x
EV/Resource Contained	US\$2,828

Price/Volume Chart



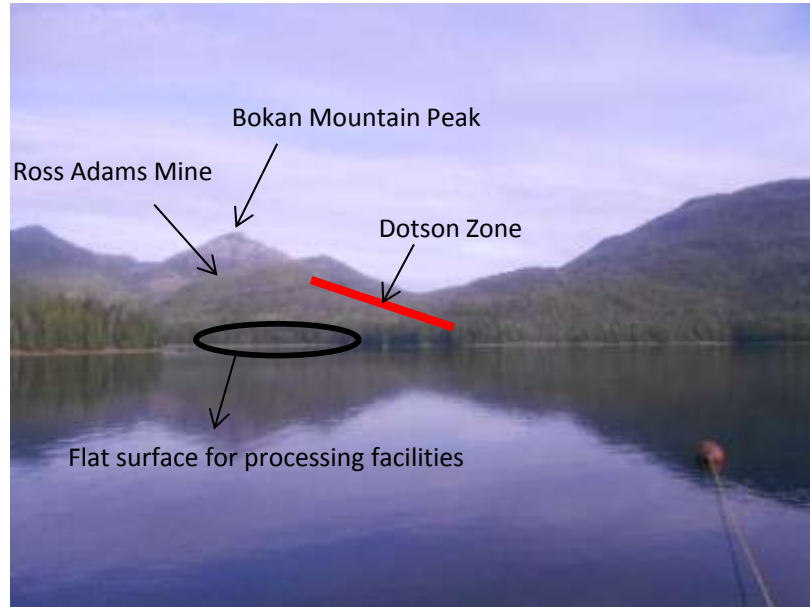
Project Details

Name	Bokan Mountain
Location	SE Alaska, U.S.
Stage of Production	Scoping Study
Size of Property	3,000 ha
Type of Ore	Peralkaline
NI 43-101 (or equivalent)	No
Average TREO or TREE	0.75% REO @0.5% cut-off
Resource's Principal REEs	25% Y, 3.9% Dy, 3.62 Gd; 14.5% Nd; 29.5% Ce; 10.3% La
Other Principal By-products	n/a
Off take agreement	n/a
Target Production (year)	2015
Target Production (tonnage)	3000
Resource	3.7 Mt @ 0.75% REO
Ownership	100%

The Site

Ucore’s Bokan Mountain property is located at the southern end of the Prince of Wales Island, in Alaska. The property is in a remote and uninhabited area, but is accessible year round primarily by helicopter, boat or on foot. The nearest road and railhead are located 133 km to the southeast, in Prince Rupert. A previous uranium mine is located outside of Ucore’s exploration target area, the Dotson zone. The property is characteristically mountainous but presents flat areas near the water.

Exhibit 1: Photos Bokan Mountain Property and Ross Adam Mine



Source: Jacob Securities

There is substantial existing infrastructure that was associated with the previously operating Ross Adams mine and exploration work which consists of: a multi-million dollar 4-km gravel road, a water line, floating landing docks and a barge loading area. There are abundant sources of fresh water available throughout the year. There is no electrical infrastructure on the property and diesel generators will likely be the main source of power for a future mine.

