



TSX-V: RES
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Drilling Begins at Rare Element's Sundance Gold Project

Vancouver B.C. - Rare Element Resources Ltd. (TSX-V: RES) is pleased to announce that drilling has begun on the Sundance gold project, which lies on the same property as the Bear Lodge rare-earths project in Wyoming. Gold exploration activity during 2010 will be focused on: 1) more detailed definition of known gold-mineralized targets with in-fill drilling, and 2) discovery of higher grade gold mineralization. The vast majority of the drilling will be conducted on near-surface targets with oxide zone mineralization, especially Smith, Taylor, and Carbon (Figure 1). Work is being conducted under a permit that allows up to 200 acres of disturbance.

One reverse circulation drill rig will be used initially to test the gold mineralization with approximately 35-40 angle drill holes, ranging from 500 to 800 feet in depth. A second drill rig may be added later in the program. A few deeper holes will be drilled where geological conditions and target concepts warrant testing for high-grade gold mineralization.

Over the past 4 years, geologist John Ray managed exploration activities on the Sundance venture. Through his guidance the Sundance gold-focused exploration project was advanced significantly, and the geology, geochemistry, and geophysics of the entire project area are much better understood. During this time, the gold mineralized areas were expanded and better defined. A total of 45 holes were drilled in the venture area and another 13 holes into claims held outside the venture. Many of the holes contain long intervals of low-grade gold mineralization (Table 1). The outside claims have now been transferred to the Company. Previous metallurgical testing of gold project drill samples indicates excellent gold recoveries (70-80%) depending on the crush size.

"Rare Element recognizes the opportunity to define a significant low-grade gold resource with a relatively modest exploration program of in-fill drilling. With John Ray managing our gold project, we have a seasoned veteran guiding our gold exploration," stated Dr. Don Ranta, President.

The Company's evaluation effort on the gold system is planned to culminate in an NI 43-101-compliant resource estimate that is scheduled for completion early in 2011.

Rare Element Resources Ltd (TSX-V:RES) is a publicly traded mineral resource company focused on exploration and development of rare-earth elements and gold on the Bear Lodge property. Gold exploration is being conducted as the Sundance project.

Rare-earth elements are key components of the green energy technologies and other high-technology applications. Some of the major applications include hybrid automobiles, plug-in electric automobiles, advanced wind turbines, computer hard drives, compact fluorescent light bulbs, metal alloys, additives in ceramics and glass, petroleum cracking catalysts, and a number of critical military applications. China currently produces more than 95% of the 130,000 metric tonnes of rare-earths consumed annually worldwide, and China has been reducing its exports of rare earths each year. The rare-earth market is growing rapidly, and is projected to accelerate if the green technologies are implemented on a broad scale.

ON BEHALF OF THE BOARD

Donald E. Ranta, PhD, PGeo, President & CEO

For information, refer to the Company's website at www.rareelementresources.com or contact: Mark T Brown, CFO, (604) 687-3520 ext 242 mtbrown@pacificopportunity.com . Donald E Ranta, (604) 687-3520 don@rareelementresources.com

Donald E. Ranta, PhD, PGeo, serves the Board of Directors of the Company as an internal, technically Qualified Person. Technical information in this news release has been reviewed by Dr. Ranta and has been prepared in accordance with Canadian regulatory requirements that are set out in National Instrument 43-101. This news release was prepared by Company management, which takes full responsibility for content. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release...

