

Attention Business Editors:  
Rare Element announces \$750,000 financing

TSX-V: RES

VANCOUVER, May 19 /CNW/ - Rare Element Resources Ltd. (TSX-V: RES) ("Rare Element" or the "Company") announces that the Company has agreed to complete a \$750,000 financing consisting of 1 million Units at a price of \$0.75 per Unit. The additional funds will be used to provide working capital for the Company's rare earths exploration program and to help ensure that Rare Element continues to be in a strong financial position. These funds will also assist in completing the work as recommended in the Company's NI 43-101 compliant rare earths resource report filed on [www.sedar.com](http://www.sedar.com).

Each Unit consists of one common share and one half of one common share purchase warrant. Each two warrants allow the holder to purchase one additional common share for a period of 18 months from the closing date for additional consideration of \$1.00.

Don Ranta, President and CEO, stated that "while the Company has the gold exploration program currently being handled by Newmont, these funds will allow us to do additional exploration and metallurgical testing on the rare-earth deposit as justified by the increase in resources recently estimated."

Rare Element completed a NI 43-101 compliant resource estimate in April, 2009 which increased the rare-earth resource and provided encouragement for significant additional work. The Company continues to advance the commercial understanding of the Bear Lodge rare-earth deposit by planning for the next stage of drilling and continuing metallurgical testing to determine the recoverability of the rare earths within that resource.

Rare Element Resources Ltd (TSX-V:RES) is a publicly traded mineral resource company focused on gold and strategic metals such as the rare-earth elements. Rare Element and Newmont have entered into the Sundance gold exploration joint venture on the Company's Wyoming property. Newmont has the right to earn a 65% working interest in Rare Element's property, excluding any rights to the rare-earth elements and uranium but including rights to gold and other metals, by performing US\$5 million in property work expenditures over a five-year period. Newmont also has the right to earn an additional 15% working interest by completing a positive project feasibility study.

Rare Element's Bear Lodge property, Wyoming, also encompasses one of the largest disseminated rare-earth occurrences in North America (M H Staatz, 1983, US Geological Survey Professional Paper 1049D). In parallel with the Sundance gold-focused exploration project, Rare Element has completed a NI 43-101 compliant resource estimate and a Technical Report on the Bear Lodge Rare-Earth Mineralization. The Company is also continuing with a metallurgical testing program of the drill-hole samples collected during 2008.

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ON BEHALF OF THE BOARD  
Donald E Ranta, PhD, PGeo,  
President & CEO  
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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.

/For further information: refer to the Company's website at  
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