

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

Civil Action No. 1:12-cv-00292-RM-KMT

In re MOLYCORP, INC. SECURITIES LITIGATION

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**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION**

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TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED MOLYCORP, INC. (“MOLYCORP” OR THE “COMPANY”) SECURITIES FROM FEBRUARY 7, 2011 THROUGH NOVEMBER 10, 2011, INCLUSIVE, INCLUDING ALL PERSONS WHO PURCHASED OR ACQUIRED MOLYCORP COMMON STOCK AND/OR MOLYCORP 5.50% SERIES A MANDATORY CONVERTIBLE PREFERRED STOCK (“PREFERRED STOCK”) PURSUANT TO THE FEBRUARY 2011 OFFERING, AND ALL PERSONS WHO PURCHASED OR ACQUIRED MOLYCORP COMMON STOCK PURSUANT TO THE JUNE 2011 OFFERING, AND WHO WERE DAMAGED THEREBY

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) **POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE JUNE 14, 2017.**

This Notice of Pendency and Proposed Settlement of Class Action (“Notice”) has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Colorado (the “Court”) because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Molycorp securities during the Class Period. The purpose of this Notice is to inform you of the proposed settlement of the case entitled *In re Molycorp, Inc. Securities Litigation*, Civil Action No. 1:12-cv-00292-RM-KMT (the “Litigation”) and of the hearing (the “Final Approval Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement (the “Settlement”) as set forth in the Stipulation of Settlement between Lead Plaintiffs and Defendants, dated as of October 27, 2016 (the “Stipulation”) on file with the Court.

**Please Note: Receipt of this Notice does not mean you are a Class Member or that you will be entitled to receive a payment from the Settlement. As described below in Section XV, if you are a Class Member and wish to be eligible for a payment, you are required to submit the Proof of Claim that is being distributed with this Notice and supporting documents, as explained in the Proof of Claim.**

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation or the merits of the claims or defenses asserted against or by the Defendants. This Notice is solely to advise you of the proposed Settlement of the Litigation and of your rights in connection with it.

**I. DESCRIPTION OF THE LITIGATION AND THE CLASS**

The Settlement resolves class action litigation over allegations that Molycorp, certain of Molycorp’s current and former officers and directors, and certain underwriters for public offerings in 2011 made or were otherwise liable for material misrepresentations and omissions during the Class Period concerning Molycorp’s Mountain Pass mine. Randall Duck, Jerry W. Jewell, individually and as trustee of the Jerry W. Jewell Trust, Philip Marner, and Donald E. McAlpin were appointed by the Court to represent all Class Members and were designated as the Lead Plaintiffs and Class representatives for this case. Robbins Geller Rudman & Dowd LLP and Kessler Topaz Meltzer & Check, LLP were appointed by the Court to serve as Lead Counsel. The “Class” consists of:

All persons who purchased or otherwise acquired Molycorp securities from February 7, 2011 through November 10, 2011, inclusive, including all persons who purchased or acquired Molycorp common stock and/or Molycorp 5.50% Series A Mandatory Convertible Preferred Stock pursuant to the February 2011 offering, and all persons who purchased or acquired

Molycorp common stock pursuant to the June 2011 offering, and who were damaged thereby. Excluded from the Class are: (i) Defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which any of the above excluded persons have or had a majority ownership interest; (ii) Molycorp (including any parent, subsidiary or corporate successor of Molycorp); and (iii) any putative member of the Class who timely and validly excludes himself, herself, or itself from the Class in accordance with the requirements set forth in this Notice and Rule 23 of the Federal Rules of Civil Procedure. The foregoing exclusions shall not cover "Investment Vehicles," which for these purposes shall mean any investment company or pooled investment fund, including, but not limited to, mutual fund families, exchange-traded funds, fund of funds, private equity funds, real estate funds, and hedge funds, in which any Underwriter Defendant or any of its affiliates or Molycorp or any Individual Defendant has or may have a direct or indirect interest or as to which any Underwriter Defendant or any of its affiliates may act as an investment advisor, general partner, managing member, or in other similar capacity, other than an investment vehicle of which the Underwriter Defendant or any of its affiliates is a majority owner or holds a majority beneficial interest and only to the extent of such Underwriter Defendant's or affiliate's ownership or interest.

Lead Plaintiffs and Defendants do not agree on the average amount of damages per share of Molycorp common or Preferred Stock, if any, that would have been recoverable by the Class if Lead Plaintiffs were to have prevailed on each claim alleged. Defendants deny that they are liable to Lead Plaintiffs or the Class or that Lead Plaintiffs or the Class suffered any injury. The issues on which the Settling Parties disagree are many, but at least include: (1) whether Defendants engaged in any conduct that would give rise to any liability to the Class under the federal securities laws, or any other laws; (2) whether Defendants have valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the prices of Molycorp securities were allegedly artificially inflated (if at all) during the Class Period; (4) the amount by which the prices of Molycorp securities were allegedly artificially inflated (if at all) during the Class Period; (5) the effect of various market forces on the prices of Molycorp securities at various times during the Class Period; (6) the extent to which external factors influenced the prices of Molycorp securities at various times during the Class Period; (7) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the prices of Molycorp securities at various times during the Class Period; and (8) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the prices of Molycorp securities at various times during the Class Period.

