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OPERATOR: Good day. My name is Michelle and I will be your conference operator today. At this time I would like to welcome everyone to the Great Western Minerals Group corporate update as of September 14th, 2011.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. If you would like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you would like to withdraw your question, press the number 1. Thank you.

Now I would like to turn the call over to Mr. Jim Engdahl, President and CEO of Great Western Minerals Group. Sir, you may begin your conference.

JIM ENGDAHL (President and Chief Executive Officer, Great Western Minerals Group Ltd.): Thank you. And welcome to our conference call today. This is the fourth CEO conference call we have done in this format, and again we thank you for joining us. We will, as we did before, keep our presentation brief to allow time for questions.

The focus of this presentation will be twofold: Steenkampskraal in South Africa and our expansion plans for less common metals in the

United Kingdom. We assume that most of you have heard our company's background story on these calls or elsewhere, and so we will go almost directly to the two primary topics at hand.

Great West Minerals Group continues to do what we said we would do. And I think you will see that as we track back over the key events since our last conference call on June 1st. We continue to execute our strategy one step at a time, in sequence, to get to our goals of being a fully integrated rare earth producer, and also being a first mover in the industry.

I will be making forward-looking statements during this presentation, as well as during the question-and-answer session, and so we present our safe harbour statement. Read it carefully. There may be a pop quiz at the end.

Our company has three things: our rare earth processing business, a company that is moving toward mining production and an exploration company. Our future feedstock needs will be met through exploration. In addition to four active exploration properties in North America, we plan to meet our future needs through an exploration program we recently launched right at the Steenkampskraal site. Our mining needs will be addressed through Steenkampskraal where we now own 100 per cent of Rareco.

At Steenkampskraal we will also have our processing plant, which will produce a chloride. In the vicinity of Steenkampskraal we will have a separation plant that separates the chloride into the 15 different elements as oxide. With the oxides, our top priority is to feed our allied processing plants, less common metals in the United Kingdom, and Great Western Technologies in Troy, Michigan. Great Western owns 100 per cent of both of these facilities. Then after our own needs are met, some of the oxides will go to either joint venture partners or companies with which we have an off-take agreement. The remainder will be sold on the open market, if any.

As you see on slide 4, to be fully integrated you need three components: exploration to provide your future feedstock, mining, processing and separation to provide your rare earth oxides, and processing to provide alloys to a global market.

We talked a lot about our business model, and here it is: from our exploration through to mining, processing, separation, metal making and alloy processing. What's important about this graphic is as follows: most of the money to be made, according to our analysis, is in the top half of the chart. That is, the big money is in the downstream activity, the place where Great Western specializes.

To update you on the Steenkampskraal story, this location has several important attributes. It is fully permitted for mining. It is fully permitted for thorium storage. It has a supply of feedstock at surface, and in our opinion a tremendous exploration potential. It has excellent infrastructure, and it is in very good shape as a former producing mine. Because of all those factors, the capex requirement to put Steenkampskraal into production is what I will describe as one of the lowest in the world. That's an understatement. We don't know of any projects anywhere that can be put into production for anywhere close to the low capex we believe we are looking at. We believe we have a huge competitive advantage in this regard.

The big issue in the mining business is always are you progressing on schedule, on budget, and according to plan? The answer is yes, we certainly are. I'd like to quickly review some of the key steps we took, and that we announced since our last conference call on June 1st.

On June 9th we announced that we had launched the refurbishment of the mineshaft. That includes the refurbishment of the access winding gear and infrastructure. That part of our project started right on schedule. Then on June 22nd we appointed two key individuals at site, one to look after the metallurgy at the processing plant, and one to manage the separation process. We have been able to attract highly education, highly qualified and highly experienced people to our Steenkampskraal project.

Another important step was the acquisition of 100 per cent of the shares of Rareco. It was a process that began early in 2010 when we signed an exclusivity agreement with them in order to ensure we could access all the future output from the mine, and on July 14th we took full ownership of Rareco, the company that owns 74 per cent of the Steenkampskraal mining operation with the black economic empowerment trust holding the 26 per cent.

On July 25th we entered into a very important Heads of Terms of agreement with GQD of China as a joint venture where we will build a separation plant together in the Steenkampskraal region.

This agreement delivers several key things to Great Western. First, we control it with our 75 per cent ownership. Second, they deliver the expertise to design and construct it. Third, they deliver state-of-the-art technology. When the separation plant is built, it will be about the most advanced in the world. That's important to Great Western and its shareholders to ensure our recovery rates are the highest, our expansion capacity is the greatest, and our cost of construction is the lowest.

We also launched the design process for the chloride processing plant that will be located right at Steenkampskraal. The world-class company we contracted on July 27th is already hard at work on the design phase.

Then we turned to people again, ensuring our team was expanding to match our activity. We added John Selby as the monazite consultant to the Great Western team at Steenkampskraal. He will advise on the processing of additional monazite streams to be used as feedstock in our rare earth processing and separation facilities in and around Steenkampskraal.

Brent Jellico was appointed to the position of Director of International Exploration where his primary responsibility is to manage the exploration program at Steenkampskraal, and to locate and evaluate new rare earth projects in Africa and on a global basis.

Meanwhile, the refurbishment of the Steenkampskraal mineshaft and ancillary facilities is proceeding right on schedule with the refurbishment of the mine access decline, construction of head gear and winding house, and the installation of underground infrastructure services, such as ventilation fans and underground storage expanding our resources for our next target, and so we contracted a drill contractor for a program that has two goals: to provide the information that will confirm the historical data to give us a fully compliant national instrument 43-101 resource estimate report. And secondly to expand the resources at Steenkampskraal.

Meanwhile, back in our alloy processing facilities, our revenues at Less Common Metals and Great Western Technologies for the second quarter of 2011 increased by 63 per cent over the second quarter of 2010. Similarly, gross margins on our alloy processing operations for the second quarter of 2011 saw an increase of 81 per cent over the same period of 2010.

