Tuesday, July 19, 2011

HALLGARTEN & COMPANY

Corporate Actions Coverage

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Molycorp (MCP)

Strategy: Not Rated

Key Metrics	
Price (USD)	$51.18
12-Month Target Price (USD)	n/a
Upside to Target	n/a
12mth hi-low CAD	$12.10 -$79.16
Market Cap (CAD mn)	$4,209.60
Shares Outstanding (mns)	82.3

	FY10	**FY11e**	**FY12e**
Consensus EPS		$0.38	$0.52
Hallgarten EPS		n/a	n/a
Actual EPS	($0.790)		
P/E	n/a	134.7	98.4
Dividend	n/a	n/a	n/a
Yield	n/a	n/a	n/a

Molycorp

Silmet – a key component for a global player

- + The recent acquisition of AS Silmet launches Molycorp as a player in the REE midstream where much of the margin is captured
- + The deal has left a number of "brides waiting at the altar" as exploration juniors were passed over for a "real deal" by the industry's 800lb gorilla.
- + The plant gives the company an immediate outlet for its concentrates should it start mining with seriousness before its US-based processing plant is in place
- + The $89mn price for the 90% stake scarcely makes a dent in the company's cashpile
- ✘ Environmental issues are currently not a problem but may become one
- ✘ The move muddies the waters on the claims that Molycorp is the US "champion" by adding a European component to its supply-chain
- ✘ The loparite mines of Russia may be in terminal decline thus endangering part of the company's supply chain

Rare Earths – confounding the pundits

The Rare Earths space has had more revivals than the Sound of Music. Over the last 18 months this "go-go" corner of the mining world has had it's ups and downs and several of the downtrends tempted ourselves and others to call an end to the boomlet. However the soufflé has always bounced back and investors have poured back in. It does not detract that the Chinese have provided a consistent stream of bad (which means good) news on the intentions and machinations in the Rare Earth markets.

The development that many have awaited and of which there was no sign, until now, is consolidation via M&A. Many would not regard the Molycorp purchase of Silmet as consolidation per se (mainly because those seeking it are juniors hoping a larger player will buy them out and give them a quick payday). Molycorp buying AS Silmet makes immense sense but is (maybe) a dashing of the dreams of those who hoped their favorite junior was first on Molycorp's list. The sheer practicality of MCP's move does not augur well for the merchants of moose pasture. MCP has clearly signalled that it wants something real for its dollars not just the mere ratios between light and heavy rare earths that many explorers tout as their claims to worthiness.

The Transaction

At the start of April 2011 Molycorp announced that its wholly owned subsidiary Molycorp Minerals, LLC had acquired a 90.023% in AS Silmet, the Rare Earth processing company in Estonia. Molycorp acquired 80% of the outstanding shares of AS Silmet from AS Silmet Grupp (which retains a 9.977% ownership interest). Molycorp acquired the other 10.023% from the Austrian company, Treibacher Industrie AG. The value of both transactions was approximately $89 million.

The acquisition provides Molycorp with its first European base of operations as well as doubles the company's current rare earth production capacity from approximately 3,000 tonnes per year of rare earth oxide (REO) equivalent to 6,000 tonnes. AS Silmet will immediately begin sourcing rare earth feed stocks for production of its products from Molycorp's Mountain Pass, California rare earth mine and processing facility. As a result of this transaction, the company is changing its name to AS Molycorp Silmet.

The facility's main focus will be on the production of rare earth oxides and metals -- including didymium metal, a critical component in the manufacture of neodymium-iron-boron permanent rare earth magnets -- from feed stocks supplied by Molycorp's Mountain Pass, California rare earth mine and processing facility. This is, as we shall later discourse upon, a change from the current and historic supply-source chain of the Silmet facility.

Moreover, the transaction also expands Molycorp's manufacturing capabilities beyond Rare Earths into the production of the rare metals niobium and tantalum, which between them have a wide variety of uses in electronics, materials manufacture, optics, health care, chemical process equipment, power generation systems, aerospace, superconductive materials, and others. AS Silmet is one of the world's leading producers of pure niobium and tantalum metal.

