



Metals Alert

Rare earth drilling to begin at Thor in December: Elissa CEO

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Drilling is expected to begin the first week in December at the Thor rare earth project in southern Nevada, officials at Elissa Resources said Wednesday. The project is 16 miles east of Molycorp's Mountain Pass rare earth deposit across the border in California.

Exploratory drilling on the 3,660-acre site has uncovered eight of the "heavy" rare earth metals and five of the "light" rare earth metals near the surface.

Heavy rare earth metals, which include europium, dysprosium, erbium, ytterbium, lutetium, terbium, holmium and gadolinium, are more valuable as well as being more strategic. They are used in mission-critical defense applications including precision-guided munitions, lasers, radar systems, satellites, and avionics.

Light rare earth metals, which include lanthanum, cerium, praseodymium, neodymium, and samarium, are used in auto catalysts, magnets, lasers glass/ceramics and battery alloys.

Following one airborne and one ground magnetic survey on the property, "We have at this point very strong indications of representation in 13 of the 17 rare earths on the surface," Elissa CEO Paul McKenzie said in an interview.

McKenzie said the Thor deposit contains "significantly more" heavy rare earths than does Mountain Pass, which primarily consists of light rare earths and a small amount of heavy rare earths.

But Molycorp is building a processing facility capable of separating heavy rare earth metals, an option that will likely be available to Elissa, though the company has other options, McKenzie said. "We're not beholden to Molycorp. There are other opportunities available to us for processing."

Few if any obstacles are likely in obtaining the proper permits to develop the deposit because it is located in the Mojave Desert, he added. Senior geological advisor Mel Klohn said permitting in

Nevada was far easier than in other states. "The drill permitting went much faster than expected. We were able to get it in one month," he said.

Moreover, development of Thor could accelerate because of the existing nearby infrastructure and the proximity to Molycorp facilities, McKenzie added.

"Also, there's strong interest by the US government to have domestic supplies of rare earth metals, not just the lights but the heavies as well," he said.

Project funding is also not expected to be an issue, given the recent media attention to rare earth metal production, McKenzie said. "The interest has been quite strong. We haven't had any issues raising capital. The rare earth space itself has attracted a lot of money over the years, and by virtue of our location, the spotlight has been on us," he said.

Klohn said Elissa will begin drilling multiple holes at the 20-35 drill sites on the property in the first week of December and continue throughout the month.

"If the results are anywhere as encouraging as we think they'll be, we'll launch into a much more expanded [drilling] program into the New Year," Klohn said. After a couple months, the company hopes to begin defining the resource.

"If our drill results are encouraging and if we can add drill rigs, we could have enough data to go to a pre-feasibility study about this time a year from now," he said.

--Nick Jonson