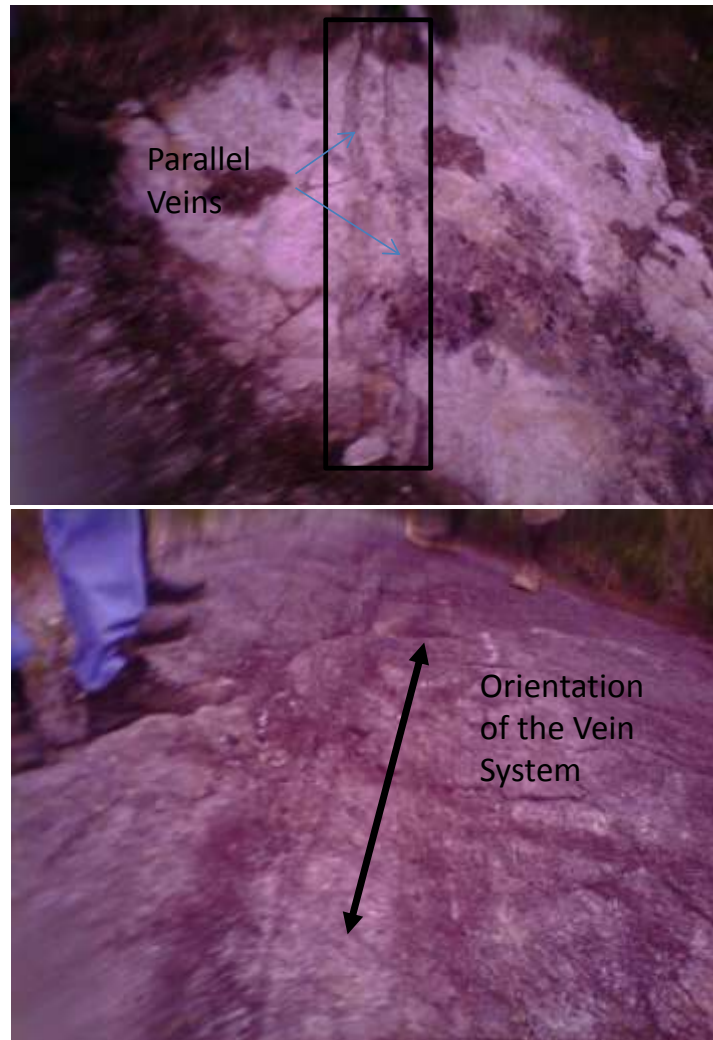
Exhibit 2: Bokan Mountain: (at the top) Diesel storage and barge loading areas; (at the bottom) gravel road and geology field camp.



Source: Jacob Securities

Ucore's principal economic target is the Dotson zone, which is characterized by a tabular zone of numerous veins and narrow veinlets, with a strike length of 2,140 m, 50-m average width and approximately 450 metres depth. The veins are visible at the surface of the of the rock body and can be easily traced given their straight and consistent path.

The company released a NI 43-101 compliant resource estimate of the deposit on March 7, 2011, which showed an inferred mineral resource of 3.7 million tonnes grading 0.75% TREO, at a cut-off grade of 0.5%. The results also revealed that the heavy rare earths constitute about 39% of the total rare earths in the deposit. The company is currently working on a drilling program aimed at significantly increasing the size of the resource.