The company currently sells products to customers in Europe, North and South America, Asia, Russia, and other previous Soviet Union countries.

Historical Background

We first came upon the plant/district in 2008 (well before the REE furore) while writing up Monaro Mining (an ASX stock that has now morphed into Australian American Mining). This company had staked all the area around Sillimae for its uranium potential. It has since desisted from this pursuit.

Monaro's territory covered most of the known extent of the Dictyonema Shale in this part of Estonia. This lithological horizon is an analogue of the Swedish Alum Shale, a geological formation that is well known in that country for its high uranium, vanadium and molybdenum content. The adjoining kukserite shale beds have been exploited extensively over many decades as oil shale for processing into liquid fuels or burnt at power stations *as is*. The location of the area formerly of interest is illustrated in the map below with Sillamae roughly in the middle of the former concession.

Silmet's REE plant was converted from a former uranium processing plant around 1970 when this was a major uranium producing area of the USSR. The origins go farther back though for the facility was built in 1927 by Swedish investors as an oil shale production plant that was largely destroyed during World War II.

In 1945 the Soviets re-commissioned the facility for uranium processing and enrichment and named it "Factory No. 7". Uranium beneficiation in the Sillamäe metallurgy factory was started in 1948. During the Cold War era the surrounding town of Sillamae was an off-limits area.

From 1947–1952, 270,000 tons of Dictyonema Shale was mined from an area of five hectares from the coastal cliff at nearby Türsamäe. The estimated amount of elementary uranium in the concentrate produced from the Dictyonema Shale was 22.5 tons. The very small yield, less than 0.1%, was a result of primitive technology; consequently a large part of the uranium was left in solid waste. This production was found to be inefficient and the factory switched to other raw materials.

In 1970, the plant started production of Rare Earth and specialty metals products and uranium processing ceased in 1990 concurrent with the fall of the USSR. The company was privatized in 1997 as Silmet AS under leadership of current Managing Director David O'Brock.

In 2002, Triebacher Industrie AG, the large Austrian REE processor, bought a 25% stake in the company. In 2006, Zimal, a Swiss group bought 50% and the remnant 25% was in the hands of the Estonian-owned Silmet Group. This was our understanding of the share structure as of early 2010.

Zimal S.A. controls a majority of the Revda loparite mine and the Solikamsk Magnesium Works. These are major sources of Tantulum and Niobium to the Silmet plant. Rather ironically this transaction seemed to put back in place a vertical integration torn asunder in the breakup of the Soviet Union with the first stage of treatment of the raw material being performed at Solikamsk at Perm in Russia then the pure metals/compounds production is in Sillamäe and in Treibacher AG in Austria.

How exactly the shareholdings of Zimal and Triebacher morphed into the different-shaped holdings that Molycorp acquired is not quite clear.

The Facilities

Silmet's plant (shown below) is one of only two rare earth processing facilities in Europe (the other being Triebacher's in Austria). The company employs around 550 people and has three plants: one for REE separation, one for REE production and a metallurgical plant. The plant is organized into 25 divisions, and has annual capacity to supply 3,000 tonnes of separated light rare earth element products, 700 tonnes of specialty metals (mainly Niobium), and substantial fertilizer and chemical by-products per year.

Source: US Embassy, Estonia

Silmet's Rare Earth element separation factory, according to the USGS, can produce fluorides, hydroxides, oxides, carbonates, and solutions, as well as liquid nitric fertilizers. The specialty metals factory can produce metals, hydroxides, oxides, and ammonium bi-fluoride. The metallurgical factory can produce metallic niobium and tantalum chips, metallic powders and hydrides, neodymium metal ingots, neodymium-iron-boron alloys, and *mischmetal (*a mixture of light rare earth elements in the proportion contained in the host mineral).

In 2008, about 99% of the raw materials used in production at Silmet were imported and 99% of the products sold were exported.