## **II. STATEMENT OF CLASS RECOVERY**

The proposed Settlement will result in the creation of a cash settlement fund in the amount of Twenty Million, Five-Hundred Thousand Dollars (\$20,500,000.00) (the "Settlement Amount"), plus any interest earned thereon after it is deposited into the Escrow Account (the "Settlement Fund").

The Settlement Fund – subject to deduction for, among other things, costs of class notice and administration and certain taxes and tax related expenses and for attorneys' fees and expenses as approved by the Court – will be available for distribution to Class Members. Your recovery from this fund will depend on a number of variables, including the number and type of Molycorp securities you purchased or otherwise acquired from February 7, 2011 through November 10, 2011, inclusive, and the timing of your purchases, acquisitions, and any sales. In the unlikely event that 100% of the eligible securities of Molycorp purchased or acquired by Class Members and entitled to a distribution under the Plan of Allocation described below participate in the Settlement, the estimated average distribution per share of Molycorp common stock and Preferred Stock will be approximately \$0.49 and \$0.17, respectively, before deduction of Court-approved fees and expenses. Historically, actual claim rates are lower than 100%, resulting in higher per share distributions.

## **III. THE REASONS FOR SETTLEMENT**

Lead Plaintiffs believe that the proposed Settlement is a good recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class would not have prevailed on any of its claims, in which case the Class would receive nothing. Also, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Litigation gone to trial, Defendants would have asserted that any losses of Class Members were caused by non-actionable

market, industry, or general economic factors. Defendants also would have asserted that throughout the Class Period the uncertainties and risks associated with the purchase of Molycorp securities were fully and adequately disclosed. The Underwriter Defendants also would have asserted that they properly relied on expert statements, which may preclude liability under applicable law. The proposed Settlement provides a certain benefit to Class Members, and will avoid the years of delay that would likely occur in the event of a contested trial and appeals.

#### **IV. STATEMENT OF ATTORNEYS' FEES AND EXPENSES SOUGHT**

Lead Counsel have not received any payment for their services in conducting this Litigation on behalf of Lead Plaintiffs and the Class, nor have they been paid for their litigation expenses. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 30% of the Settlement Amount and expenses not to exceed \$600,000, plus interest thereon, to be paid from the Settlement Fund. If the amounts requested are approved by the Court, the average cost per share of Molycorp common stock and Preferred Stock will be approximately \$0.16 and \$0.05, respectively. In addition, Lead Plaintiffs may seek up to \$28,000 in the aggregate for their costs and expenses incurred in representing the Class. The Court's approval or modification of the fee and expense application will not affect Lead Plaintiffs' and Defendants' agreement to the other terms of the Settlement.

#### **V. IDENTIFICATION OF ATTORNEYS' REPRESENTATIVES**

For further information regarding this Settlement, you may contact a representative of Lead Counsel: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 800/449-4900; Matthew Mustokoff, Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, Telephone: 610/667-7706.

#### **VI. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

The Final Approval Hearing will be held on June 16, 2017, at 1:30 p.m., before the Honorable Raymond P. Moore, United States District Judge, at the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, 901 19th Street, Courtroom A601, Denver, CO 80294. The purpose of the Final Approval Hearing will be to determine: (1) whether the proposed Settlement, as set forth in the Stipulation, consisting of Twenty Million, Five-Hundred Thousand Dollars (\$20,500,000.00) in cash, should be approved as fair, reasonable, and adequate to the Members of the Class; (2) whether the proposed plan to distribute the Settlement proceeds (the "Plan of Allocation") is fair and reasonable; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses and the expenses of Lead Plaintiffs should be approved; and (4) whether the Judgment, in the form attached to the Stipulation, should be entered. The Court may adjourn the Final Approval Hearing from time to time and without further notice to the Class.

#### **VII. DEFINITIONS IN THIS NOTICE**

As used in this Notice, the following terms have the meanings specified below. Any capitalized terms not specifically defined in this Notice shall have the meanings set forth in the Stipulation. In the event of any inconsistency between any definition set forth below or elsewhere in this Notice and any definition set forth in the Stipulation, the definition set forth in the Stipulation shall control.

1. "Authorized Claimant" means any Class Member who timely submits a valid Proof of Claim and Release Form to the Claims Administrator in accordance with the requirements established by the Court, and that is approved for payment from the Net Settlement Fund.

