

# The US State of Louisiana Offers C\$15M+ Incentive Package for Ucore's First RapidSX Rare Earth Processing Facility – the Louisiana SMC

written by Raj Shah | October 18, 2022

- The proposed incentive package from Louisiana includes US\$9.6M in tax incentives and payroll rebates over the first ten years of operation. Upon specific site selection:
  - potential additional state and local economic and workforce incentives
  - an expedited process for all required state permits
- Ucore's Board of Directors has unanimously agreed to commit the Company toward establishing its first Strategic Metals Complex (SMC) in Louisiana
- Rare earth oxide products from the Louisiana SMC will be critical to North America's and Louisiana's goal to expand toward green energy technologies

October 17, 2022 ([Source](#)) – Ucore Rare Metals Inc. (TSXV: UCU) (OTCQX: UURAF) (“Ucore” or the “Company”) is pleased to announce a mutual commitment with the US State of Louisiana (“Louisiana” or the “State”) toward the establishment of the Company's first Strategic Metals Complex (“SMC”) rare earth element (“REE”) separation facility – the **Louisiana SMC**.

The Company's executive team has been in discussions with the State since the spring of 2022 and spent the better part of

summer in a due-diligence process. This included an August trip to examine ten existing “**brownfield facilities**” throughout the State. Each of these facilities provides a head start as the prospective location of the Louisiana SMC versus a new construction or “**greenfield facility**.”

Critical markers for success, such as streamlined inbound and outbound freight, ample supply and proximity of chemicals and reagents, attractive energy costs, the robustness of labor pools, room for ramp-up and production expansion and community support, including technical education infrastructure were all part of the size-up. **Over the next few months, Ucore will select the specific facility that provides the Company with the best opportunity to execute its objective** of commencing 2,000 tonnes per year of individual rare earth oxide (“**REO**”) production by H2-2024 and 5,000+ tonnes per year from 2026 onward.

After much discussion and visiting the State, the Company received a non-binding Letter of Intent (“**LOI**”) from Louisiana Economic Development (“**LED**”) dated October 14, 2022, **detailing an initial 10-year US\$9.6 million economic incentive package in consideration of Ucore’s projected US\$55 million Louisiana SMC**. Upon selecting a specific location, the State package may be augmented by: (i) an infrastructure reimbursement program, (ii) the nation’s #1 workforce guarantee development program (LED FastStart®) – **with estimated potential benefits of US\$1.4 million**, (iii) R&D tax credits, (iv) a loan guarantee program, (v) an expedited permitting program, and (vi) potential parish-level economic support.

*“Louisiana is rapidly expanding its significant energy-centered industry infrastructure to include the renewable energy sector,” said **Don Pierson**, Secretary of Louisiana Economic Development. “Ucore’s planned \$55 million investment and 80 family wage paying jobs represent a significant opportunity for the State to*

*diversify its energy portfolio. The rare earth oxides produced by Ucore in Louisiana will be essential to North America's electric vehicle and wind-turbine manufacturing supply chain for decades to come."*

**On October 15, 2022, the Ucore Board of Directors unanimously agreed to commit the Company to establish the location of its first modern rare earth processing facility within Louisiana.** The specific SMC location will be subject to the down-selection process of the "brownfield facilities" based on the following criteria:

- Engineering Fitness
- Environmental Assessment and Permitting
- Community Integration
- Commercial Terms

*"Over the last several years, Ucore has been diligently working to establish its first SMC," stated **Pat Ryan**, P.Eng., Ucore's Chairman & CEO. "At the beginning of this year, we finalized two fundamental tenets. One, the emerging worldwide demand for Western rare earth oxides will far exceed the capacity of just one SMC. Two, the only way to successfully meet the required production timelines of our prospective partners will be to build the first SMC within an established facility – which is just not currently possible with our original plans in Southeast Alaska.*

*"So, with multiple SMCs in our long-range plans and an initial H2-2024 production objective, we began to search other areas of the United States and Canada. We quickly narrowed in on Louisiana as a location that fit our requirements for the first SMC and ideally integrates with our upstream and downstream partners.*

*"Ucore's Vice-President and COO, **Mike Schrider**, P.E., is*

spearheading the Company's efforts to establish the first SMC. In [this embedded video](#), Mike discusses the rationale, details, and timelines that went into the decision-making process that now sets Ucore on a pathway to revenue generation and the development of North America's first modern rare earth processing plant, the **Louisiana SMC**," concluded Mr. Ryan.