Inputs

As previously mentioned the main input source for the Silmet plant has hitherto been the Revda loparite deposit on Russia's Kola peninsula. The mineral loparite (Ce, Na, Sr, Ca)(Ti, Nb, Ta, Fe+3)O^3 is the principal ore of the light-group rare-earth elements (LREE) in Russia. The complex oxide has a perovskite (ABO^3) structure with coupled substitutions, polymorphism, defect chemistry and a tendency to become metamict. The A site generally contains weakly bonded, easily exchanged cations of the LREE, Na and Ca. The B site generally contains smaller, highly charged cations of Ti, Nb or Fe+3. Ore is beneficiated to produce a 95% loparite concentrate containing 30% rare-earth oxides.

Source: Deutsche Welle

At the Solikamsk Magnesium plant the loparite concentrate is refined by either a chlorination process or acid decomposition process to recover rare-earths, titanium, niobium and tantalum. Rare-earths are separated by solvent extraction and selective precipitation/dissolution. This facility, in the Urals, has annual capacity for 13,000 tons of Loparite from which it produces:

- niobium oxide – up to 855 tons
- tantalum oxide – up to 60 tons
- carbonates and oxides of mixed rare earths – up to 3,600 tons TREO contained
- titanium sponge – up to 2'500 tons, or titanium chemicals – up to 4,350 tons TiO^2 contained.
- Chemical operations
  - liquid chlorine in containers – up to 3,000 tons
  - lime – up to 17,000 tons
  - calcium chloride brines (32% $CaCl^2$) – up to 72,000 tons

The concentrate is then processed at plants in Russia, Estonia (i.e. Silmet) and Kazakstan.

In addition to the loparite source, the Silmet plant has also been sourcing Niobium from the Pitinga mine in Brazil which is the dominant source of the world's supply of that metal.

According to USGS numbers, the output of REOs from the Silmet plant has been around 3,000 tons per annum in recent years.

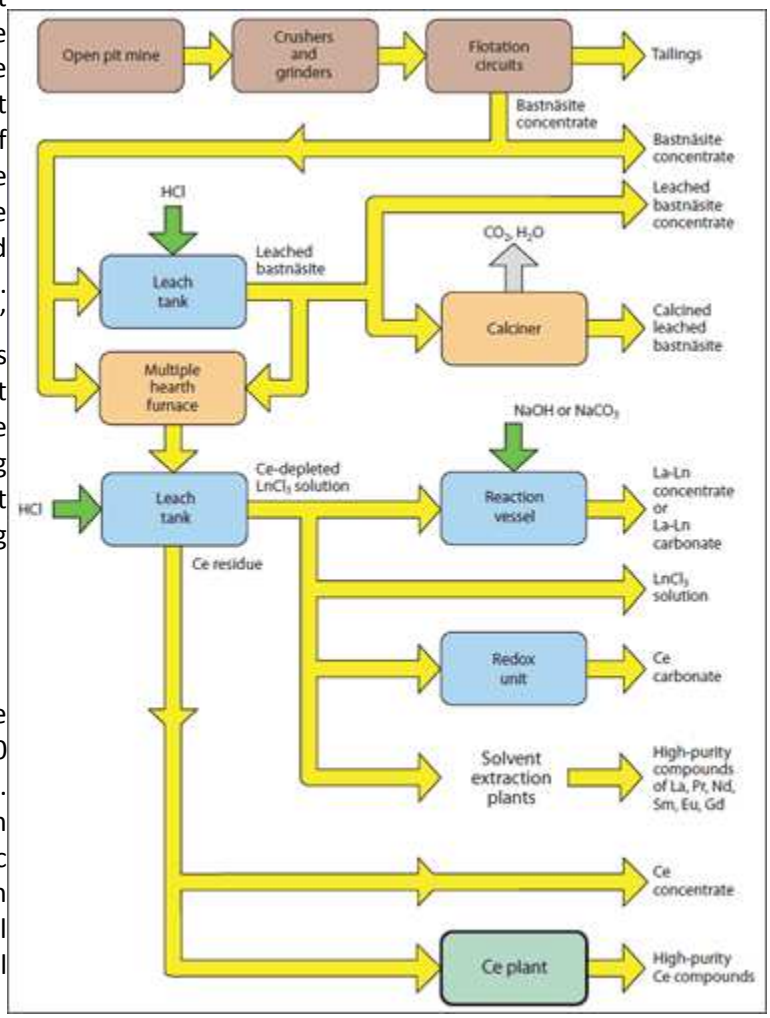
Process

The Silmet facility utilizes nitric acid-based solvent extraction to produce high purity cerium, lanthanum,

neodymium, and praseodymium chemical products and "didymium", a mixture of the latter two metals.

