FOR IMMEDIATE RELEASE
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USMMA CALLS FOR RARE EARTH STRATEGIC RESERVE

Trade Collaboration Offers Complete, Competitive Mine-to-Magnets Capability to Counter Chinese Industry Dominance

Washington, DC – The United States Magnetic Materials Association ("USMMA"), a trade association dedicated to restoring a secure rare earth supply-chain to support the domestic manufacturing of rare earth permanent magnets, today countered a recent study by the American Physical Society and Materials Research Society. In response, the USMMA is calling on the U.S. Government to establish a strategic reserve of certain critical rare earth metals, alloys and magnets. This strategic stockpile would ensure our Department of Defense has ready access to those materials needed to ensure our national security and to incentivize the return of domestic manufacturing. With defense critical materials such as dysprosium being sourced solely from China, it is critical that the Department of Defense have access to rare earth oxides from reliable producers and manufacturers in the United States and ally nations to perform value added processes, such as metal, alloy and magnet manufacturing.

As noted in the December 2010 Department of Energy Critical Materials Strategy, one means to counter Chinese rare earth dominance is a "Strategic Military Stockpile Program" that would include limited physical stockpiles used in conjunction with friendly nation agreements and long-term supply chain partnerships to provide assurances for military equipment manufacturers regarding material price and availability. This echoes an April 2009 report from the Defense National Stockpile calling for reconfiguration of the current stockpile using innovative methods of securing key materials such as buffer stocks, vendor-managed inventories and long-term supply agreements.

USMMA members believe that the United States and its allied nations are fully capable of producing required critical materials, including rare earth metals, alloys and magnets, and that the U.S. government can and should take immediate action to secure a supply of these materials that are critical to both economic and national security. In contrast to the American Physical Society and Materials Research Society study, USMMA asserts:

1) Supply shortages are already present. With an estimated 2010 global demand of 160,000 metric tons of rare earth oxide and production of just 120,000 metric tons, the

world already faces a severe deficit in the amount of non-Chinese material available. Compound that shortage with drastic reductions in Chinese export quotas and a September 2010 de facto embargo of Japan, and the shortage is real and becoming worse by the day.

2) Ample information exists about the supply and market for these materials and both industry and the government are making plans to secure supplies of materials. With nearly $1 billion in private investment in mining and separation for rare earth production by the leading companies in the industry, supply of rare earth oxide outside of China is projected to increase by at least 11,000 metric tons by late 2011. Furthermore, the United States government, including the Departments of Energy and Defense, is studying actions necessary to ensure the availability of secure supply-chains of rare earth materials.

3) China has only about 34% of worldwide rare earth reserves but supplies 97% of the consumption. The United States does not lack most of these elements in significant quantities. Recent United States Geological Survey reports show that non-Chinese and U.S. sources of supply comprise roughly half of global rare earth reserves. Those reserves could provide enough rare earth ore in the United States to supply our domestic industry, if plans are executed to mine and separate those materials and to process them into the phosphors, metals, alloy and magnets needed by U.S. industry.

USMMA believes that solutions to the rare earth issues we face are possible today, but focusing solely on research is only part of the answer to a problem that requires a comprehensive solution including all segments of the rare earth supply chain.

USMMA members are leading efforts to not only reinvigorate the mining and processing of rare earth elements into oxides, but also to convert those oxides into the metals, alloy and magnets needed to supply the domestic energy and defense markets.

More information can be found at http://www.usmagnetmaterials.com.

Thomas & Skinner, Inc. High Performance Magnetic Materials

Thomas & Skinner, Inc. *is the world's leading manufacturer of cast and sintered alnico magnets, magnetic assemblies, and transformer laminations. Through its wholly-owned subsidiary Ceramic Magnetics, Inc., Thomas & Skinner is also a leading manufacturer of soft ferrite magnets.*

Hoosier Magnetics, Inc. *specializes in the manufacturing of hard ferrite powders used in a wide variety of permanent magnet applications. Founded in 1975 in Washington, Indiana; Hoosier is a privately held company owned by Dr. B. Thomas Shirk.*

EEC ELECTRON ENERGY CORPORATION Specialists in Rare Earth Magnets and Magnet Systems

Electron Energy Corporation *is a worldwide leader in samarium cobalt magnet production and offers design services and rare earth magnet assemblies. Electron Energy is the only US operated rare earth magnet company that still melts its magnet alloys in-house.*

U.S. Rare Earths, Inc. U.S. Rare Earths, Inc., *an American natural resources development company based in Salt Lake City and New York City, holds large resources and reserves of high-grade rare earth metals and the largest documented high-grade thorium properties in the world within its properties in Idaho, Montana, and Colorado, including a large portion of known and estimated U.S. reserves.*

ARNOLD MAGNETIC TECHNOLOGIES *The* Arnold Magnetic Technologies Corporation**,** *a privately owned corporation comprised of five strategic businesses, manufactures a wide range of both permanent and soft magnetic products and assemblies at facilities in the United States, the United Kingdom, Switzerland and China.*

GreatWestern MINERALS GROUP LTD Great Western Minerals Group *is a Canadian-based specialty metals production company with a vertically-integrated business model in the rare earth element industry through exploration and mine development. Through its wholly-owned subsidiaries, Less Common Metals Limited, located in Birkenhead UK, and Great Western Technologies Inc., located in Troy, Michigan, the Company produces a variety of specialty alloys for use in the rechargeable battery, permanent magnet, automotive and aerospace industries.*

Lynas CORPORATION LTD Lynas Corporation *has a strategy of creating a reliable, fully integrated source of supply from mine through to customers, and to become the benchmark for security of supply and environmental standards in the global Rare Earths industry. Lynas owns a rich deposit of Rare Earths at Mt Weld in Western Australia.*

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