As you see on slide 7, as we move into the fall of 2011, there are a number of key initiatives on our plate that we will be executing as we close the loop on our final integrated business plan. First of all I will talk about our game plan at Steenkampskraal.

We intend to enter into a final agreement with GQD for design, construction, commissioning and training, and operational assistance for the separation plant that will be located in the Steenkampskraal region. We have a Heads of Terms in place, and we are working toward a final agreement. It’s a fairly complicated arrangement, and we need to have GQD personnel at site for their review, resulting in some visa issues. As a result, we have been delayed from our August target. But very importantly that will not alter our plan to be in production, as stated before, by early 2013.

The exploration program has already started. We will collect representative mini-bulk samples to test the metallurgy at the surface rock dumps, the tailing dams, and the areas of known underground mineralization. We will then undertake other sampling. All of this information will be used as part of the NI 43-101 compliant resource estimate.

In October that information will be supplemented by underground mapping of geological structures, as well as in situ mineralization. We will also do channel sampling. Again, all of this will be used to supplement the historical information for completion of the 43-101 compliant resource estimate. And by November SRK, our contractor, is to renew the 3D geological model.

Alongside this work the refurbishment of the mineshaft and associated facilities will continue, and we expect it to be completed prior to the end of this year. While all of this activity is taking place, the design work will be going forward for the chloride processing plant. We expect the first phase, the concentrator component design, to be completed by this

December. This is a very aggressive schedule. We feel we have the people in place to accomplish all of this.

Slide 8 shows that concurrent with all of this development work at Steenkampskraal, we continue to march ahead at Less Common Metals, our alloy processor. As we had announced before, we are undertaking a major expansion of our alloy processing capacity there. It's important to note that all of this is at the urging and with the full support of our customers. Many of these customers have been with LCM through most of the LCM's 20 years of operation. These customers value quality alloys, and they want more of them.

This December we will commission the new furnace at Less Common Metals. As we speak today, a number of our LCM staff members are in China being trained on the new furnace equipment and giving it one last test. Once this training test is complete, the furnace will be shipped to LCM in Birkenhead, and it will be ready for production early 2012. This new furnace will not be a one-off. Rather it will be the start of the expansion process as LCM strives to keep up with the global customer demand.

We also continue to work toward additional supply agreements and joint ventures with several of our customers. What we expect to receive is guaranteed sales for the long term, and in some cases potentially funding for Great West Minerals. What they receive in exchange is certainty of supply, and certainty of supply is more and more in demand as we go forward. GWMG will be able to provide that.

Starting on slide 9, I'd like to cover three issues at this point that we are asked about frequently. At Great Western we like to address these issues head-on. The first is financing. Primarily in regard to Steenkampskraal, but also for other operations that are in expansion mode. I will reiterate the principles by which we will make our decision on financing.

Our top choice is a form of a joint venture or off-take agreement. This has the advantages of tying in customers on a long-term basis, and having little or no dilutionary impact. This is real and substantive interest in this option from our marketplace.

Our second choice is a form of a debt instrument. Again, the reason is that it minimizes the dilutionary impact. Being as close as we are to production positions us to have financial institutions show real interest in this approach as well.

The last choice, as we have said all along, is the use of equity to raise the capital requirement to put Steenkampskraal into production and expand LCM. We remain confident in our ability to acquire financing on the terms we want.

The second issue is the notion of nationalization in South Africa. We were asked about this, and so we want to respond directly. We assess risk of many different types for all parts of our operation. And there is risk in every location, whether it is South Africa, Canada or the U.S., for instance. We rely heavily on the views of our people who have been in the mining business in South Africa for many years. They continue to tell us that this is part of a normal political discourse in South Africa.

We do understand, however, that the media does like blaring headlines. We also understand that on occasion the media doesn’t let the facts get in the way of a good story. On this issue it is important to remember that Great Western has a groundbreaking black economic empowerment trust model in place. Our local employees will be the recipients of a share of the mining operation profits.

Finally, the rare earth business is unique. Unlike gold and silver, when it comes out of the ground, rare earths have no value until they are refined. All that being said, we continue to engage the neighbouring communities and the local and regional governments. We want them to be our champions and are confident we can do so through a two-way dialogue that we have established and continue to improve upon.

As per slide 10, the third issue on which we receive regular inquiries in our schedule through to at Steenkampskraal and at LCM is to recap our major milestones. By December we expect our Steenkampskraal mine site refurbishment will be completed. By early 2012 we expect to be operating our new furnace at Less Common Metals. In the first part of 2012 we expect to have our 43-101 fully completed. During the second half of 2012 we plan to launch mining operations. During 2012 we expect to see the launch and construction of both the chloride processing plant at Steenkampskraal site and the oxide separation plant, which will be located in the Steenkampskraal region. And importantly we remain on track to go into full mining processing and separation production by early 2013.

To summarize then: on slide 11, we have a well-developed previously operating mine site. We remain positioned to be a first mover in the rare earth industry. We continue to create a vertically integrated business model that will produce maximum results. We are on track, on plan with our development performance. We plan to expand that resource at Steenkampskraal, and we have a highly experienced management team.

GWMG will continue to execute our vertically integrated business model. As we have indicated, GWMG is quickly closing the loop in its mine to market integration plan, and as of today is closing the loop at a pace that we believe will maximize shareholder value. We presently have three analysts covering us as of this week, and anticipate further coverage in the not too distant future.

Before I close I would like to just re-confirm the purpose of these conference calls is to update and provide activities for the next several months, and to go over the past. We will continue to do this to inform our shareholders and potential shareholders.

With that I will again thank you for taking the time to join our conference call today, and I would be very pleased to answer any of your questions.

