

# Rare Earth Elements Letter

## INTERNATIONAL

*the independent information and advice bulletin for Rare Earth Elements and related investments*

Special Situation – December 2011 Update

[www.boleroresources.com](http://www.boleroresources.com)



### Bolero Resources (Cdn\$ 0.11)

TSX.V : BRU  
US Pink Sheets : BRUZF  
Frankfurt : U7N1

H + L prices (12 months) : Cdn\$ 0.58 – 0.11  
Net shares issued : 35.9 million  
Fully diluted shares : 53.0 million  
Market Capitalization : Cdn\$ 4.0 million

**Next price target: Cdn\$ 0.40**

### Company profile

Bolero Resources Corp. (“Bolero”) is a Canadian junior exploration and development company focused on Gold and Rare Earth Elements.

The Company’s projects include:

► 100% interest in the **Red Chris South** copper-gold prospect, covering over 13,000 acres in north-western British Columbia, contiguous to Imperial Metals Corp’s (III.T) Red Chris copper-gold discovery where they announced drill intercepts of 628.7 metres grading 1.97 g/t gold and 1.13% copper and 1,112.5 metres grading 0.54% copper, 0.61 g/t gold and 1.96 g/t silver.

► The “**Carbonatite Syndicate**” consisting of 211 mineral claims prospective for Rare Earth Elements covering over 90,000 hectares (222,415 acres), making it the largest land package in the “Carbo” area, along the Rocky Mountain Rare Metal Belt, and contiguous to Spectrum Mining’s “Wicheeda” Rare Earth Element discovery in northern British Columbia..

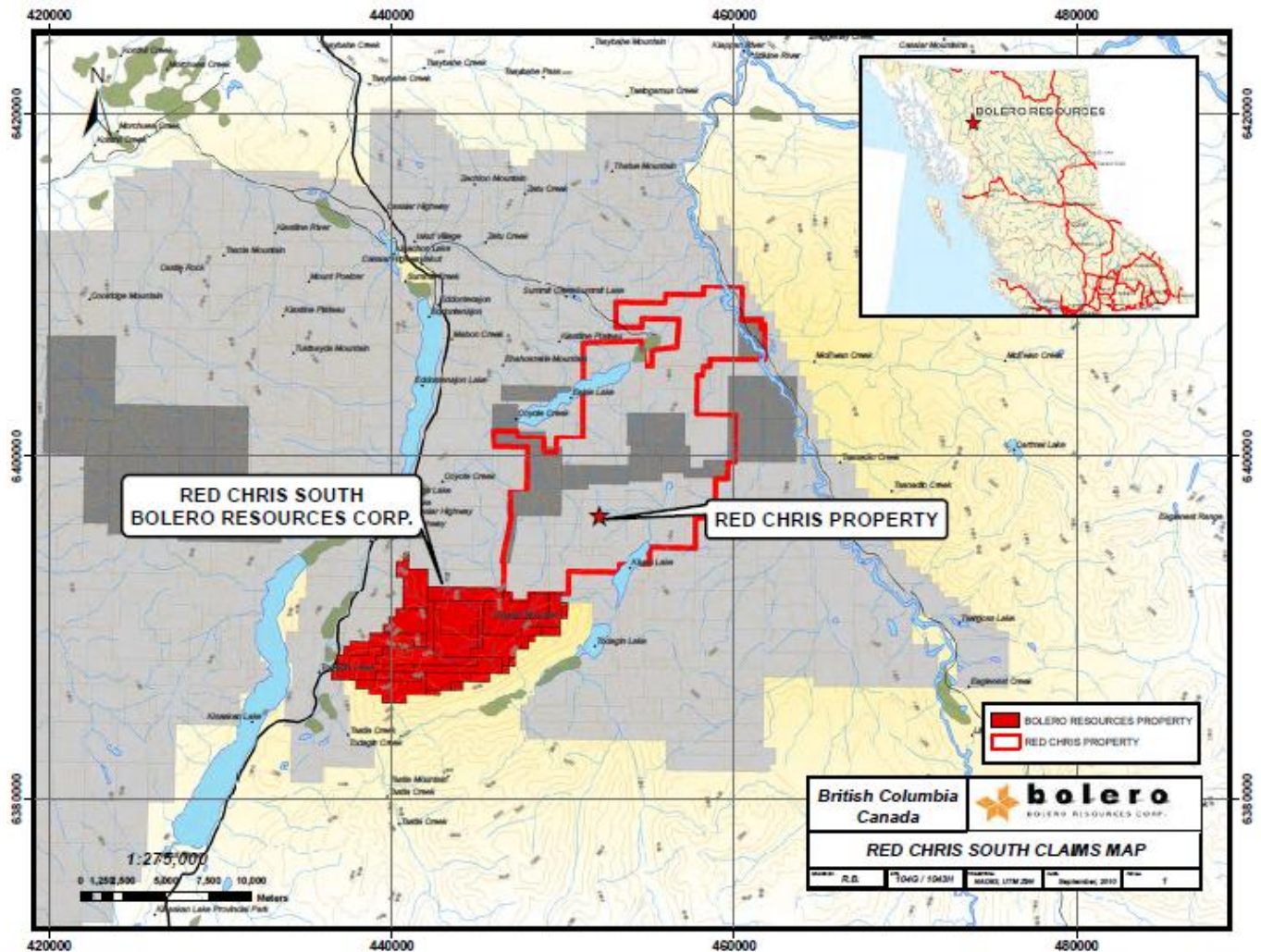
► a 100% interest in the **Charge REE prospect** located in northern British Columbia, approximately 50 kilometres southeast of the Kemess Mine operated by Northgate Minerals (NGX – TSX). The Charge REE prospect currently contains the highest lanthanum (La) – 1,146 ppm, yttrium (Y) – 647 ppm and second highest cerium (Ce) – 1,247 samples in the province of British Columbia’s Regional Geochemical Survey (BCRGS) database, with over 7,000 samples recently taken from the region.

