



**The Mercenary Geologist’s REE Review:
Cream Curdles After Three Weeks in the Fridge**

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September 15, 2010

I wrote yesterday about the amazing three week run of REE stocks as the Canadian junior army marches in lockstep behind its American Five Star General, Molycorp (MCP.NYSE), which had hit 10 new highs in 11 trading days.

A needed correction began yesterday with Molycorp losing nearly 3% and it was off another 9% today, closing at \$20.91. All told MCP has given back \$3.16 from its all time high of \$24.07 set on Monday. In 48 hours it has lost \$269 million in market capitalization. To put this in perspective, Avalon Rare Metals (AVL.T) currently has a total market cap of \$255 million while Rare Element Resources (RES.V; REE.AMEX) comes in at \$193 million.

To quote Darren Pang, former NHL goalie and current analyst of my St. Louis Blues, “Holy Jumpin’!”

But this apparent fall from grace appears to my brokers and me to be simply a case of profit taking. Good liquidity continues with over three million shares traded in the past two sessions. How long and deep the correction will be is pure conjecture.

The point I made yesterday is that recent gains have been driven purely by Molycorp. The average American finally has an easy way to speculate in the REE sector. Sure, any savvy and experienced investor can trade Canadian stocks on the pink sheets or the OTCQX from places like London or Sydney or New York but Joe Sixpack in Paducah, Kentucky either doesn’t know how or have the *cojones* to try something so bold.

The artificially wide market maker spreads and outrageous full-service brokerage fees encountered when trading Canadian juniors from the States make this a somewhat tortuous task for even the experienced investor. Yeah, you can use an online discount brokerage but it’s still not an effective way to trade when compared to living in Canada.

That aside, what have the creamy juniors done since Monday while Molycorp has taken a muff dive?

<u>Company</u>		<u>9-13 Close</u>	<u>9-15 Close</u>	<u>Loss</u>	<u>% Loss</u>
Avalon Rare Metals	AVL.T	\$3.62	\$3.22	\$0.40	11.0%

Quest Rare Minerals	QRM.V	\$3.85	\$3.50	\$0.35	9.1%
Rare Element Resources	RES.V	\$6.38	\$5.95	\$0.43	6.7%
Tasman Metals Ltd	TSM.V	\$1.37	\$1.25	\$0.12	8.8%

Here's what I notice: Rare Element Resources (REE.AMEX) is the only other fully SEC-reporting stock and it has given up much less in two days than its Canadian-listed brethren.

This is one of those "things that make you go hmmm..." (Arsenio Hall, 1989).
The market is closed and my net worth just took a huge hit on paper. I need a 10 minute power nap followed by an afternoon java jolt.

You can make mine an Americano with room... for *cream*.

Ciao for now,

Mickey Fulp

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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.

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