The first part of the process begins away from Silmet where the loparite is converted to concentrate. The process is hydrometallurgical ore concentrate processing which consists in grinding the concentrate in order to obtain a grain size of at least 0.075 mm, breaking down the loparite concentrate by nitric acid at atmospheric pressure and a temperature higher than 100 °C, thereby producing a hydrated cake of refractory metals and a nitrate solution of rare-earth elements, filtrating said hydrated cake and subsequent processing of the obtained products. The breaking down is carried out at an initial concentration of nitric acid in a pulp ranging from 300 to 500 g/l, a temperature of 105-110 °C and in the presence of catalysing additives of fluorine.

The mineral is then sent to Silmet's separation plant where each element is separated using an acid or solvent extraction process. These solvent-extraction processes involve re-immersing processed ore into different chemical solutions in order to separate individual elements. The REEs, however, are so close to each other in terms of atomic weight that each of these processes involve multiple stages to complete the separation process. It is also a fact that one cannot cherry-pick the REE out of the mix so the separation must be sequential and take the good (the expensive and scarce REE) with the bad (the well-nigh mass-market Cerium). Hence the almost mythic “complication” of processing Rare Earths. In some cases it requires hundreds of tanks of different solutions to separate one of the rare earth elements. This sizable undertaking supposedly makes their extraction cost prohibitive for most private mining interests.



Source: Google Lunar Mining

Cerium oxide and lanthanum oxide separation is achieved by nearly 300 sequential separation cells (cameras). The neodymium and praseodymium products are produced by a similar nitric acid-based solvent extraction process. In this case there are 200 sequential cameras required to achieve the final products.

As the loparite ore either reduces in its availability or the plant is switched to take more bastnaesite ore from Mountain Pass or elsewhere then the processes may need to be changed. It is useful to maybe

highlight some of the other methods for REE separation that are, or have been, used.

The original process for separating monazite to extract the REE concentrate of its thorium (which Mountain Pass's output is “rich” in) and lanthanide content was called Acid Opening and involved heating the monazite with sulphuric acid to temperatures between 120 and 150° C. Various versions of the process were used. One caused the thorium to precipitate out as a phosphate, leaving a solution of lanthanide sulfates from which the lanthanides could be removed.

A slightly improved version for separating monazite is called Alkaline Opening. This process uses a hot sodium hydroxide solution at about 140 °C. Alkaline opening allows the thorium phosphate to be recovered as crystalline trisodium phosphate. The remaining lanthanide/thorium hydroxide mixture is treated with hydrochloric acid which creates a liquid solution of lanthanide chlorides, and a sludge made up of thorium hydroxide.

Other processes for separating rare earths include: ion exchange; separation of Scandium, Yttrium and Lanthanum with high-performance centrifugal partition chromatography and S-octyl phenyloxy acetic acid and separation through chloride salt solutions and heptafluorodimethyloctanedione.

The thought that strikes us from the fact that the Silmet REE plant largely runs on technology from the 1980s, if not the 1970s, is the replicability of this plant.

Strategy with Silmet

Molycorp has already begun shipping feed stocks from Mountain Pass to be processed into finished products at AS Molycorp Silmet. Where this leaves the flow of loparite material is unclear. Reports indicate that the loparite mines are in the process of abandonment (with the larger of the two mines there being flooded in 2009) which would have left Silmet without an import source had not the Molycorp deal been cut. While Molycorp can supply REE ore to the Silmet plant the issue remains of whether the flow of specialty metal concentrate can be maintained should the Revda mines shutdown definitively. Maybe Molycorp is disposed to shed that business line.