OPERATOR: Okay. At this time I would like to remind everyone in order to ask a question, press * and the number 1 on your telephone keypad. Please, we ask for you to limit your questions to one question and one follow-up to allow sufficient time to answer everyone's question. We'll pause just a moment to compile the Q&A roster.

Your first question comes from David Snow of Energy Equities. Your line is open.

DAVID SNOW: Thank you. I'm just wondering you mentioned that the various aspects of slide 4 pointed to low capital costs. What is a ballpark would be to capital costs for the South African, the LCM part of it?

JIM ENGDAHL: Hi, David. Yeah, anticipated costs of the mining refurbishment and building the processing facility is approximately $30 million and the solvent extraction separation plant is approximately another $30 million. Those numbers we have been quoting for some time, and as we get closer to those dates we're getting more and more comfortable with them. And as we get close to confirming them.

DAVID SNOW: Is the chloride plant in the solvent or the first $30 million?

JIM ENGDAHL: Well it'll be a total of $60 million in total.

DAVID SNOW: And is the chloride plant part of the solvent extraction?

JIM ENGDAHL: The first $30 million, yes.

DAVID SNOW: Okay. I see what you're saying. Okay. Thank you.

OPERATOR: Your next question comes from Bill Melnick, private investor. Your line is open.

BILL MELNICK: Hello.

JIM ENGDAHL: Good morning, Bill.

BILL MELNICK: Pretty good. How are you?

JIM ENGDAHL: Terrific.

BILL MELNICK: In May you announced that Barr Engineering was contracted to update the Hoidas Lake 43-101. What is the status of that update?

JIM ENGDAHL: That is ongoing. And we anticipate that to be finalized fairly shortly. We're just waiting for… there was a terrific amount of paperwork that had to be caught up on there, and I think we're pretty well done with that.

OPERATOR: Your next question comes from Steve Weir. Your line is open.

STEVE WEIR: Hi, Jim.

JIM ENGDAHL: Hi, Steve.

STEVE WEIR: Great management team, just wanted to say.

JIM ENGDAHL: Well, thank you.

STEVE WEIR: One of my questions is I read an article about Aichi, Toyota looking at other alternatives for the magnets and that. I'm just wondering if you have any concerns that way?

JIM ENGDAHL: Actually no. We have no concerns. Our relationship with Aichi Steel and Toyota has been excellent, and as you know we previously announced an agreement to provide them with 50 per cent of their magma material as they go forward. So I think it's just a matter of them wanting to have more diversification in supply choice of where it's coming from. And they will, as you said, we will provide them with at least 50 per cent. They obviously will require more from other places, which is just a prudent business decision.

STEVE WEIR: I see. Okay. Thanks very much.

JIM ENGDAHL: Thank you.

OPERATOR: Again, I would like to remind anyone that would like to ask a question to press *1 on your telephone keypad.

Your next question comes from Bill Westmacott from Fivefold Wealth Management. Your line is open.

JIM ENGDAHL: Good morning, Bill.

BILL WESTMACOTT: Oh hi, Jim. I just wanted to find out what your intentions are in terms of getting listed on the AMEX, getting more exposure into the U.S. market?

JIM ENGDAHL: It's always something that comes up as the topic at our board meetings, and senior management meetings, and it's very topical with us. We consider it pretty well monthly, and I think when the opportunity is there and the right time is there we will very seriously look at that.

BILL WESTMACOTT: Okay. Thank you.

OPERATOR: Your next question comes from Bill Catcher. Your line is open.

JIM ENGDAHL: Good morning, Bill.

BILL CATCHER: Good morning, Jim. I just wanted to know, a follow-up to the previous questioner, whether you were considering a reverse split to attract more of the conservative investment houses in the States and in Canada where stock price is a very important factor to them?

JIM ENGDAHL: Yes. As you know, not our last AGM, but the AGM before, we actually had shareholder approval to move forward with that. And that was on the anticipation that we would be looking at perhaps a listing of some sort in the United States.

In order to do that on any one of the exchanges there, our share value has to be at a certain level. So it is something that we do consider. We don't take it lightly. But we will look at it. If it is a means to an ends in getting us to the right share value and exposure in the United States, which we do believe we do need more of.

BILL CATCHER: Yeah, so... but there's nothing imminent involved in that process?

JIM ENGDAHL: We haven't announced anything on that, no.

BILL CATCHER: Thank you though, Jim.

JIM ENGDAHL: You're welcome.

OPERATOR: Your next question comes from George Ireland from Geologic Resource. Your line is open.

JIM ENGDAHL: Good morning, George.

GEORGE IRELAND: Good morning. Can you go through your current cash resources, and then to follow-up on the questions asked earlier, outline your probable timetable of spending, and also any inflows of cash coming from warrants that would be offsetting that, and sort of what sort of gap are we looking at in terms of the numbers?

JIM ENGDAHL: Our cash resources at the moment are around about a $1.5 million. And our spending timelines, we have put out most of the capital we require for this month and a good part of next month.

We continue to look at our priorities in terms of how we move forward on the financing and get Steenkampskraal financing.

As you know, we do not… our number one priority is that we will arrange financing of some sort if it means that we're going to slow down our projected target date.

We still continue to look… our warrants right now outstanding is about $23 million, and they're all well into the money, and we're anticipating hopefully some of those to come in fairly shortly. We also anticipate some capital available through off-take agreements that we're in negotiations with. But we will be making a decision in the very near future on how we move forward, and if we do make that decision it's going to be on the least dilutionary basis possible for us to do that. And that's the main reason why we're working through.

I know the markets are a little bit skittish these days, but we feel because of the rare earth industry and because of where Great Western is positioned within the industry that there's always a risk, but we think it's a little bit less with us, and we're just waiting for the right time to make those decisions, and again, minimize our dilutionary impact, but also not to slow us down on our timing.

