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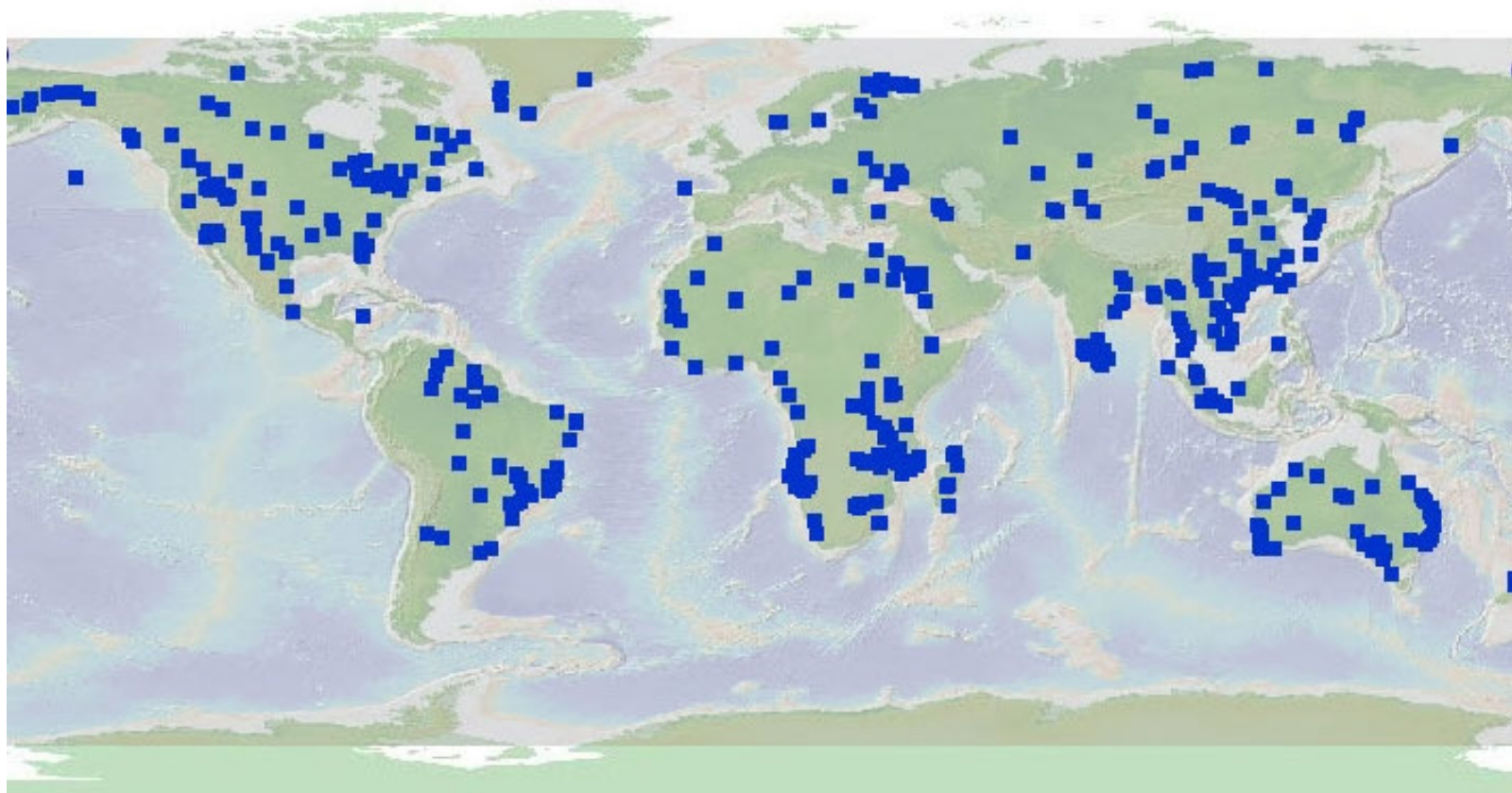
The REE Commodity Play