The company claims that this purchase, in the short-term, will greatly increase its ability to supply products into the global rare earth market. It also provides a base from which to supply European customers. Unspoken in all this is the fact that REE processing can be a messy business with high environmental risk and buying an operating facility was probably the easiest way for Molycorp to secure a European presence rather than struggling with permitting in a location that might be more logistically attractive in Western Europe.

Revenues

Historical information on Silmet's profitability and revenues is somewhat hard to come by as the company was private for so long and Molycorp are somewhat less than forthcoming on what it might mean for their own slender bottom line. From what we have gleaned, AS Silmet made:

- in FY08 a net profit of 22.4 million kroons (EUR 1.4mn)
- operating profits of 33.3mn kroons (EUR 2.1mn)

- sales of 488.5mn kroons (EUR 31.2mn)
- in FY07 the company made a loss of 3.6 million kroons
- an operating loss was 2.8 million kroons
- sales of 390mn kroons

More sketchy were the numbers for FY09 where we uncovered that sales were 382mn kroons (Euros 24.4mn), a steep decline from the preceding year. This was obviously a result of the global financial crisis of those years.

Shareholder's equity at the end of FY2008 stood at 173.5 million kroons. While it was several years ago it is useful to see the evolution of the business (mindful also though that this was before the REE pricing surge). At that time, sales to European countries accounted for 236.9 million kroons of the total sales, followed by the United States, 122 million, and Japan 82.4 million kroons.

In Molycorp's presentations since the announcement of the transaction there is scant information on the transaction beyond the obvious details like transaction costs and percentage acquired. However, the company did offer some forward projections as they apply to FY11. These are shown in the table below:

AS Silmet (tonnes)	**Production Range**	
	Low End	**High End**
1Q2011 (Actual)	229	229
2Q2011 (Est)	235	317
3Q2011 (Est)	235	317
4Q2011 (Est)	235	317
Total	934	1180

The intriguing thing here is that the expected volumes at less than 1,000 tonnes are just over 33% of the rated capacity of the plant.

A Side Deal

Less important in our eyes but more connected to the Mountain Pass facility (and probably historically so) was the purchase in April 2011 of Santoku America, Inc., an Arizona-based corporation, from its Japanese parent in an all-cash transaction for $17.5 million. The acquisition provided Molycorp with access to certain intellectual properties relative to the development, processing and manufacturing of Neodymium and Samarium magnet alloy products.

The Santoku America facility in Tolleson, Arizona, has been producing exotic custom-made specialty alloys since 1966. These specialty alloys are produced in a variety of VIM furnaces, with batch sizes ranging from 25 kilos to 300 kilos. The production facility is produces alloys with extremely complex compositions, tight elemental tolerances, and very low impurity levels. The plant uses proprietary melting, casting, and solidification techniques. Current customers include welding wire manufacturers,

extrusion facilities, R&D laboratories, governmental agencies, foundries, and atomization facilities.

As part of the stock purchase agreement, Santoku will provide consulting services to Molycorp for the purpose of "maintaining and enhancing the quality of Molycorp's products". The company also entered into a non-exclusive marketing and distribution agreement with Santoku for the sale and distribution of neodymium and samarium magnet alloy products. This buy does not mesh in with the Silmet purchase all that closely as it would be a consumer of Silmet's oxide outputs but it is hard to believe that concentrate will be sent from California to Estonia and then back to Arizona. Sourcing oxides from Asia would make more sense unless Mountain pass itself can provide upgraded material and even then this is several years off.