► 2 separate quartz claim blocks covering over 6,500 acres, in the “**White Gold District**” of the Yukon. These claims are in close proximity to significant discoveries by Kaminak Gold (KAM – TSX.V) and their Coffee Property and by Underworld Resources that has been taken over by Kinross Gold.



➤ **Red Chris South Copper-Gold Project - British Columbia, Canada**

On December 9, 2010, Bolero announced that it had received permits from the B.C. Ministry of Energy, Mines and Petroleum Resources to conduct a diamond drill program on its 100%-owned Red Chris South copper-gold prospect, contiguous to Imperial Metals' (III – TSX) Red Chris copper-gold discovery where they announced drill intercepts of 628.7 metres grading 1.97 g/t gold and 1.13% copper and 1,112.5 metres grading 0.54% copper, 0.61 g/t gold and 1.96 g/t silver in two separate drill holes.



On September 8, 2011, Bolero announced the completion of approximately 11,000 metres of drilling at the Red Chris South prospect. Mineralized intervals in holes 2 and 3 have been logged, split and shipped to Acme Analytical Laboratory in Vancouver for multi-element analyses.

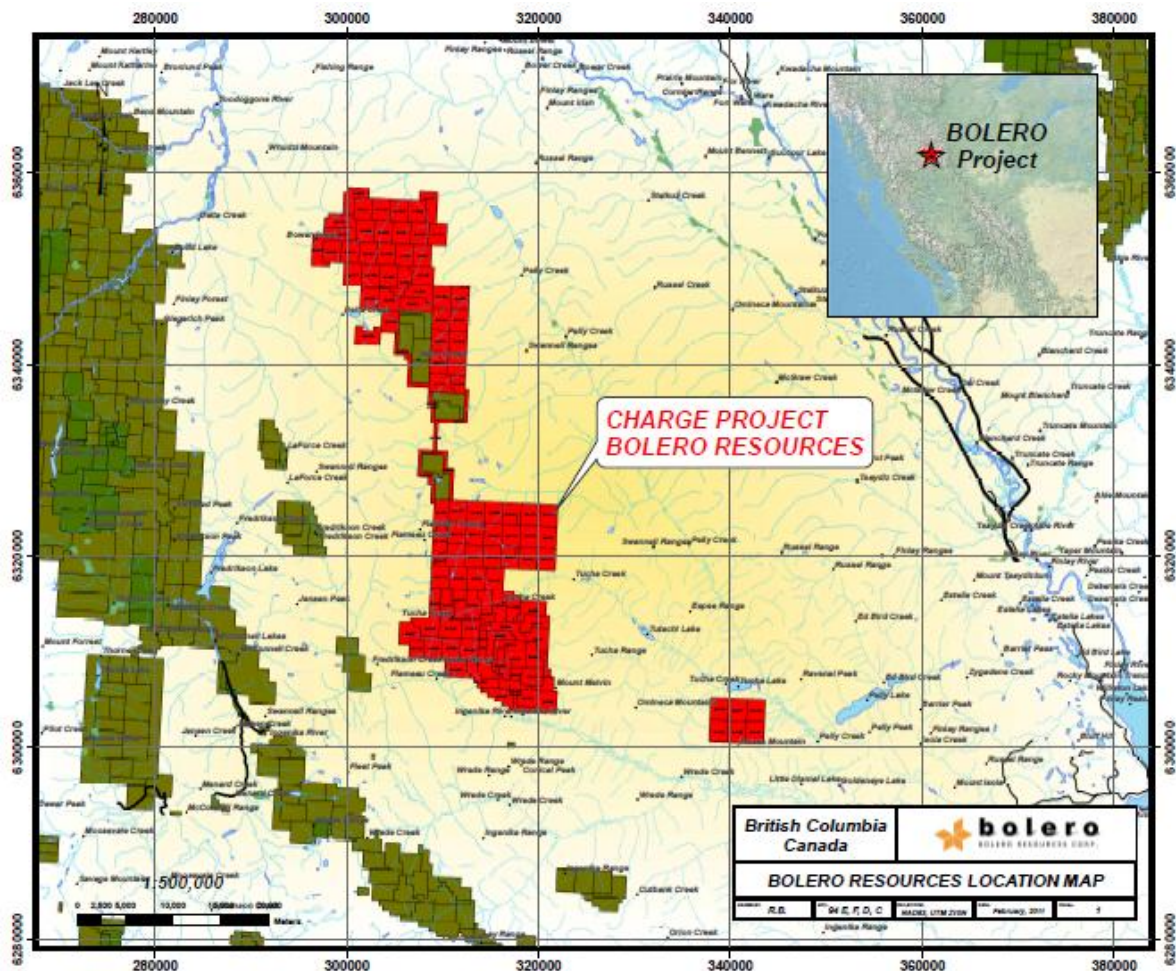
Two holes were targeting the western IP anomaly and hole targeting the eastern IP anomaly that contains a coincident Mobil Metal Ion (MMI) copper-gold anomaly, identified during **the** 2010 geophysical and geochemical surveys.

Management believes that the Red Chris South Project will be a key component in the future growth of Bolero and intends to continue geophysical fieldwork and drilling to determine if Red Chris-type mineralised zones continue throughout the Company's Red Chris South Property. Bolero anticipates assay results from 2011 drill to be available shortly.

### ➤ Charge REE prospect – Northern British Columbia, Canada

On February 3, 2011, Bolero announced that it had acquired a 100% interest in the Charge REE prospect located in northern British Columbia, approximately 50 kilometres southeast of the Kemess Mine operated by Northgate Minerals (NGX – TSX).

The Charge REE prospect currently contains the highest lanthanum (La) – 1,146 ppm, yttrium (Y) – 647 ppm and second highest cerium (Ce) – 1,247 ppm samples in the province of British Columbia's Regional Geochemical Survey (BCRGS) database, with over 7,000 samples recently taken from the region.