GEORGE IRELAND: Could you outline how you would value an off-take right? We've seen a number of companies, primarily in the copper business that have done in fact truly stupid deals regarding their off-take and destroyed substantial shareholder value. So I'd be interested in hearing how your methodology would work for assessing value to what control of your off-take is in this market.

JIM ENGDAHL: Well, it's a unique marketplace, George, as you know because there is no long-term commodity prices on any of the rare earth elements. There's a lot of spot prices on everything, and so you try and achieve as close as you can to the spot prices.

What we are trying to do and accomplish is to make sure that our customers receive a fair value in our negotiations of long-term off-take agreements. But at the same time not taking away the upside for ourselves and covering off our downside. So it's really the kind of approach most industrial-type mining operations would take to try and achieve that.

The rare earth industry's been rather unique because of the hyper growth or increase in prices, and it's been really difficult for a lot of the end users to adjust to their budgets going forward with the increases. So there has been… there is a settling period right now that's going on, and we feel that those numbers… we will be able to come up with very attractive deals that do satisfy the end users, but also not remove the upside for us and cover off the downside.

GEORGE IRELAND: But Jim, as you talk about long-term pricing contracts, are you talking about client contracts that relate to off-take with pricing locked in or is pricing left open?

JIM ENGDAHL: It'll be a floating pricing where there'll be a… in most cases a cap and a table with an opportunity to participate over the cap if the price stays high, but not to go below the table. So it's just one of those things. It's a unique marketplace, and that's the approach we've taken. So I think we will achieve our best value.

At the same time a lot of these long-term deals will never get announced publicly in terms of what the structure is. So there may never be a real commodity long-term pricing. It'll all be based off of spot and some formula that comes from that.

GEORGE IRELAND: I apologize if you feel like I'm calling you to task on it, but from what we've seen most corporate managements and their investment bankers don't have a clue about what the cost of capital implied in committing off-take is in this industry. How are you going to evaluate that? And how do you compare and contrast that to raising debt or raising equity?

JIM ENGDAHL: Well our cost of...

GEORGE IRELAND: Let me just give you an example. There's a copper producer who has basically sold out all of its copper or committed all of its copper to a trading company. We think it's trading at probably 30 per cent discount to its peers because of that. What's to make sure that you don't get in a similar position?

JIM ENGDAHL: Well I don't think we're going to go into exceptionally long-term deals. Three to five years would be the maximum we would anticipate because we do believe this industry's going to have growth over the long term. There's going to be a lot of volatility over the next two to five years, but beyond that we think there'll be a stabilization, and you'll be able to do a lot more… better forecasting. And if in fact the markets continue to increase like we anticipate, we believe that we will be in a position to take advantage of the higher prices as we go forward into the future. But...

GEORGE IRELAND: If I go back to my earlier question is how are you going to value off-take rights as opposed to share issuance or debt issuance?

JIM ENGDAHL: Well we're going to look at each individual case, George, as it relates to the customer or a new customer. But our cost of capital is going to be relatively small because of our cost of capex going into the operation. So in our case it's not going to be as big a factor when evaluating going forward. Certainly we would obviously want to get an excellent rate of return on any investment we do, but again, if we're talking just a peer cost of capital on financing the operations, it won't be an overly significant factor.

GEORGE IRELAND: In which case, why would you want to tie up your off-take, your supply of production for anything longer than nominal terms with potential customers?

JIM ENGDAHL: With the exception of special customers, we probably… we probably won't do that. I mean those are some of the things we're in negotiations with right now. And so depending on what the requirement is and the history of our customer, we certainly want to treat all our clients in a fair way so that they're not exposed to where in the future if other opportunities get presented to them that their loyalty is to us.

GEORGE IRELAND: I guess as a shareholder of Great Western, I would really urge you to understand what the true cost of off-take contracts are as related to the equity shareholder.

JIM ENGDAHL: Well I...

GEORGE IRELAND: I've carried on too long. Thank you, though.

JIM ENGDAHL: I appreciate those comments, George, and we definitely will take a new look at that as well.

GEORGE IRELAND: Thank you.

OPERATOR: Your next question comes from David Snow from Energy Equities Incorporated. Your line is open.

DAVID SNOW: Yes, hi. I'm wondering, is there any news flow that'll come from the drilling and resource evaluation before the 43-101? Will you put out any of the drill results or anything like that?

JIM ENGDAHL: As they become available we will be releasing them.

DAVID SNOW: When do you feel that you'll be getting some? In the fourth quarter or…?

JIM ENGDAHL: It's really dependent on the labs. As you know, David, some days you can get them through quickly and other days you can't. I mean, it would be our hope we'd have some in the fourth quarter, but it may not be.

DAVID SNOW: Okay. And I'm wondering if you noticed the recent announcement that Molycorp is investing in a wind power company that does not require DY in its wind turbines. I didn't know that was a big market, but I guess if it is, have you had a chance to look at that, and see what it might imply for the DY demand?

JIM ENGDAHL: There is a huge demand for magnets in the wind power industry. And we've known for some time that dysprosium was a bit of a holdback. But we also know that there's been a lot of companies working on dysprosium-free magnets for that sector. Neodymium and Praseo is the ones that we've been focusing on, and it really… because of the shortage of dysprosium we don't see that being an issue impacting us at all in any… virtually in any way.

DAVID SNOW: Okay. Well, thank you very much.

OPERATOR: Your next question comes from Tony Hayes from Euro Pacific. Your line is open.

JIM ENGDAHL: Good morning, Tony.

TONY HAYES: Hello?

JIM ENGDAHL: Hi, Tony.

TONY HAYES: Sorry. Pressed the wrong button there. My question would perhaps answer some of George Ireland's concerns. How much cash do you need to complete the chloride facility and the mine through the first quarter of next year?