Molycorp
In Millions of USD

	1Q11	FY10	4Q10	3Q10	2Q10	1Q10	FY09	FY08 (7 mths)
Total Revenue	26.26	35.16	21.7	8.53	1.9	3.02	7.09	2.14
Cost of Revenue, Total	15.39	35.9	16.63	7.74	5.58	5.95	21.79	13.03
Gross Profit	10.87	-0.74	5.07	0.79	-3.67	-2.93	-14.69	-10.89
Selling/General/Admin. Expenses	11.24	47.51	13	10.64	19.39	4.48	12.69	2.98
Depreciation/Amortization	0.08	0.32	0.08	0.08	0.06	0.1	0.19	0.02
Other Operating Expenses	0.23	0.91	0.22	0.22	0.22	0.26	1.01	0.25
Total Operating Expense	26.94	84.65	29.93	18.68	25.24	10.79	35.67	16.27
Operating Income	-0.68	-49.49	-8.23	-10.15	-23.34	-7.77	-28.57	-14.14
Interest Income(Expense)	0.14	0.25	0.26	-0.01	0	0	-0.19	0.01
Other, Net	-0.17	0.15	0.07	0.01	0.04	0.02	0.18	0.05
Income Before Tax	-0.71	-49.09	-7.9	-10.14	-23.29	-7.75	-28.59	-14.07
Tax	-0.2	0	0	0	0	0	0	0
Income After Tax	-0.91	-49.09	-7.9	-10.14	-23.29	-7.75	-28.59	-14.07
Income Available to Common	-2.15	-49.09	-7.9	-10.14	-23.29	-7.75	-28.59	-14.07
Diluted Weighted Average Shares	82.25	62.33	81.51	69.55	49.67	48.16	38.92	38.23
Diluted EPS	-0.03	-0.79	-0.1	-0.15	-0.47	-0.16	-0.73	-0.37

Home Truths on REE

The already well-documented fact is that Rare Earths aren't rare, or at least Cerium the main component of the Lathanide Series is not rare. With the exception of the highly-unstable promethium, rare earth elements are found in relatively high concentrations in the earth's crust, with cerium being the 25th most abundant element in the earth's crust at 68 parts per million. In fact there is more Cerium in the Earth's crust than there is copper. We would concede though that it does not appear in the same concentrations as copper does.

The principal sources of rare earth elements are the minerals bastnäsite (Molycorp's resource), monazite, and loparite (Silmet's hitherto source) and the lateritic ion-adsorption clays. Despite their high relative abundance, rare earth minerals are more difficult to mine and extract than equivalent sources of transition metals (due in part to their similar chemical properties), making the rare earth elements relatively expensive. Their industrial use was very limited until efficient separation techniques were developed, such as ion exchange, fractional crystallization and liquid-liquid extraction during the late 1950s and early 1960s.

Once one gets beyond the basic reality check comes the more nuanced complications of REE. Chief amongst these are that:

- The real business is in the downstream processing
- Many of the new up-and-comers in the industry in the REE space have uranium and/or thorium to deal with in their mix
- Many of the projects are years away from production
-

This leads us then to the processing. At the moment ore is mined and concentrated at or near the mines but the biggest value-added in the process is at the quasi-manufacturing phase. This is a phase which Neomaterials (NEM.to), Molycorp and Great Western are exposed to but which the other explorers are not. In the absence of clearer numbers on Silmet it is informative to look at the margins at Neomaterials, which is the closest parallel to what Silmet does with public numbers to peruse. Looking at the 1Q11 results we would note that sales were CAD$132mn in the quarter with costs of production being CAD$72mn giving a most healthy margin. In the same quarter of the previous year sales were CAD$65mn and the cost of production was CAD$36mn, showing that margins in the mid-stream of the REE processing world have remained largely stable with profits expanding from the higher revenue line. Unfortunately these types of financials lack colour as to what percentage of the operating cost is raw materials (specifically REE concentrates) and how much is labour, chemicals (acids/solvents) and power. However if they show one thing it is that mining REE ore is not the only way that one can make substantial money from the REE resurgence. Moreover is proven to be profitable whereas the judges are still out as to whether Rare Earth mining will ever yield sufficient profits to justify the recent enthusiasm for junior miners.

In the scramble to make some sort of cogent story, many of the more advanced explorers are preparing budgets which aim to include part of the on-processing of the ores into concentrates and beyond in their Feasibility Studies. Most of the budgets we have seen talk of US$200mn plus CAPEX costs for the concentrating and separating process, largely at the mine. This leaves us wondering whether if prices go up significantly then miners might be best to get their mines going and sell ore to on-processors who would bear (or have borne already) the heaviest part of the capex rather than wait around trying to build all-singing, all-dancing integrated REE complexes. We repeat our mantra that the race in REE will go to those first in production and the vast bulk of companies will end up as fossils in the equity market equivalent of the La Brea Tar Pits.