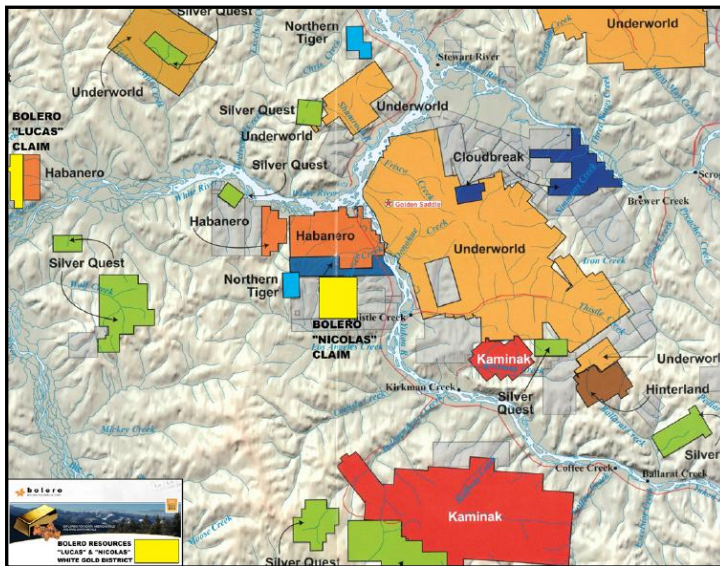


### ➤ White Gold Claims – Yukon, Canada

Bolero has acquired a 100% interest in 12 quartz claims covering over 6,500 acres in 2 separate claim blocks in the White Gold District, Stewart River area of the Yukon. These claims are in close proximity to recently announced Gold discoveries by Kaminak Gold (KAM – TSX.V) at their Coffee Property and by Underworld Resources that has now agreed to a friendly takeover by Kinross Gold.

Bolero's claims are underlain by the same quartz muscovite and chlorite-muscovite schist of the Nasina Assemblage that hosts the deposits on the White Gold Property, presenting an attractive exploration target for the Company.

In November 2010, Bolero announced the discovery of a significant multi-element soil anomaly on the Nicolas claim block of the White Gold Prospect that lies southwest of the previously announced gold discovery by Underworld Resources, now Kinross.



On August 11, 2011, Bolero announced that work was underway again on its White Gold prospect. Field crews were mobilised and sampling mapping and prospecting programs had commenced to further define the significant multi-element soil anomaly discovered during the 2010 sapling program.

The southeastern end of this anomaly contains the largest sustained gold values on the Property. These continue for several kilometres to the northwest, with scattered samples yielding values among the highest encountered during the program. Elevated values of As, Sb and Mo accompany the gold at the eastern end of the anomaly.

Bolero is now awaiting the final results from the 2011 work program expected to be announced shortly.

## Management

**R. Stuart "Tookie" Angus, Chairman**, is an independent senior business adviser to the mining industry. He was most recently Managing Director - Mergers and Acquisitions for Endeavour Financial. Prior to joining Endeavour Financial, he was a partner at the Canadian law firm Fasken Martineau DuMoulin and headed that firm's global mining practice. For over 25 years, Mr Angus has focused on significant international exploration, development and mining ventures, and all aspects of their structuring and finance. Mr. Angus is also presently a director of Nevsun Resources and Plutonic Power.

**Mr. R. Bruce Duncan, President & CEO**, has nearly thirty years experience in the capital market and brokerage industry, including eight years with Gordon Capital. He is currently the President of West Oak Capital Partners., which provides strategic advisory services, including identifying and qualifying merger and acquisition candidates and advising in public transactions. Mr. Duncan's client base has included financial services, aviation, mining, oil and gas, logistics, and retail industries. He currently sits on the boards of several private companies and is a Director of Evolving Gold. Mr. Duncan is the former President and CEO of AusPotash, an Australian potash company sold to a UK firm. He has extensive experience advising on corporate takeovers, both friendly and hostile, either by designing and executing effective approaches to acquiring assets or by implementing defensive strategies.