JIM ENGDAHL: Well, we've spent about $8 or $9 million, I believe, to date. So if our budgets are correct at $30 million we're looking at another $22, $23 million.

TONY HAYES: Okay. And how much would be coming from the exercise of the warrants?

JIM ENGDAHL: Well we hope a good portion of it we keep… it coincides with the exact number. But because we don't have any triggers with the exception of the $0.50 warrants, there's about 6 million of them that could be triggered at a dollar. And if that in fact happens then that would come in. The rest are October, I believe, of 2012, which… So sometime between now and then. The timing of those are always critical, and we'd love to have them come in before then, but that's our hope.

TONY HAYES: And what price are they at?

JIM ENGDAHL: They're at $0.45.

TONY HAYES: At $0.45?

JIM ENGDAHL: Yeah.

TONY HAYES: Well, wouldn't it be, I guess, a good thing to encourage these people to exercise on an early basis in order to reduce dilution as George has been alluding to?

JIM ENGDAHL: Yes. We, in fact, have been encouraging. We do not want to go out with an incentive program because some of those shareholders have already exercised their $0.45 warrants, and it would be unfair to those shareholders that have already done that if we incentivise the rest. So we're just hoping that the existing shareholders that have the warrants outstanding at $0.45 and $0.50 will exercise, and that would be a terrific move on their behalf and really show support for the company.

TONY HAYES: Well, couldn't we push to get them to realize that it is to their benefit to act and exercise these early?

JIM ENGDAHL: Yeah, you bet.

TONY HAYES: Maybe George has got a few warrants himself.

JIM ENGDAHL: You bet. We have been doing that, but again we're not going to incentivise anybody for the reasons stated. And we will continue to push for it, yes.

TONY HAYES: Okay. And the $30 million for the separation plant, how much of that would you expect to come from the Chinese?

JIM ENGDAHL: They will own 25 per cent, so depending on the final terms of agreement it would roughly be $7.5 million. But those terms are just being worked out as we speak. So at present it may be that they don't provide any of that, and it may be just their 25 per cent interest for their technology that they bring to the table.

TONY HAYES: Huh-huh, huh-huh. And the… the rest of the money would have to be raised debt?

JIM ENGDAHL: It could be debt because we certainly have parties that are interested in looking at a straight debt position. That's correct.

TONY HAYES: Okay. Well, that's if we can encourage people to exercise the warrants early.

JIM ENGDAHL: I would love for a flow of cheques to come in tomorrow.

TONY HAYES: Okay. We'll see if we can help.

JIM ENGDAHL: Thanks, Tony.

TONY HAYES: Thanks. Bye.

OPERATOR: Your next question comes from Thomas O'Boyle from TOB Enterprises. Your line is open.

JIM ENGDAHL: Hi, Thomas.

THOMAS O'BOYLE: Hello, sir. Is there any information that you could share with us on other sources of rare earths that are under your control, any other properties?

JIM ENGDAHL: Repeat that, Tony. I didn't quite hear you.

THOMAS O'BOYLE: Tom, it's Tom.

JIM ENGDAHL: Right. Sorry, Thomas.

THOMAS O'BOYLE: What other sources of rare earth minerals do you have under development?

JIM ENGDAHL: Well we have Hoidas Lake, which has always been our North American flagship property, which is still looking very promising in terms of our target date of 2016 and we continue to move forward. You'll hear more about that by first quarter of next year.

We continue our number one priority in expanding our resource base is at Steenkampskraal directly from exploration, but also, as you know, we're going to look at other monazite streams in South Africa and Africa. And the reason why we will continue to do that is our facilities will be all set up. We are one of the only mines in Africa that we're aware of that's licensed to store thorium. So if there's any other monazite streams available, and there certainly appears to be, and we're in discussion with several of them, once we've done our work and have some deals, there will be opportunity to expand the capacity, as well as the life through those. So we've got several opportunities in Africa and South Africa alone to work on that.

We're having some pretty early success at Search Minerals in the East Coast of Canada, although again it's way down the road. It is looking promising.

And we continue to look for early stage opportunities that are mainly great infrastructure and mainly heavy rare earth related. And there's several of those opportunities that are presenting themselves as well. And more so since the world has started to understand that we will be one of the few companies out there with separation technology moving forward.

THOMAS O'BOYLE: Yes, the second and last question is when you separate, you do have elements that you might deem as waste. Would you have off-take agreements to allow you to get rid of that ore that you're not using those elements?

JIM ENGDAHL: Yeah, we never call rare earth oxide waste in our world. They're all very valuable. But we do consider them, some of them as by-product because our main focus is the magnet material. But we are working on off-takes for cerium, lanthanum as well as the gadolinium, yttrium and some of the others. But the main ones that we're working on that we will process downstream is the magnet materials.

And so yes, the answer is yes, we will have off-take agreements at the oxide stage for anything other than our magnet materials.

THOMAS O'BOYLE: Well I'm just worried about the storage element where it takes space and you're going to need that space for other things.

Thank you, sir. Appreciate it.

JIM ENGDAHL: Thank you, Tom.

OPERATOR: Again, I would like to remind everyone that would like to ask a question to press *1 on your telephone keypad.

Your next question comes from Lou Pearson. Your line is open.

LOU PEARSON: Hi. Yes, Jim, my question is... sort of bounces off a question that was asked before. In your August 9th press release that you retained John Selby as a consultant to advise on processing additional monazite streams, that suggested to me that you had a fair amount of confidence that you were going to be able to consummate some arrangements with the firms that have those tailings on the Western Cape.

JIM ENGDAHL: Yes, that would be our hope. We absolutely… John, we think, is one of the most knowledgeable in the sector with his experience at Richards Bay, and believe that he has the knowledge of most, if not all of the monazite streams in South Africa and surrounding area. So we think he can be a tremendous addition to our team in that part of the project.

