

# Molycorp set to fall after auditor flags "going concern" risk

**Sayantani Ghosh, Reuters, 3-17-15**

Molycorp Inc's shares were set to open lower on Tuesday after the rare earths miner's auditor raised doubts about its ability to continue as a "going concern" and the company posted a net loss for the twelfth quarter in a row.

Molycorp said it had engaged financial and other advisers to restructure its debt, but may not have enough money to stay afloat if the efforts failed.

The company, which had about \$1.7 billion debt as of Dec. 31, on Monday posted a net loss attributable to stockholders of \$329.8 million for the fourth quarter.

Molycorp's shares fell 12 percent to 65 cents in post-market trading on Monday.

The stock climbed to a record high of \$79.10 in May 2011 after China limited rare earth exports and raised tariffs in 2010, pushing buyers to cut their dependence on the country for the metals that are crucial in most modern technology.

China, which supplies about 90 percent of the world's rare earths needs, had made the move to push up prices to help it cover the huge environmental costs of production.

Still, Molycorp has struggled with inconsistent global pricing and a high rate of cash burn as it tried to ramp up production. Its stock has lost nearly all its value in the last four years.

China scrapped the export quotas in January, a move that could further hurt Molycorp and Australia's Lynas Corp - the world's only non-Chinese producers of rare earths.

Rare earth elements include lanthanum, used in oil refineries; neodymium and praseodymium, used in magnets for motors; dysprosium, used in hybrid vehicles, wind turbines and stealth helicopters; and yttrium, used in military jet engines.

"Due to continuing softness in the prices for our products, as well as inconsistent or depressed demand for certain of our products and the delayed ramp-up of operations at our Mountain Pass facility, we ... continue to incur, operating losses," Molycorp said in its annual report on Monday.

The company's Mountain Pass rare earth mine in southeastern California is the largest outside China.