

# Molycorp announces 4 new mining prospects

**Manuel Quinones, Environment & Energy Publishing, 10-5-11**

Molycorp Inc. announced yesterday that it is considering four new mining prospects for heavy rare earth elements that are key ingredients in magnets, lasers and various clean energy technologies.

The four prospects -- which the company says are "within easy access" of its existing Mountain Pass, Calif., mine and processing facility -- have high ore grades and a "very significant" content of heavy rare earth elements, Molycorp said.

Chief technology officer John Burba discussed the find at a Washington, D.C., meeting organized by the Energy Department, the European Commission and Japan's trade ministry.

"They are all deposits that are of minerals that can be processed at our facility, which means they can be processed in an environmentally superior way," Molycorp spokesman Jim Sims said in an interview.

Molycorp has been ramping up operations at Mountain Pass with plans to produce 40,000 tons of rare earth elements in the near future. While the company owns the mining claims to the find announced yesterday, it hasn't secured the necessary permits. Sims said the company was not ready to reveal many more details beyond that.

Molycorp is regarded by industry insiders as a light rare earth company. Among the 17 elements of limited supply -- mainly because of export controls imposed by China, the world's largest rare earth producer -- heavy rare earths tend to be the most coveted.

Some analysts questioned the timing of the announcement, which followed after a dip in the company's stock price. Molycorp's (NYSE: MCP) share price closed \$30.12 two days ago and \$31.94 yesterday after the announcement, down from \$60 in early August.

Gareth Hatch, founding principal at Technology Metals Research LLC, said the announcement yielded "more questions than answers."

"The big question I'm hearing is, obviously, what's the confidence level in what's been announced," Hatch said in an interview.

Molycorp is among several companies looking to capitalize on the demand for rare earth elements. Ucore Rare Metals Inc. is exploring for heavy rare earths in Alaska's Bokan Mountain area.

"If they do have something there, it remains to be seen," Peter Manuel, Ucore's chief financial officer, said in an interview. "It certainly doesn't impact our ability."

Manuel, who describes Molycorp as being at the forefront of the U.S. search for heavy rare earths, said his company is pleased with exploration results.

"We've had a very productive summer of drilling," said Manuel, adding that the company hopes to begin production in the next several years. Hatch, however, said Bokan has "a ways to go."

Companies like Toyota Motor Corp. and General Electric Co. have talked about plans to make ends meet with fewer rare earth elements. Molycorp itself is promoting recycling and more efficient uses of the elements.

"The discussion to date about the heavy rare earth issue has been largely one-dimensional," Molycorp's Sims said. "It has focused almost exclusively on rocks in the ground here, and rocks in the ground there."

Molycorp recently announced an investment in Boulder Wind Power, a company that has designed a system that can produce electricity for as low as 4 cents per kilowatt-hour. The wind turbine generator is powered with a rare earth magnet that does not require dysprosium -- a heavy rare earth element.

The company is working to position itself as the global leader in the field. Other than the Boulder Wind investment and latest announcement about the heavy rare earths deposits, it announced the opening of an office in Japan and a supply deal with Hitachi Metals.