



**The Mercenary Geologist’s REE Review:
Just Skim the Cream Off the Top, Please**
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Rare earth element explorers have gone on an incredible run to the upside since my last RMB missive on August 23. I discussed the sector in a subsequent appearance on Andy Bell’s BNN Commodities Show on September 2 and mentioned my top four picks.

In my opinion, the recent run-up in REE space has been driven largely by American retail buying. Analysts that follow the sector including yours truly predicted this would happen when Molycorp’s (MCP.NYE) long anticipated IPO came to pass in late July.

However, the IPO was done at a price of \$14, well below the expectation of \$16 per share, raised \$394 million instead of \$450 million, placed traders who immediately flipped the stock, and was not well-received in the marketplace. MCP’s price slipped as low as \$12.10 while nearly 50% of its shares traded hands at a substantial loss in merely two days.

The inauspicious debut by Molycorp was preceded by a prefeasibility study at Thor Lake by Avalon Rare Metals (AVL.T) in late June that did not meet market expectations. In fact, the entire REE sector was beaten up by world financial concerns followed by the summer doldrums from mid-May until mid-August when MCP began its uptick.

Molycorp had hit all time highs for 10 of the past 11 sessions until finally backing off a bit today, September 14.

The exponential surge by MCP has carried “the cream of the crop” along with it. I identified my four favorite REE exploration companies with this moniker in a Rare Metal Blog on Saturday, August 21.

These four juniors are the companies that have seen the largest dollar gains and among the highest percentage gains in the booming sector over the past 16 trading days:

<u>Company</u>		<u>8-20 Close</u>	<u>High Price</u>	<u>9-14 Close</u>	<u>Gain</u>	<u>% Gain</u>
Avalon Rare Metals	AVL.T	\$2.62	\$4.04	\$3.58	\$0.96	36.6%
Quest Rare Minerals	QRM.V	\$2.77	\$4.50	\$3.73	\$0.96	34.7%

Rare Element Resources RES.V	\$2.98	\$6.48	\$6.20	\$3.22	108%
Tasman Metals Ltd TSM.V	\$0.89	\$1.67	\$1.32	\$0.43	48.3%

Folks, please note the strongest performer by far is Rare Element Resources. The reason for it outgaining its worthy peers in junior exploration space is blatantly obvious to me:

RES.V (aka REE.AMEX) is the only rare earth element company besides Molycorp with a major US exchange listing, having gained admittance to the American Stock Exchange on August 18.

All Hail the power of the American retail investor!

Ciao for now,

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Mickey has worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for the past 22 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey’s professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known throughout the mining and exploration community due to his ongoing work as an analyst, newsletter writer, and speaker.

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