**Dr. Roger Steininger, Ph.D**, has more than 40 years experience in the minerals industry. During his early career he was employed by Climax Molybdenum Company and worked on many of the major molybdenum deposits in North America. During that period he was associated with several molybdenum discoveries and development programs. Since leaving Climax, Dr. Steininger had a senior management position with a major mineral company, Amselco Minerals, and for the last 20 years has maintained a consulting geologist practice. As part of Dr. Steininger's consulting practice, he has continued his involvement with molybdenum exploration and development programs in association with several major mining companies. Dr. Steininger is a recognized authority on the geology of molybdenum deposits and has published extensively on the subject.

**Olga Nikitovic, CA, Chief Financial Officer**, is a chartered accountant and management consultant with over 20 years of work experience. She worked at PricewaterhouseCoopers for nine years in both the audit and management consulting departments. While consulting, Ms. Nikitovic specialized in re-engineering and cost management. After leaving PricewaterhouseCoopers, she held senior management positions with two of Canada's largest retailers. At present, Ms. Nikitovic is the Chief Financial Officer for a number of private and publically traded mining companies.

## Advisory Board

**Ian Smith, BE Min (Hons), F. AusIMM, MCIM, MSME**, is a Chartered Professional and a mining engineering graduate of the University of Queensland, Australia, with over 40 years experience in corporate, operations, project management and consulting within the international base metals and precious metals industries. He is currently an officer or director of several public companies including; President and CEO of Santa Fe Metals Corp. and CEO of Yellowhead Mining. Mr. Smith was President and CEO of bcMetals, where he had engineered the Red Chris copper/gold porphyry project for development in northwest BC prior to being acquired by Imperial Metals in February 2007 at a 162% premium over market.

His involvement with other large scale copper operations at a senior management level include the 90,000 tonne per day (tpd) Bougainville Copper project in Papua New Guinea, the 72,000 tpd La Caridad mine in Mexico, the +100,000 (tpd) Dexing Copper Mine in the PRC and the Zambian Copperbelt. Mr. Smith was President and founding partner of one of North America's most successful mining industry consulting companies until purchased by Canadian interests in 1995.

**Gerald H. Rayner**, has over 40 years of experience in the mining industry. The bulk of his time has been spent in Western North America including Mexico and Central America, in Australia and the South Pacific, in Indonesia and other parts of Asia, and in various South American countries. Mr. Rayner's primary areas of expertise lie in reconnaissance exploration and in the evaluation of mineral properties at the earlier stages of exploration and development. While with Kennecott, he was in charge of exploration in Papua New Guinea in the South Pacific where his efforts during this period resulted in the discovery of several porphyry copper deposits including the Ok Tedi Mine.

## Finance

In December 2010, Bolero closed two flow-through financings, which raised aggregate gross proceeds of Cdn\$ 2.28 million through the issuance of 4.56 million flow-through units at Cdn\$ 0.50 per unit. The Company issued 560,000 flow-through units at a price of Cdn\$ 0.50 per unit. Each unit comprises one common share and one-half of one not flow-through warrant, with each warrant exercisable for the purchase of an additional common share at Cdn\$ 0.60 per share for a 2-year period.

### Investment recommendation:

Bolero's primary assets include two Rare Earth Element projects: the **Carbonatite Syndicate** claim group consisting of 206 mineral claims covering over 90,000 hectares in northern British Columbia ("BC"), making it the largest land package in the area surrounding significant REE discoveries, and the **Charge REE Project** which currently contains the highest lanthanum, yttrium and the second highest cerium samples in the province of British Columbia, Canada.

Moreover, the Company has a 100% interest in the **Red Chris South Copper-Gold Project** in northern BC, contiguous to Imperial Metal's Red Chris copper-gold discovery and a 100% interest in 12 quartz claims over 6,500 acres in 2 separate claim blocks, located in the **White Gold District** of the Yukon in close proximity to significant discoveries by Kaminak Gold and Underworld Resources that was subsequently taken over by Kinross Gold.

Bolero has completed a robust 2011 drill/work season, and is awaiting assay results from multiple drill programs expected shortly.

Based on a current market capitalization of just Cdn\$ 4.0 million, including Cdn\$ 1.6 million in cash as at September 30, 2011, in our view, the shares of Bolero offer a substantial speculative leverage potential.

Our next price objective is Cdn\$ 0.40.