



October 18, 2012

Mr. Mark A. Satorius, Director
Office of Federal and State Materials and Environmental Management Programs
U.S. Nuclear Regulatory Commission
Two White Flint North, Mailstop T8F5, 11545 Rockville Pike
Rockville, MD 20852

RE: Notice of Intent to Submit a Source Material Possession License Application

Dear Mr. Satorius:

Rare Element Resources, Inc. (RER) wishes to inform the Nuclear Regulatory Commission (NRC) of RER's intent to submit a source material possession license application for rare earth element processing at its Bear Lodge Project (the Project) located in Cook and Weston counties, Wyoming. Source material, primarily thorium, is expected to be produced incidental to the recovery of rare earth elements. The Project is proposed to be located on federal lands administered by the U.S. Forest Service, specifically within Sections 9, 10, 15 and 16, 20-22 of Township 52 North, Range 63 West near Sundance, Wyoming and on private land within Section Sections 28, 29, and 32 of Township 48 North, Range 65 West, near Upton, Wyoming.

RER is currently conducting environmental baseline and technical studies to support the Plan of Operations to be submitted to the US Forest Service, who will then prepare an Environmental Impact Statement (EIS) in accordance with National Environmental Policy Act procedures. RER has also initiated discussions with the Wyoming Department of Environmental Quality related to applicable requirements and data needs to support permitting of the Project. The agency contact persons for the Project are as follows: (i) the US Forest Service: Steve Kozel, District Ranger (307-283-1361) and (ii) the Wyoming Department of Environmental Quality: Mark Rogaczewski, District 3 Supervisor (307-675-5616).

RER intends to submit a license application consistent with the guidelines contained in NUREG-1556 Volume 12 "Program-Specific Guidance About Possession Licenses for Manufacturing and Distribution" and the requirements in 10 CFR 40. The expected date to submit the license application is in the first quarter of 2013. We anticipate Project startup in the fourth quarter 2015.

In order to clarify NRC licensing requirements and procedures, RER would like to request a meeting with NRC staff during December 2012. We would appreciate your confirmation of a preferred meeting date as soon as possible.

We look forward to working closely with the NRC staff and thank you for your attention to this Letter of Intent. If you have any questions regarding RER's intent, please contact me at 720-278-2470.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaye T. Pickarts", is written over a horizontal line.

Jaye T. Pickarts, P.E.
Chief Operating Officer

cc: Mr. Paul Michalak, Branch Chief Materials Decommissioning Branch