

Rare Element Resources Provides Construction Progress Update on Rare Earth Demonstration Plant in Wyoming

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Operations Planned to Commence in 3Q 2024
Revised Project Budget Provided to the Department of Energy

[Rare Element Resources Ltd.](#) (the "Company" or "RER") (OTCQB: REEMF) is pleased to provide a progress update on its rare earth recovery and separation demonstration plant currently being constructed in Upton, Wyoming, including with respect to the progression of site preparations and arrival of the operating equipment preassembled on skids.

Under the direction of general contractor, Loenbro, out of Gillette, Wyoming, the brownfield site upgrades have either been completed or have progressed to near completion. Site utility system upgrades, including electric, water, sewer, and site earth work, have been completed. Exterior catchment and sediment control systems have been installed, and the fire suppression system is in place. Most exterior upgrades to the expansion of the building that will house the plant have been completed. Modular office trailers and a rock crusher for processing the feed sample were delivered to the site and are being installed. The Company is proceeding with longer-lead time purchases to support operations, including by securing an operations contractor and purchasing chemicals and other consumables.

An off-site integrator has been constructing segments of the production line on skids. This was done to shorten the time to operations and allow for extensive off-site testing prior to on-site assembly. Each skid will arrive fully operational to be integrated with the others. This modular design has the additional advantage of allowing individual skids to be repurposed for future commercial operations. The first pre-assembled skid arrived on site in early May 2024, with the remainder to be delivered this summer.

As part of the Department of Energy ("DOE") cost-share agreement for the plant construction and operations, the project team, led by General Atomics ("GA"), submitted to the DOE an updated construction and operations budget for its approval. DOE approval is anticipated by September 1, 2024, the project-established date for the operating-phase commencement, which includes an operating period of up to 12 months. Updated estimates were included in the budget to address increased costs due to inflationary pressures on labor, equipment and consumables, as well as incorporating the optimized plant engineering and design parameters. On the project team's behalf, GA submitted a total project budget of approximately \$53.6 million, which is approximately 21% higher than the original budget of approximately \$44 million. The increase is roughly equal to the inflationary index over the duration of the project to date. The DOE has been asked to support the growth of budgeted costs on the same 50% cost-share basis as previously agreed. The Company is prepared to cover the cost increases for the updated project budget to ensure the plant can operate for a sufficient amount of time to gather information necessary for a commercialization decision. The funding for this revised budget and contingency for additional necessary budget adjustments that are not covered by the DOE would come from the proceeds generated by the Company's rights offering completed in March 2024.

"All activities are moving us toward the goal of plant startup in the next few months," said Ken Mushinski, the Company's President and Chief Executive Officer. "With an operations manager in place and operations contractor selection underway, we are now starting to transition from design and construction to operations. The DOE is aware of the extraordinary inflationary pressures that have occurred since the project budget was initially estimated in 2021, and we are hopeful the DOE will contribute further cost-share funds to offset the increased financial costs of the project," Mr. Mushinski added. "While we focus on the important next steps, including confirming a final budget and schedule with the DOE, we are pleased with the efforts and dedication of our partners in this project, including their subcontractors, which have led to the progress achieved thus far, and we look forward to the timely commencement of operations."

In the coming weeks, it is expected that additional skids will be delivered, the interior plant will be completed, and a contractor will be engaged to provide the approximately 20 full-time employees for the operations phase of the project.

Rare Element Resources Ltd. is a publicly traded, strategic materials company focused on delivering rare earth products for technology, energy, and defense applications by advancing the Bear Lodge Rare Earth Project in northeast Wyoming. Bear Lodge is a significant mineralized district containing many of the less common, more valuable, critical rare earths that are essential for high-strength permanent magnets, electronics, fiber optics, laser systems for medical technology and defense, as well as technologies like electric vehicles, solar panels, and wind turbines.

Forward-Looking Statements

This news release contains forward-looking statements and information within the meaning of securities legislation in the United States and Canada (collectively, "forward-looking statements"). Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by our use of certain terminology, including "will," "believes," "may," "expects," "should," "seeks," "anticipates," "plans," "has potential to," or "intends" (including negative and grammatical variations thereof), or by discussions of strategy or intentions. Such forward-looking statements include statements regarding the construction, operation, estimated costs, timing, and other aspects of the demonstration plant. Factors that could cause actual results to differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this news release include, but are not limited to, the Company's ability to achieve DOE timely approval of the project operations period commencing September 1, 2024, the receipt of a DOE commitment for any additional funding, the increase in the demonstration plant cost estimate beyond the updated DOE project budget, the ability to operate the demonstration plant for a sufficient amount of time to ascertain commercialization decisions, the ability to obtain and maintain demonstration plant licensing and permits, the possible impacts of inflation and supply chain issues, such as delays or further cost increases, and other matters discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and our other periodic and current reports filed with the U.S. Securities and Exchange Commission (the "SEC") and available on www.sec.gov and with the Canadian securities commissions available on www.sedarplus.ca. There can be no assurance that future developments affecting the Company will be those anticipated by management. Please refer to the discussion of these and other uncertainties and risk factors set out in our filings made from time to time with the SEC and the Canadian regulators, including, without limitation, our reports on Form 10-K and Form 10-Q. Any forward-looking statement made by us in this news release is based only on information currently available to us and speaks only as of the date on which it is made. While we may elect to update our forward-looking statements at any time, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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