Figure 1 Bear Lodge Mountains Geology and Location Map of Gold Targets

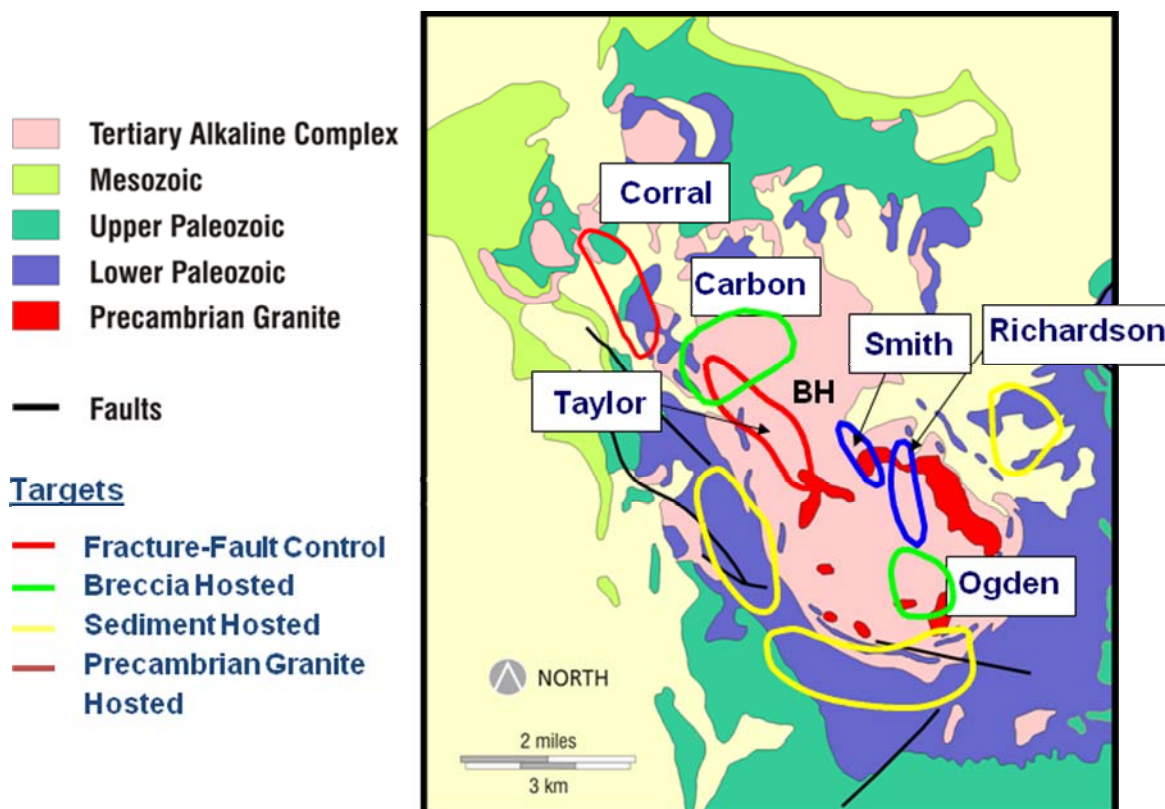


Table 1 Examples of Recent Drilling Results on Sundance Gold Project

	Target	Interval (m)	Intercept (m)	Gold Assay (g/t)
Sun-01	Carbon	1.5 - 48.8	47.3	0.56
	includes	19.8 - 29.0	9.2	1.17
Sun-02	Carbon	1.5 - 39.6	38.1	0.40
	plus	83.8 - 141.8	57.9	0.53
Sun-08	Taylor	0 - 126.5	126.5	0.44
Sun-09	Taylor	0 - 175.3	175.3	0.44
Sun-11	Carbon	7.6 - 54.9	47.3	0.46
Sun-13	Taylor	3.0 - 44.2	41.2	0.49
Sun-21	Carbon	0 - 155.5	155.5	0.66
	includes	0 - 36.6	36.6	1.35
Sun-22	(Carbon)	0 - 45.7	45.7	0.66
	includes	30.5 - 44.2	13.7	1.33
Sun-38	(Carbon)	1.5 - 86.9	85.4	0.47
	includes	48.8 - 57.9	9.1	1.18
Sun-043	Smith	142 - 218	76	0.85
Sun-044	Smith	138 - 94	56	1.05
Sun- 049	Smith	239 - 283	44	1.24