

Mining the Rare Earth Elements: Production Challenges

**DOE ARPA-E Critical Materials
Workshop**

December 6, 2010





Forward Looking Statements and Other Important Cautions

This presentation contains forward-looking statements that represent Molycorp's beliefs, projections and predictions about future events or Molycorp's future performance. Forward-looking statements can be identified by terminology such as "may," "will," "would," "could," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other similar expressions or phrases. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause Molycorp's actual results, performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements.

Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to: Molycorp's ability to secure sufficient capital to implement its business plans; Molycorp's ability to complete its modernization and expansion efforts and reach full planned production rates for rare earth oxides and other planned downstream products; uncertainties associated with Molycorp's reserve estimates and non-reserve deposit information; uncertainties regarding global supply and demand for rare earths materials; Molycorp's ability to maintain appropriate relations with unions and employees; Molycorp's ability to successfully implement its "mine-to-magnets" strategy; environmental laws, regulations and permits affecting Molycorp's business, directly and indirectly, including, among others, those relating to mine reclamation and restoration, climate change, emissions to the air and water and human exposure to hazardous substances used, released or disposed of by Molycorp; and uncertainties associated with unanticipated geological conditions related to mining.

For more information regarding these and other risks and uncertainties that Molycorp may face, see the section entitled "Risk Factors" beginning on page [14] of the prospectus described below. Any forward-looking statement contained in this presentation or the prospectus reflects Molycorp's current views with respect to future events and Molycorp assumes no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future, except as otherwise required by applicable law.

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THIS PRESENTATION USES THE TERM "RESOURCES" TO DESCRIBE THOSE QUANTITIES OF REE'S THAT ARE POTENTIALLY RECOVERABLE FROM ACCUMULATIONS YET TO BE DISCOVERED. BECAUSE OF THE UNCERTAINTY OF COMMERCIALITY AND LACK OF SUFFICIENT EXPLORATION DRILLING, THE RESOURCES CANNOT BE CLASSIFIED AS RESERVES. INVESTORS ARE ADVISED THAT THE SEC DOES NOT RECOGNIZE RESOURCES. ONLY PROBABLE AND POSSIBLE RESERVES MAY BE DISCLOSED TO INVESTORS IN AN SEC FILING. RESOURCES HAVE A GREAT AMOUNT OF UNCERTAINTY AS TO THEIR EXISTENCE. THERE IS NO CERTAINTY THAT ANY PORTION OF THE RESOURCES WILL BE DISCOVERED AND, IF DISCOVERED, WHETHER THEY COULD BE DEVELOPED ECONOMICALLY. THEREFORE, INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ALL OR ANY PART OF MOLYCORP'S RESOURCES EXIST, OR THAT THEY CAN BE DEVELOPED ECONOMICALLY. ACCORDINGLY, INFORMATION CONCERNING DESCRIPTIONS OF RESOURCES CONTAINED IN THIS PRESENTATION IS NOT COMPARABLE TO INFORMATION INCLUDED IN SEC FILINGS.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and the other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free [877-731-6659].

- Reestablish key Western Rare Earth Supply Chains
- Produce a full suite of high purity products
- Exceed all environmental requirements
- Be globally cost competitive

- Two Minerals: Bastnasite & Monazite
- 15 Elements: Complicated Separations
- Balancing Production with an eye on the individual commercial markets for all.
- Exceed Customer Needs
- Maintaining a competitive position vis-à-vis China.

- Develop IP protected, value added uses for RE materials
 - Ensure RE products are not stockpiled
- Develop innovative Plant processes that:
 - Produce new products
 - Increase recovery
 - Reduce costs
- Help Customers Understand RE Requirements