

Molycorp Sustainability Reporting 2013

WHEREAS: We believe tracking and reporting on environmental, social and governance (ESG) business practices makes a company more responsive to a global business environment which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies better integrate and gain value from existing sustainability efforts, identify gaps and opportunities in products and processes, and publicize innovative practices.

The link between strong sustainability management and value creation is increasingly evident. A 2012 review conducted by Deutsche Bank of 100 academic studies, 56 research papers, two literature reviews, and four meta-studies on sustainable investing found 89% of studies demonstrated that companies with high ESG ratings also show market-based outperformance. In addition, 85% of the studies indicated that these companies experience accounting-based outperformance.

Investors also seek disclosure of companies' ESG practices, as reflected in the growth of sustainability-focused investor groups. The Investor Network on Climate Risk (INCR) supports 100 investors with assets totaling \$10 trillion. Over 1,000 signatories to the (UN) Principles for Responsible Investment, representing over \$30 trillion in assets, have publicly pledged to incorporate ESG factors into investment decisions and request standardized reporting on ESG issues.

The vision of Molycorp is to be the world class rare earth products and technology company recognized for its ethics. Goals include being commercially sustainable, globally competitive and environmentally superior while acting as a responsible steward of rare earth resources.

In the past however, investors have faced significant financial risks from Molycorp's environmental impact and resource usage, including a \$410,000 settlement in 1998 for discharging thousands of gallons of contaminated wastewater from a pipeline running through the Mojave National Preserve. In addition, in 2010 the EPA released its cleanup plan for Molycorp's Superfund site, the cost of which could reach \$800 million and take 20-30 years to complete.

Investors are increasingly concerned about a lack of active environmental leadership by companies in which they invest, including Molycorp which lacks adequate sustainability reporting. Peers such as Newmont Mining and Freeport McMoRan are already actively engaged in sustainability reporting.

RESOLVED: Shareholders request that Molycorp issue a sustainability report describing the company's ESG performance including a review of efforts to mitigate water risks in the company's operations. The report (prepared at reasonable cost and omitting proprietary information) should be available November 1, 2013.

SUPPORTING STATEMENT: The report should address relevant policies, practices, metrics and goals on topics such as: greenhouse gas emissions, water conservation, waste minimization, energy efficiency, and other relevant environmental and social impacts. We recommend the Company use the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines to prepare the report. The GRI is an international organization developed with representatives from business, environmental, human rights and labor communities. The Guidelines provide a flexible reporting system that will allow development of ESG disclosure at Molycorp's own pace and to report only on the issues that are most relevant and material to the company.