The Path Less Travelled

The Silmet purchase is a transaction that we cannot fault. Many who like their mining companies to be “pure plays” have baulked at the transaction as it smacked of being too “industrial” but these people fail to understand that REE is all about the Three Cs (Chemistry, chemistry, chemistry) and that the process is where the money is made - not at the pit wall.

We feel that the company needs to project a dialogue to the market that lays out what the strategy clearly is in the REE space and steal the heights of the conversation away from those companies that have long indulged in sophistry of “Heavies vs Lights” and instead make it an argument that “Value Added vs Raw Material” is one destined to be won by the integrated producers rather than the mere quarry-masters.

Thus the marketing strategy should divine whether this company wants to be seen as a manufacturing

business or a mining enterprise. It should make up its mind as the market is valuing it like the latter but its recent purchase of the Silmet A/S plant in Estonia signals clearly the former.

Beyond vertical integration the company has a need to get itself some Heavy Rare Earth exposure and rather fast. The easiest fix is to take over UCore (UCU.v) on which we published recently and promote the merged company's HREE component as its own. MCP certainly has the money to get Bokan Mountain moving swiftly into production thus stealing the thunder of other players who might have ambitions to produce HREE in the relatively near-term. UCore is a small-change transaction for the behemoth (in market cap if not in production or revenues) Molycorp.

Beyond that there is Great Western (GWG.to) which would bring not only the Steenkampskraal project in South Africa with its "easy pickings" 7% TREO in the tailings to the mix but also a substantial underground resource but it adds Less Common Metals in the UK, a major REO manufacturer and the Troy Michigan plant which could bolster the argument that MCP is working to makes jobs in America and adding value to the REE supply chain within the USA. All of these add to the attractions for the politicians in Washington.

Risks

The potential pitfalls with this venture are few but merit mentioning:

- ✘ That the REE space goes off the boil
- ✘ That the environmental issues in the Sillimae region impact operations or expansion
- ✘ The exhaustion or abandonment of the loparite mines potentially removes a relatively near source of raw materials, potentially leaving the plant without niobium and tantalum concentrate inputs
- That the financing environment for Rare Earth stocks deteriorates making project finance more difficult to muster

Conclusion

The move on Silmet is a game changer for Molycorp and a mold-breaker for the industry. Up until now the only vertically-integrated strategy that had been enunciated (though not yet delivered upon) was Great Western's. To an extent Molycorp has stolen GWG's thunder with this debut transaction and signalled that it is interested in the downstream of the REE industry which then opens the possibility that Molycorp might add GWG as a scalp to its collection.

MCP, with this transaction, has also broken the ice in the hitherto M&A-free zone of Rare Earths. Most companies represent scant or no value but MCP has an impressive armoury with both cash and an elevated market cap and highly liquid currency in the form of its stock. We suspect the rest of the group are deadly afraid of initiating any M&A deal that either makes them "real" (i.e. a non-producer buying a producer) or exposes them to accusations of style drift (to pander to those investors who want pure explorers) or damages their share price. Smart deals should not damage the share price of any predator.

For the wannabe-boughts of the REE space the MCP/Silmet deal came out of the blue and dashed hopes. There must have been a slew of HREE claimants, which whisper *sotto voce* to investors that they

are “just what Molycorp needs”, that had their ego bubbles burst by the Silmet deal. However, it is unlikely that this will be the last deal for the behemoth of the industry. We would expect that two bolt-ons, like UCore (for its heavies and US exposure) and Great Western (for its mid-stream processing and its relatively plain vanilla Steenkampskraal project) could be added to the mix without straining management's ability to absorb and integrate them. Once such deals are done though, the vast bulk of other REE plays are going to be dead in the water. Molycorp moving on Neomaterials (NMN.to) would be even more of a game-changer as it would remove just about the only other likely vertical integrator from the fray.

Molycorp is still **Unrated** by us but we regard very favorably these last two acquisition moves.

Important disclosures

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