LOU PEARSON: My second question is really a little left field perhaps, but in terms of Great Western Technologies, in the research contracts that you have with the U.S. government, has intellectual properties developed… who becomes the proprietor of that property?

JIM ENGDAHL: Well at present we are only contractors, so… and we're only a piece of the part of the research. So the end result of whatever gets done would be owned by whoever has hired us to do that. In most cases it's DARPA at this point in time. And quite frankly we don't even know the end use for some of the alloys that we're working on with them.

LOU PEARSON: I see. Okay, thank you.

JIM ENGDAHL: Okay. Thank you, Lou.

OPERATOR: Your next question comes from Terry Reid. Your line is open.

TERRY REID: Hi, Jim. I'd just like to ask you – I work in heavy industry in Canada. And the company I work for is taking some hits. And a few mining… underground mining companies in South Africa have taken hits on deaths of people working underground. Do you have a comprehensive health and safety program in place?

JIM ENGDAHL: We absolutely do. We have… and we've hired all of our radiation specialists are in place. We're working on the protocols that have been established by the NNR and our mining permit, and it's one of our highest priorities is safety and exposure to radioactive materials. And we believe we will be one of the best positioned to lead that sector, and really show South Africa, in particular. But again, as you know when you're a Canadian company operating offshore, you have to operate at the standards established by Canada at a minimum. If the country you're operating in has lower standards, you have to operate at least at the Canadian level.

In this case, South Africa has done a lot of their training and policy setting, particularly in the radiation area, and got that training from Canada, and particular in Saskatchewan, right where we come from. So we're very familiar with that, and we have hired all the appropriate people, and we'll continue to hire more if needed.

TERRY REID: Yeah, I understand that, Jim. But I'm talking more... I'm not so worried about the radioactive stuff, but it's like a roof falls and whatnot, (inaudible) being killed from roof falls and not scaling properly and whatnot. Is that being addressed?

JIM ENGDAHL: Absolutely. The underground refurbishment is a big part of that, Terry. And we're certainly not allowing anybody underground till that's absolutely 100 per cent safe to do that.

TERRY REID: Well, thank you very much.

JIM ENGDAHL: Okay. You're welcome.

OPERATOR: Your next question comes from Jesse James from Geologic Resources. Your line is open.

JIM ENGDAHL: Morning, Jesse.

JESSE JAMES: Good day, Gary. Can you hear me?

JIM ENGDAHL: I sure can.

JESSE JAMES: You spoke earlier in your presentation about the full value of the company comes in at the top end of the manufacturing chain. Can you expand a bit on that theme for us, please?

JIM ENGDAHL: Yeah. In the actual processing we have four steps that we look for revenue streams and cash flow. The first is the mining phase of it where we will produce a mining chloride. And that, we think, will contribute about in our case with Steenkampskraal and our existing model, about 20 per cent of the revenues will come from that.

Then you move upstream into the separation facility, which will also be a separate operation from the mining perspective. And that'll contribute about 40 per cent, plus or minus. And metal making and alloy making will contribute the next 40 per cent.

And so when we say downstream from mining, we think, in our case, in our business model, it'll range from 20-per-cent mining to 80-per-cent downstream.

JESSE JAMES: Huh-huh. And do we have any potential levels there? I mean in terms of millions, hundreds of millions, billions of dollars perhaps?

JIM ENGDAHL: Well in our internal model...

JESSE JAMES: Potential

JIM ENGDAHL: … based on 5,000 tonnes of rare earth oxide production, we're anticipating when we're at full capacity at the 5,000 and separating, selling off our oxides we're not using and processing downstream the magnet materials, and using some conservative pricing, we expect to generate well in excess of the $250 million in cash flow.

JESSE JAMES: Huh-huh. Okay, thanks. That was my question.

JIM ENGDAHL: Okay. Thanks, Jesse.

OPERATOR: Your next question comes from David Snow from Energy Equities Incorporated. Your line is open.

DAVID SNOW: Yeah, hi. Just to relate those percentages to the oxide prices you see in Metal-Pages, I guess those would be after the separation. So those would be the first 60 per cent and 40 for metals and alloy making would be added to that. Is that the way it would work?

JIM ENGDAHL: Yes. Now we've taken our own conservative pricing in certain elements that we think some may be overpriced and some we'll certainly settle out at different levels, and we need to put them into our estimates. If you use current spot prices, the numbers get quite ridiculous. Or I shouldn't say ridiculous, very attractive but not realistic, I guess.

DAVID SNOW: Does the spot prices go through the separation level? Is that where they're related to?

JIM ENGDAHL: No. We… We use...

DAVID SNOW: In Metal-Pages you see oxide prices. Those oxides are after separation, isn't it?

JIM ENGDAHL: Yes, they are. That's right. That's after separation.

DAVID SNOW: Okay.

JIM ENGDAHL: If it's an oxide pricing. There's also metal prices as well. But we will be using oxide pricing at that stage, yes, after the separation.

DAVID SNOW: Okay. Thank you very much.

JIM ENGDAHL: You're welcome.

OPERATOR: Your next question comes from Glenn Hunt from JMM Trading. Your line is open.

GLENN HUNT: Good morning, Jim. How are you today?

JIM ENGDAHL: Good morning… morning, Glenn. I'm terrific. How are you?

GLENN HUNT: Excellent. Just as a quick recap and a question at the end of it. And I'm going to give rough numbers, so I'm not going to be accurate. About a year ago we raised $35 million at $0.33. The stock is about $0.83, which is 250 per cent of that number. The company needs about $30 million, give or take. If the company did an equity issue here it's a small 10-per-cent dilution. In my opinion the biggest question mark hanging over GWG is not Less Common Metals; it is not Steenkampskraal hole in the ground; it is not the separation facility. It's will we have the money to dig that stuff out of the ground if we run into a credit crunch?

