

IN THE BLACK



JOHN BEVERIDGE

Educating investors is a lengthy process and it has taken a while to differentiate between light and heavy rare earths.

Indeed, by the time we all knew to prefer the heavy ones such as yttrium and terbium that are now tightly held exports from China, the whole rare earth investment fad seemed to have come and gone. Now one of the hardy small cap survivors of that time, TUC Resources, is trumpeting its strength in the form of magnetic rare earths, with names including neodymium, dysprosium, samarium and gadolinium.

Alloys of the magnetic rare earths are increasingly used in permanent magnet motors and other parts of hybrid cars such as the Toyota Prius, which uses around 20kg of rare earth elements for each car.

Naturally there is a very long way to go before TUC becomes a producer, but chief executive Ian Bamborough says the company's Skyfall rare earth province south of Darwin is shaping up as being unusually strong in magnetic and heavy rare earths.

With multiple shallow deposits showing magnetic rare earth samples as high as 38 per cent, TUC is planning to keep drilling and sampling through the wet season before running some metallurgy tests later next year.

Like most junior explorers, TUC is not overflowing with capital, but it does have enough to fund its current "smell of an oily rag" work program and funding shouldn't be a problem if the assay results start to match the early drilling and rock chips, which are up there with some of the best Chinese projects.

TUC will certainly polarise opinion but could magnetically attract those with a high risk tolerance.

A particularly **speculative** buy.

The Herald Sun accepts no responsibility for stock recommendations. Readers should contact a licensed financial adviser.

TUC RESOURCES