The Louisiana SMC will be founded on the Company's proprietary RapidSX™ technology platform, representing North America's first REE processing center based on 21<sup>st</sup>-century separation technology. It will receive REE feedstock from several US-friendly nations and will produce the individual REOs required for fabricating rare earth permanent magnets used in electric motors and generators, thus, forming a significant part of North America's developing independent REE supply chain.

Engineering for Ucore's first SMC has been underway since 2021, utilizing the vast experience of [Mech-Chem Associates, Inc.](#) ("**Mech-Chem**") of Norfolk, Massachusetts. Additionally, the Ucore, **Innovation Metals Corp.**, Mech-Chem, and [Kingston Process Metallurgy](#) ("**KPM**") commercialization team (the "**Team**") have cooperatively worked on the detailed design and current construction of the 51-Stage RapidSX™ Demonstration Plant ("**Demo Plant**").

The Team is constructing the Demo Plant within a 5,000-square-foot building at KPM's facilities in Kingston, Ontario, Canada. **This concept of building a processing plant within an existing building is the go-forward engineering and construction template for the process that the Team will replicate to create the full-scale Louisiana SMC** once the approximately 50,000-square-foot "brownfield facility" site selection process is finalized.

**LED's LOI includes the following salient terms:**

- The financial, economic and tax incentive offers described in the LOI are estimates based on the Company's commitment to and fulfillment of its capital investment, employment and expected payroll schedules for the Louisiana SMC. **This includes: (i) a total capital investment by the Company for the Louisiana SMC of at least US\$55 million by December 31, 2026; and (ii) new jobs in Louisiana at the Louisiana SMC in the amount of 45 jobs in 2025 with an annual payroll of US\$2.4 million rising to 80 jobs in 2034 with an annual payroll of US\$5.2 million.**
- Louisiana's Industrial Tax Exemption Program can offer up to a 10-year tax exemption to the Company. **LED estimates that the exemption may result in up to US\$6.0 million in tax savings for the Company.** The State's Industrial Tax Exemption Program is administered by and will be subject to a contract to be finalized between the Company and the Louisiana Board of Commerce and Industry and requires approval from Parish and municipal governing bodies as well as the Parish school board.
- Louisiana's Quality Jobs Program provides a 4% or 6% payroll rebate on the gross annual payroll for qualifying new jobs for up to 10 years. The program also refunds state sales/use tax paid on construction materials purchased during construction or a 1.5% project facility expense rebate on certain capital expenditures. **LED estimates that the value of this program could be up to US\$3.6 million for the Company.** The Quality Jobs Program is administered by and will be subject to a contract to be finalized between the Company and the Louisiana Board of Commerce and Industry.
- The LED FastStart® program offers substantial LED investment in customized employment recruitment and training during the Company's period of employment ramp-up. **LED estimates that FastStart may provide a benefit to**

**the Company of up to US\$1.4 million.**

- Louisiana's Research and Development Tax Credit program encourages businesses to establish or continue qualified research and development activities within the state. The benefit is primarily tied to nationwide employment and ranges from 5 to 30% on increases in qualified expenses. Company eligibility for the program is subject to the statute and rules applicable to the program. **The LOI contemplates Ucore's participation in the program; however, the value of the benefits from the program will be determined at a later date and will be dependent upon the actual qualified expenses that the Company incurs.**
- Louisiana's Small Business Loan and Guarantee Program facilitates capital accessibility for small businesses by providing loan guarantees to banks and other small business lenders. The program is administered by the LED. **The LOI contemplates Ucore's participation in the program; however, the value of the benefits from the program will be determined during future negotiations between the Company and LED.**

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### **Ucore's Louisiana SMC Video**