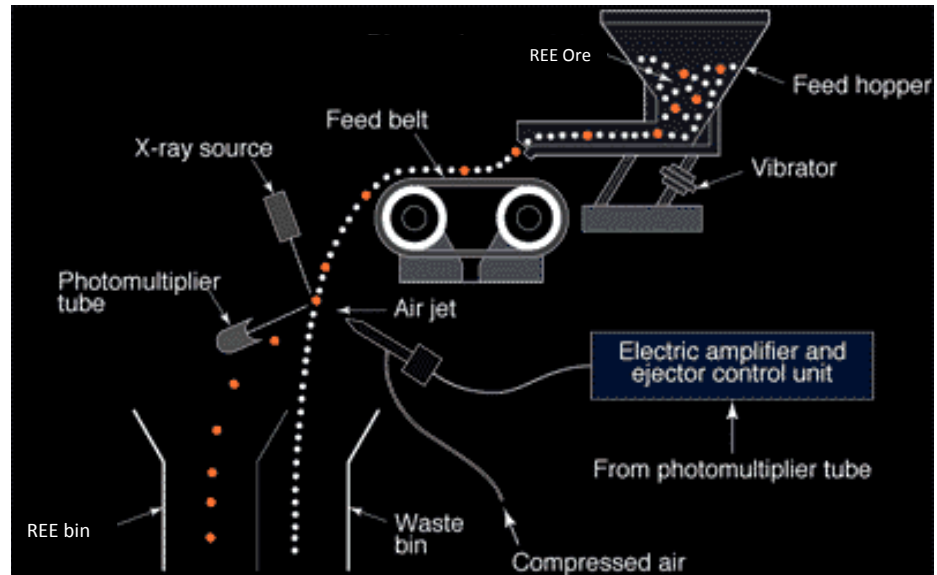
Exhibit 3: Bokan-Dotson Vein Systems

Source: Jacob Securities

Processing and Metallurgy

In the 1990's, the Federal Bureau of Mines led a comprehensive study to examine the metallurgy of Bokan Mountain using samples obtained from the Bokan-Dotson zone. The study proved that it is possible to recover rare earth elements at good recovery rates. Currently, Ucore is optimizing its metallurgical process to achieve the lowest processing costs. The company stated that it has achieved encouraging metallurgical results and expects to release the results in the next few weeks.

To reduce operating costs, the company is experimenting with ore sorting technologies to pre-concentrate the ore before the leaching process. This first step is expected to reduce the amount of ore that is chemically processed, thus reducing acid and reagent consumption and costs. Ucore, is likely the first rare earth company to use such system and it expects to achieve good recoveries at a relatively low costs.

Exhibit 4: Schematic of Ore-Sorting Process

Source: Modified from earthsci.org

Partnerships

One of the most influential supporters of the Mountain Bokan rare earth property development is the Alaskan government. In 2010 it passed House Resolution 16, addressing the need to fast-track the development of the mining and production of rare earth elements in Alaska. In addition, Alaskan state officials have been lobbying the federal government for additional assistance to expedite the permitting process for Ucore. Recently, Ucore received priority permitting associated with the roadless law, which will allow the company to proceed significantly faster than previously anticipated, reducing project development time by more than a year.

Representatives from the Japanese National Institute of Advanced Industrial Science and Technology, that participated in the site visit, told the audience in a presentation that they are very interested in collaborating with rare earth companies in North America, especially those with dysprosium resources like Ucore, in which they would be open to transfer their advanced REE technology knowledge in return for supplies of critical elements for Japan. We believe that Ucore is in a unique position and after the PEA it will be in a better position to negotiate with Japanese (and other) end-users for off-take agreements and joint ventures to develop concentration and refinery facilities to process Ucore's ore and concentrates.

Catalysts

- **Metallurgy:** The company expects to released periodic updates of their metallurgy in the coming weeks and months leading to the publication of the preliminary economic assessment (PEA).
- **Updated Resources:** Ucore is building an exploration adit and it expects this program to significantly increase the size of the existing inferred resource by drilling at greater depth, Further, it expects to upgrade the existing inferred resource to an indicated category through infill drilling. Further, it expects to upgrade the existing inferred resource to an indicated category through infill drilling. Also, Ucore believes that the analysis of the newly recovered drill cores could lead to an increase in current resources.

- **Preliminary Economic Assessment:** The company expects to complete the PEA before the end of the year. The study should include results from the bench scale metallurgical work and preliminary operating and capital costs.
- **Partnerships and JVs:** Once the PEA is complete Ucore should be in better position to negotiate with end-users in the U.S. and around the globe.
- **Take-Over:** We believe that Ucore is a strong take-over candidate for companies and entities looking for heavy rare earths deposits and, as the project progresses, it should become more evident to potential acquirers the value and potential of this project.

Justification of Target price

We used a DCF NAV calculation, which is a common valuation methodology for development properties and producing mines. Our target price of C\$1.09 is derived from a multiple of 0.85x applied to our NAVPS of C\$1.28. Given the emerging nature of the sector, we used a 15% discount rate which is in general higher than what is used in PEAs.

Key Risks to Price Target

The following are key risks inherent to the mining industry and a few specific to rare earth mining:

- Exploration Risk
- Financing Risk
- Geopolitical Risk
- Rare Earth Distribution Risk
- Price Risk
- Metallurgical Process Risk
- Currency Risk
- Acquisition Risk

Appendix: Important Disclosures

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