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Rare Earth Prices will continue decline says TRU Rare Earth Consultants
: But the price outlook remains high risk factor for developing western REE projects

TRU Group Inc, Tucson, USA, Toronto ON – Rare earth metals consultants TRU Group says that recent attempts by Chinese suppliers to halt the six-month old steep decline in REE prices is likely to fail even though the latest february export data for rare earth oxides prices strengthened to US\$144,000 per t-REO up significantly over the january figure. Export price levels in 2012 are still more than three times the average for 2010 before the crisis in supply began when China unexpectedly restricted exports. (See accompanying chart). China supplies over ninety per cent of global rare earths and sets REE prices.

“Predicting how far prices will fall and when price-stability will return to the market is complex” says Edward Anderson, President of TRU. “This is a small niche market, not a situation of supply-demand balance alone - even when this analysis is applied to an individual strategic rare earth such as neodymium, dysprosium or praseodymium. For one thing the supply shortages are artificial as they have been caused only by (reversible) Chinese Government market intervention”. He said that western REE projects in the pipeline would not only alleviate supply shortages but also have a direct effect *dragging* down prices. Estimated production costs per t-REO are small compared to market prices and product contribution margins strikingly high. Uncertainty in the rare earth price outlook remains a compelling risk factor for new REE projects, a factor that TRU will be researching further”.

Anderson announced that TRU will be at the upcoming Rare Earth Summit May 2012 in San Francisco where he will meet industry players.

TRU Group Inc - trugroup.com - is a world leader in rare earth element engineering, managing, planning and integrating. The TRU Rare Earth Team has direct hands-on experience in designing, engineering and operating REE facilities. The firm has undertaken feasibility studies and due diligence on major REE projects from resource geology, mineral processing / dressing, RE chemical extraction, oxalate separation and metal refining. TRU Rare Earth Team has technically and financially simulated numerous rare earth engineering options and indeed studied and ranked over seventy of the most advanced rare earth pipeline projects. For more information view the web link trugroup.com/rare-earth-news

Contact:

Edward R Anderson, President & CEO, TRU Group Inc
B.Sc.(Hons)., Dpl.(Marketing Research)., MBA., FCIArb

anderson@trugroup.com

Cell: 1-520-229-7836

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Accompanying Chart – China Rare Earth Export Prices US\$ per t-REO