Mike Schrider, P.E., Ucore Vice-President & COO, discusses the Company's decision process, required steps and timelines to develop the Louisiana SMC. **Click on the link below to watch the video:**

<https://www.youtube.com/watch?v=Rqlu8MY3I6U>

### **About Ucore Rare Metals Inc.**

Ucore is focused on rare- and critical-metal resources, extraction, beneficiation, and separation technologies with the

potential for production, growth, and scalability. Ucore has an effective 100% ownership stake in the Bokan-Dotson Ridge Rare Earth Element Project in Southeast Alaska, USA. Ucore's vision and plan is to become a leading advanced technology company, providing best-in-class metal separation products and services to the mining and mineral extraction industry.

Through strategic partnerships, this plan includes; disrupting the People's Republic of China's control of the US REE supply chain through the near-term development of a heavy and light rare-earth processing facility in the US State of Louisiana, subsequent SMCs in Alaska and Canada and the longer-term development of Ucore's heavy-rare-earth-element mineral-resource property at Bokan Mountain on Prince of Wales Island, Alaska.

Ucore is listed on the TSXV under the trading symbol "[UCU](#)" and in the United States on the OTC Markets' OTCQX® Best Market under the ticker symbol "[UURAF](#)."

For further information, please visit [www.ucore.com](http://www.ucore.com).

### **About LED**

Louisiana Economic Development is responsible for strengthening the state's business environment and creating a more vibrant economy. It is the only state agency in the US accredited by the International Economic Development Council, boasting [award-winning programs](#) like LED FastStart, rated the No. 1 customized workforce training program in the US 13 years in a row. In [2021](#), LED attracted 64 new economic development projects representing over 18,100 new direct and indirect jobs, 9,700 retained jobs and more than \$20.5 billion in new capital investment. Explore how LED cultivates jobs and economic opportunity for the people of Louisiana and employers of all sizes at [OpportunityLouisiana.com](http://OpportunityLouisiana.com).



## **Forward-Looking Statements**

*This press release includes certain statements that may be deemed “forward-looking statements.” All statements in this release (other than statements of historical facts) that address future business development, technological development and/or acquisition activities (including any related required financings), timelines, events, or developments that the Company is pursuing, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance or results, and actual results or developments may differ materially from those in forward-looking statements.*

*Regarding the disclosure in the press release above, including in the “About Ucore Rare Metals Inc.” section, the Company has assumed that it will be able to procure or retain additional partners and/or suppliers, in addition to Innovation Metals Corp. (“IMC”), as suppliers for Ucore’s expected future Strategic Metals Complexes (“SMCs”). Ucore has also assumed that sufficient external funding will be found to complete the Demo Plant commissioning and demonstration schedule and also later prepare a new National Instrument 43-101 (“NI 43-101”) technical report that demonstrates that the Bokan Mountain Rare Earth Elements project (“Bokan”) is feasible and economically viable for the production of both REE and co-product metals and the then prevailing market prices based upon assumed customer offtake agreements. Ucore has also assumed that sufficient external funding will be secured to continue the development of the specific engineering plans for the SMCs and their construction. Factors that could cause actual results to differ materially from those in forward-looking statements include, without limitation: IMC failing to protect its intellectual property rights in RapidSX™; RapidSX™ failing to demonstrate*



*commercial viability in large commercial-scale applications; Ucore not being able to procure additional key partners or suppliers for the SMCs; Ucore not being able to raise sufficient funds to fund the specific design and construction of the SMCs and/or the continued development of RapidSX™; adverse capital-market conditions; unexpected due-diligence findings; the emergence of alternative superior metallurgy and metal-separation technologies; the inability of Ucore and/or IMC to retain its key staff members; a change in the legislation in Alaska and/or in the support expressed by the Alaska Industrial Development and Export Authority (“AIDEA”) regarding the development of Bokan and/or the Alaska SMC; the availability and procurement of any required interim and/or long-term financing that may be required; and general economic, market or business conditions.*

*Neither the TSXV nor its Regulation Services Provider (as that term is defined by the TSXV) accept responsibility for the adequacy or accuracy of this release.*

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