Management is very concerned about diluting the shareholders. This shareholder would dearly love management to raise the money, and would be happy to do it in the equity market. I would much rather see a bird in the hand than an off-take that might come from the Chinese or the Japanese or Lithuania or God knows who.

How could a shareholder encourage you guys to do an equity issue, put the money in the bank, and take the risk off the table?

JIM ENGDAHL: Well, we recognize that same risk, Glenn, and that's why we're monitoring it exceptionally closely, and we will be making a decision on the financing here fairly shortly if the warrants don't flow in.

But we don't disagree with you for a second, and we think the biggest risk is not being financed. And although in our industry, as I explained, I think there's less of a risk for us than there is for a gold or silver mining operation, but – maybe gold's a bad example today in a hot and volatile market – but we do believe that that has to be addressed and has to be addressed fairly quickly.

GLENN HUNT: Excellent. In my humble opinion, I think the market would be accepting of an issue of about that size. So I think you can get the cash in the door. And frankly at 10-per-cent dilution to take that risk off the table is well worth doing.

JIM ENGDAHL: Yeah. I would agree with you that the markets are very interested. We see a tremendous amount of interest in our company from all parts of the world.

GLENN HUNT: Absolutely.

JIM ENGDAHL: And that's why I feel comfortable that we can do it. I mean, short of a total collapse globally, we do appreciate that risk and we are going to be dealing with it.

GLENN HUNT: And the warrants come due in 2012 and 2015. So I don't think there's a bunch of warrant holders lined up to give us money early. I know they do drift in in pretty good size. But again, for me, if you had $30 or $40 or $50 million in the bank, I think that would make our company an even more attractive company.

JIM ENGDAHL: We'll come knocking on your door, Glenn.

GLENN HUNT: I will be here. Thank you, gentlemen.

JIM ENGDAHL: Thank you.

OPERATOR: Your next question comes from Patrick Shuchuck(ph). Your line is open.

PATRICK SHUCHUCK: Thank you. Last week there was an analyst on BNN commodities, and was saying that Great Western Minerals was not a mining company. Have you noted that and tried to remedy that situation for the… to create a different image?

JIM ENGDAHL: Actually I got to tell you, Pat, we've been trying to create that image that we're not just an exploration company; that we are a mining and manufacturing company. And so I got to say that we're actually pleased that somebody in the marketplace has somewhat recognized that. And I say that not in disrespect to anything that you've said or anybody else, but that is part of what we feel is our issue with the market is that they do not understand us.

And as I explained in our integrated model a few minutes ago, where our money is going to be made is in the processing downstream. Eighty per cent of that's going to come from there, 20 per cent from mining.

PATRICK SHUCHUCK: So I see, yeah.

JIM ENGDAHL: So we really are a mining and manufacturing company. But we certainly have an exploration and a component to us that is significant, and we continue… that does continue to be a critical part of it.

But we do want to – because we're a unique animal in the industry there's very few like us. We're, I think, looked at a little differently, and this is one of the analysts that I think understood it a little bit more so than a lot. But we're quite… we were quite pleased with it, by the way.

PATRICK SHUCHUCK: Oh good. That's good to hear. Yeah. Do you plan on going on to Commodities? I know it costs money, but to present a public image?

JIM ENGDAHL: Well, we do sometimes go on there when it doesn't cost us money. We get invited on, and we gladly take those opportunities, and then we certainly will be, I think, trumpeting our horn a little bit more as we move forward.

PATRICK SHUCHUCK: Thank you very much.

JIM ENGDAHL: Thank you, Pat.

OPERATOR: Your next question comes once again from George Ireland from Geologic Resource. Your line is open.

GEORGE IRELAND: Yeah, Jim. I was listening to what Glenn said. I too would absolutely endorse the concept of raising the $30 million as quickly as possible to get the money in the bank, maintain the company in an uncommitted this …

JIM ENGDAHL: Are you still there, George? We do agree with that position though, and it's certainly one that we're paying attention to.

OPERATOR: Your next question comes from Terry Reid. Your line is open.

TERRY REID: Hi, Jim.

JIM ENGDAHL: Hey, Terry.

TERRY REID: Nice to talk to you again.

JIM ENGDAHL: Good to talk to you.

TERRY REID: What do you think of Linus(ph) at MCP trying to do this vertical integration? Are they… do you think they're copying your model or…? You're lucky already. You're starting from the top down. So what do you think of that?

JIM ENGDAHL: Well, Linus isn't copying us. They're going just to the separation stage. Now Molycorp certainly are, and their model, I think they did understand it, and hopefully they did take it from us because it is the right model in the industry.

We're not concerned about it. In fact it's an excellent model to be. Because of our history in it, and particularly with less common metals and the quality of product that they make, it’s not something that you can easily get into. And it’s not like there’s patents out there unless you’re getting actually into magnet making where we don’t do that. We only take it to the alloy stage. So that allows us to be able to participate with the whole magnet industry and not isolate us and create competition for it.

So I think there’s different types of models that you want to really look at, and be careful to keep your market capability and expansion available. So again, with the exception of Molycorp we are the only ones in the game, in a fully integrated model, and we’re certainly getting recognized as that as unique in a positive way more so in the last six months than we ever have.

TERRY REID: Well that’s excellent. Excellent. And you’re also looking at production in early 2013 including that. What do you think about the prospects of just the minors after 2013 – well actually 2014, 2015 when they’re all going to come into production and flood the market?

JIM ENGDAHL: Well I think there’s… the first movers, like ourselves, are going to have a bit of a smorgasbord, quite frankly, because a lot of these companies that are exploring and the few that do get to an economic level or production will be looking for partners like us to help them take it the rest of the way. And it’ll create great opportunity for us, and if we are, and we believe we will be one of the first movers. So I think it's just a huge opportunity for us.

And there's not going to be… when the smoke all clears there's probably going to be less than 10 real rare earth companies in the world, and that might out as long as 2020 when that happens, but it will happen, and there will become some normalcy in the industry.