- Speculating in Junior Resource Companies
- Separating the Few Contenders
- From the Many Pretenders
- What the Press Release Will Not Tell You

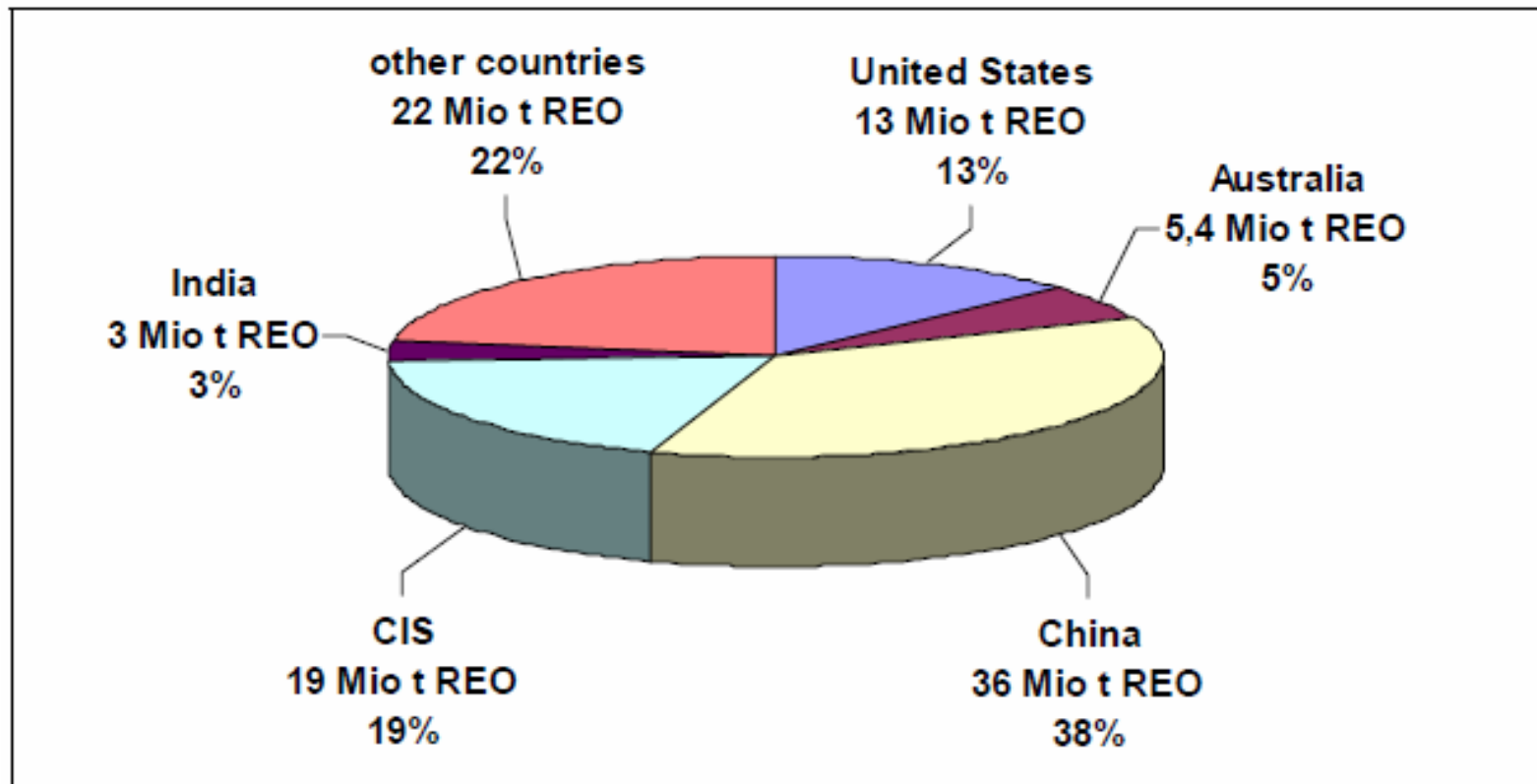
Key Evaluation Criteria

- Share Structure
- People
- Projects
- Undervalue

World REE Deposits



Current REE Resources



Projects

Priority Targets:

- Flagship Project or Prospect Generator
- Distribution of 16 Rare Earth Elements
- Deposit Type = Potential Metal Content
- Location & Geopolitical Environment
- Time to Development



Tasman Metals Ltd Norra Karr, Sweden

Share Structure

- Shares Outstanding & Fully Diluted
- Share Price High/Low
- 52 Week, 30 Day, and Daily
- Liquidity

Share Structure

- Insiders, “Family and Friends”
- Institutions
- Public Stock Float
- Warrants and Options
 - In-the-Money or Out-of-the-Money
 - Expiry Dates

Share Structure

- Working Capital: Cash & Equities
- Burn Rate (G & A, Exploration)
- Long Term Debt / Short Term Debt
- Recent Financings
 - Proposed, Amended, Closed, Cancelled



Quest Rare Minerals August 2009
Strange Lake, Quebec

People

- Management Team
 - CEO/President, CFO, BOD
- Technical Team
 - COO, Chief Geologist, V-P Exploration
 - Mining & Metallurgical Engineers
 - Senior & Junior Geologists & Engineers
- Advisory Board
 - Consultants

People

- Educational & Professional Backgrounds
- Experience & Success / Failure
- Compensation
 - Salaries, Management Fees, Options, Bonuses
- Technical Expertise on BOD:
 - Geologists, Engineers, Financier, Lawyer, Accountant
- Insider Selling



Rare Element Resources September 2008
Bear Lodge Mountains, Wyoming

Evaluating Junior Resource Companies

- 50% Fail on Flagship Property
- 25% Fail on Share Structure
- 15% Fail on Management & Technical Team
- 5% Fail on Website Presentation

Junior Resource Companies

- Final Test: Undervalue Compared to Peers
- Every Junior Doubles in 52 Week Period
- Dependent on Timing
- Buy at Low Volumes / Sell at High Volumes

The Power of Two

- Stock Price Double in 12 Months or Less
- Sell $\frac{1}{2}$ of Position Cost Basis = Zero
- Reinvest in Another Undervalued Stock
- Open Orders to Sell $\frac{1}{2}$ at Double
- Program Selling on Uptick
- Profit Stops on Downtick

REE Commodity Play

- +200 Companies (Intierra Resource Intelligence)
- 95% Fail Key Criteria
- 10 Companies Pass / Undervalued ?
- 4-5 New Mines Developed

Risks in the REE Commodity Play

- Metallurgical & Chemical Processing
- Distribution / Demand of Metals
- High Capex & Operating Costs
- Global Economic Conditions

Cream of the Crop 2007-2011

- Molycorp (MCP. NYSE)
- Rare Earth Element Resources (REE.AMEX)
- Avalon Rare Metals (AVL.AMEX)
- Quest Rare Minerals (QRM.AMEX)
- Tasman Metals Ltd (TSM. TSXV)

Molycorp and The Minions

MCP & TSM



REE & QRM



The Cream of the Crop 2011-2012

- Mergers and Acquisitions
- Business Combinations
- Strategic Alliances
- Off-Take Contracts

The Next Generation?

- Share Structure, People, Projects
- Undervalue
- Mines 2016-2021 ?
- M & A; Joint Ventures
- Business Combinations ; Strategic Alliances

Medallion Resources Ltd



Mining the Stock Market

Mark Twain: Comstock Lode 1865
Virginia City, Nevada

*“A mine is a hole in the ground
with a liar standing beside it.”*

Junior Resource Companies

- Speculation is Gambling: Skew the Odds
- Do your Own Due Diligence & Research
- Company Evaluation Template
- A Day Without Learning is a Day Wasted

Monday Morning Musings from Mickey the Mercenary Geologist



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