

BUSINESS

Q&A DON BUBAR, CEO OF AVALON RARE METALS INC.

# 'Weird metals' hotter than gold

Expert in rare earth metals finally seeing some light at end of long, lonely tunnel

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They're obscure and their names are a mouthful, but they are some of the key ingredients in your flat-screen TV and hybrid car.

As it turns out, the names on the periodic table that are the hardest to pronounce also happen to be the hottest thing out there in the fickle metals market.

Sure, gold is having a record run and base metals like copper and nickel are heating up again in what's shaping up to be a cyclical bull market in the mining sector.

But it's the rare earth metals that are on fire. Prices for these commodities ranging from dysprosium, terbium and europium — the heavy rare earths — have jumped 300 per cent on average so far this year. Yet the so-called "weird metals" are not on most investors' radar because most miners aren't actively hunting for the rare stuff in North America.

Avalon Rare Metals Inc. is one of a handful of the juniors outside China that is poised to benefit. The Toronto-based explorer has its hands on a veritable "jewellery box" deposit of these obscure metals at Thor Lake near Yellowknife and is slowly but surely getting closer to its goal of opening a mine there as early as 2015.

Geologist and rare metals expert Don Bubar has been slugging it out "in the wilderness" for the past 15 years as the founder and chief executive of the company. His shares have jumped from a 60-cent penny stock to \$4 on the TSX in the past 18 months.

In an interview with the *Star*, Bubar says he finally sees some light at the end of what's been a long, lonely tunnel.

**Why are rare metals so hot right now?**

There's been a tremendous amount of publicity around the rare earths and the shortages that are being experienced in the marketplace right now, and the increasing demand for all these new applications in clean technology.

The combination of the two is



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Don Bubar says his junior mining company is getting closer to opening a rare earth metals mine at Thor Lake near Yellowknife as early as 2015.

leading to higher prices for the rare earths and the growing awareness amongst investors that these are commodities that are no longer obscure. They're really important.

They still can't pronounce them (laughs), but at least they know they're important now.

**What's been the upside for Avalon?**

It allowed us to raise some capital. I've learned in this business that when the ducks are quacking, you

**What about your share price? It's trading at six times what it was a year and a half ago.**

We're trading around \$3.60. We're well above the recent lows that were in the \$1.90 to \$2 range. But it was at 60 cents 18 months ago and then two months later it was trading at \$2.

Heavy rare earths got a lot of media headlines and it created a pretty frothy market there in August 2009. Our stock got as high as \$4 briefly.

The key to our story remains the fact that our resource (near Yellowknife) contains an unusually high proportion of the heavy rare earths, which are particularly in short supply.

Dysprosium, terbium and europium are the three main heavy rare earths that are in heavy demand now and are hard to source.

**What are they used for?**

High-strength permanent magnets and phosphorus for lighting. The magnets are used in hybrid cars and wind turbines. The lighting is found in flat-screen displays, fluorescent lighting, LED lighting, energy-efficient lighting as well as display panels.

**They're ubiquitous yet they're still not really on people's radar?**

They're still relatively obscure commodities and they're getting to be better known now. But they're still not as well known as gold.

**Where do you think the rare metals market is headed?**

The rare earths space is just getting going. There is obviously more awareness now than there was a year or two ago. Before that there was no awareness, it was virtually zero. I think the supply-demand is-

sure is likely to get worse: more restrictions on supply and higher demand, creating higher prices.

**What about the overall metals market?**

I've been a bull on metals generally for quite a while. I just see the overall picture around the world is that there are more and more people needing the metal and fewer and fewer sources of supply.

**How would you characterize these times for Avalon. Peaks and valleys perhaps?**

Well, mostly valleys, and maybe a short-lived peak. (Laughter). It feels pretty good. I've toiled away for a long time in the wilderness in this business and struggled to survive. We've never had \$40 million in our treasury. It used to be \$4 million was a huge deal, and before that, \$400,000 was a great deal to have in the treasury. So we're building this into a real company now.

Remember five years ago it was me, by myself. Now we've got 15 employees, soon to be closer to 20. We've got a satellite office in Vancouver, so this is turning into a big company and it's exciting. I have to pinch myself sometimes to remind me it's not just a dream.

**I've toiled away for a long time in the wilderness in this business and struggled to survive**

DON BUBAR, GEOLOGIST AND RARE METALS EXPERT

feared 'em, and that's the same circumstances we had this year. We needed to raise more money because we needed \$43 million to complete our bankable feasibility study (on the Thor Lake property). With what we already had in the treasury, we have \$43 million in the bank, so we're basically fully financed now to complete that study.

There was a story in the *New York Times* and I was interviewed on CNBC and there was lots of other media coverage to stimulate investor interest.

**What's in demand?**

The rare earths are a group of 15 elements that are generally divided into subgroups called the light rare earths and the heavy rare earths.