TERRY REID: Excellent. So do you believe that the heavy rare earths are going to come out on top? Is Hoidas Lake heavy on rare earths or have you explored it enough to know or what?

JIM ENGDAHL: Well I think there's a little bit of misleading information in the marketplace as it relates to heavies and lights. There is a differentiation between cerium and lanthanum and the rest of the rare earths, and that's the way we look at it. And the reason for that is that cerium and lanthanum compose anywhere from 60 to 80 per cent of any given deposit.

The neodymium, praseodymium the ones that are also known as light rare earths, there will be continued pressure on demand for them because of the magnet industry, and that's really what's driving the rare earth world.

So when you look at the game, looking at lights and heavies is a little bit of a misnomer. Certainly the heavies that are known are more valuable, but there's a lot less of them. So it's the magnets that are really going to continue to drive it. And when you get more mines in production you're going to have a continued increase in supply of cerium and lanthanum. And those are the ones that might be more volatile in the marketplace.

TERRY REID: That's very interesting because I follow Stockhouse here in Canada, and there's certain posters on there that are pushing the heavy... heavies quite heavily because that's where the money is. But no, it's quite satisfying that you're quite candid about it, doesn't really matter. Thank you.

JIM ENGDAHL: Well the price per kilogram of heavies is… on a price per kilogram for lights or the known lights is substantially different, for the most part. And it's mainly because of the supply issue.

TERRY REID: Excellent. Thanks for your answer, Jim.

JIM ENGDAHL: You're welcome.

OPERATOR: Your next question comes from Sid Nealam(ph). Your line is open.

JIM ENGDAHL: Hi, Sid.

SID NEALAM: Good morning, Jim. How are you?

JIM ENGDAHL: Terrific. How are you?

SID NEALAM: Great. A question from the south of the border as you know. Just wanted to get an update. I was not at the last AGM, but I've heard that Dr. Hankura(ph) from IG Steel made an offer to Great Western, offering to invest or I guess I don't know what type… kind of financing he was referring to invest in Great Western. Is that proposal out on the table? Is it a dead issue? Where has that gone?

JIM ENGDAHL: Dr. Hankura did make the statement in his presentation at our AGM to that effect. And I can only say that we are in discussion with several parties about strategic partnerships, and we continue to be taking that in a positive step forward.

SID NEALAM: Great, Jim. Thank you. And also I'd like to commend on the great job you and Gary and the rest of the crew are doing. Please continue to do that, and we are here to support you guys.

JIM ENGDAHL: Thanks so much, Sid. We got a little ways to go to the race, but we're getting close.

SID NEALAM: All right. Great, Jim. Thank you.

OPERATOR: And our final question of the day will come from Russell Starr from Euro Pacific. Your line is open.

RUSSELL STARR: Hey, Jim. How are you?

JIM ENGDAHL: Great, Russell. How are you?

RUSSELL STARR: Good, good, good. I said I wasn't going to ask a question, but I feel obliged to now. Some of the questions thus far have surrounded cost of capital. Obviously a great question by George. I think maybe either there needs to be a little bit more clarity if you can provide it in terms of risk requirements near term, and what you're seeing. Is there anything you can elaborate on other than simply saying our primary goal is to negotiate some sort of an agreement with one of our good clients? Or is this a situation where we sort of stay in this nebulous world of maybe a deal comes or maybe a financing comes or maybe an agreement comes? And I know it's a difficult question, but perhaps you can just elaborate a little bit more as to why your primary focus remains associations or agreements with your clients?

JIM ENGDAHL: Russ, I think the quick answer to that is it provides us with a long-term stability with our client base with a minimal dilutionary factor. At the same time – and again as we've stated – we will not be held back from financing our operation if it means we are going to meet our goals on time. If in fact we are not going to meet our goals on time, and it is money, we will do what we have to do to get that.

So… and it's always a very delicate point of topic when we're in a public forum as to what we can and cannot say, particularly as it relates to financing. And so...

RUSSELL STARR: Obviously.

JIM ENGDAHL: … we do take a cautious approach to that.

But… and again, as I've said historically, we will be addressing the issue, and we will be doing it very shortly.

RUSSELL STARR: And then just one corollary to that, and that is I know there's been a lot of historical work done on the project, and at one point the project, I believe, almost had a BFS done in its entirety. Is there anything associated with that that might help deal with any financing issues?

JIM ENGDAHL: Well what… the only thing that we can do with that historical information is confirm it and republish it. And that's what we're in the process of doing. There's mountains and mountains of information there, and we certainly have based our own internal decisions on moving forward on that. And so we do need to confirm that.

But there isn't much we can publish as it relates to that 'cause in a lot of cases some of the work that was done wasn't done by qualified labs that would qualify for N 43-101. And so we don't want to send any mixed signals to the marketplace. We just want to come out with a 43-101 that we have confirmed.

So I guess I could say we would love to be able to publish more information, but at this point we've made the decision that we won't be, based on historical information.

RUSSELL STARR: Okay. No, that's fair. Well, thank you very much, Jim.

JIM ENGDAHL: You're quite welcome. Thank you, Russ.

OPERATOR: Mr. Engdahl, I turn the call back over to you for closing remarks.

JIM ENGDAHL: Well first off I'd like to thank you all for joining us today and the excellent and tough questions that you posed to us.

And I just would like to reiterate that again, anybody has any questions, like to talk to you directly, my line is open; Dwight's line is open; Gary's line is open any time. You want to talk in more detail on the downstream side of it, David Kennedy, Russell Grant, our guys in the U.K. are absolutely terrific.

So again, thank you all and we look forward to completing our fully-integrated model here over the next 18 months and really see things happening.

Thank you.

OPERATOR: This concludes today's conference call. You may now disconnect.

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