

# Molycorp still in the red

## *Revenues up for mining firm*

**Andrew Edwards, Los Angeles Newspaper Group, 3-9-11**

Molycorp, the mining firm operating the only U.S. rare earths oxide mine, reported Wednesday that the company is still operating at a loss although revenues have increased as the company approaches full production.

Colorado-based Molycorp's mine is at Mountain Pass, roughly 15 miles from the Nevada state line in San Bernardino County. The company recently resumed mining operations there after activity ceased in 2002 because of environmental problems.

Molycorp has all necessary government permits and has begun construction of a new processing facility, CEO Mark Smith said during a conference call.

Smith expects milling operations to resume in mid- to late-2012 and noted Molycorp already negotiated supply agreements, including the non-binding deal with Japan's Hitachi Metals that was first announced in December.

"The key element of our strategy is locking in demand with with supply agreements with high quality customers," Smith said.

Molycorp reported an adjusted loss of \$17.3 million for 2010.

The company also reported that its sales rose 396 percent to \$35.2 million last year as sales of stockpiled materials and prices increased.

The average price for Molycorp's rare-earth materials rose from an average of \$5.45 per kilogram in 2009 to \$18.67 last year.

Molycorp executives expect prices to remain high since they anticipate the Chinese government will continue to restrict rare-earth exports from their country. Rare-earth materials include neodymium, a component in powerful magnets used in products including hybrid vehicles and smart bombs.