2. "Claims Administrator" means the firm of Gilardi & Co. LLC.

3. "Class" means, for the purposes of this Settlement, and to be certified pursuant to Federal Rule of Civil Procedure 23 for purposes of effectuating this Settlement only, all persons who purchased or otherwise acquired Molycorp securities from February 7, 2011 through November 10, 2011, inclusive, including all persons who purchased or acquired Molycorp common stock and/or Molycorp 5.50% Series A Mandatory Convertible Preferred Stock pursuant to the February 2011 offering, and all persons who purchased or acquired Molycorp common stock pursuant to the June 2011 offering, and who were damaged thereby. Excluded from the Class are: (i) Defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which any of the above excluded persons have or had a majority ownership interest; (ii) Molycorp (including any parent, subsidiary or corporate successor of Molycorp); and (iii) any putative member of the Class who timely and validly excludes himself, herself, or itself from the Class in accordance with the requirements set forth in this

Notice and Rule 23 of the Federal Rules of Civil Procedure. The foregoing exclusions shall not cover "Investment Vehicles," which for these purposes shall mean any investment company or pooled investment fund, including, but not limited to, mutual fund families, exchange-traded funds, fund of funds, private equity funds, real estate funds, and hedge funds, in which any Underwriter Defendant or any of its affiliates or Molycorp or any Individual Defendant has or may have a direct or indirect interest or as to which any Underwriter Defendant or any of its affiliates may act as an investment advisor, general partner, managing member, or in other similar capacity, other than an investment vehicle of which the Underwriter Defendant or any of its affiliates is a majority owner or holds a majority beneficial interest and only to the extent of such Underwriter Defendant's or affiliate's ownership or interest.

4. "Class Member" or "Member of the Class" means a Person who falls within the definition of the Class as set forth in ¶3 above.

5. "Class Period" means the period between February 7, 2011 and November 10, 2011, inclusive.

6. "Court" means the United States District Court for the District of Colorado.

7. "Defendants" means Mark A. Smith, James S. Allen, John F. Ashburn, Jr., Ross R. Bhappu, John L. Burba, Brian T. Dolan, Mark Kristoff, Charles R. Henry, Jack E. Thompson, Russell D. Ball, Alec Machiels, Morgan Stanley & Co. Incorporated n/k/a Morgan Stanley & Co. LLC; J.P. Morgan Securities LLC; Knight Capital Americas, L.P. n/k/a KCG Americas LLC; Dahلمان Rose & Company, LLC n/k/a Cowen and Company, LLC; Stifel, Nicolaus & Company Incorporated; BNP Paribas Securities Corp.; CIBC World Markets Corp.; Piper Jaffray & Co.; and RBS Securities Inc.

8. "Judgment" means the Final Judgment and Order of Dismissal with Prejudice to be rendered by the Court, substantially in the form attached to the Stipulation as Exhibit B.

9. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP and Kessler Topaz Meltzer & Check, LLP.

10. "Lead Plaintiffs" means Randall Duck, Jerry W. Jewell, individually and as trustee of the Jerry W. Jewell Trust, Philip Marner, and Donald E. McAlpin, *i.e.*, the persons appointed as Lead Plaintiffs by order of the Court dated May 29, 2012.

11. "Litigation" means the action captioned *In re Molycorp, Inc. Securities Litigation*, Civil Action No. 1:12-cv-00292-RM-KMT, filed in the United States District Court for the District of Colorado.

12. "Net Settlement Fund" means the Settlement Fund less (i) any Taxes and Tax Expenses, (ii) any Fee and Expense Award to Plaintiffs' Counsel and/or Lead Plaintiffs approved by the Court, and (iii) the Notice and Administration Expenses.

13. "Notice Date" means March 16, 2017.

14. "Person" means a natural person, individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives or assignees.

15. "Plan of Allocation" means the proposed plan of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of Notice and Administration Expenses, Taxes and Tax Expenses, the Fee and Expense Award, and interest, plus any other amounts as may be authorized or awarded by the Court, or such other plan of allocation as the Court shall approve. Any Plan of Allocation is not part of the Stipulation and Defendants and the Released Parties shall have no responsibility therefore or liability with respect thereto.

16. "Preliminary Approval Order" means the order preliminarily approving the Settlement and directing notice thereof to the Class, entered by the Court.

17. "Released Claims" shall collectively mean all actions, claims (including Unknown Claims as defined in ¶25), duties, debts, demands, rights, disputes, suits, matters, damages, losses, obligations, proceedings, issues, judgments, liabilities and causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, whether compensatory, consequential, special, punitive, exemplary or otherwise, and any fees, costs, expenses or charges), known or unknown, contingent or absolute,

mature or immature, discoverable or undiscoverable, whether concealed or hidden, suspected or unsuspected, which now exist, or heretofore have existed, asserted or that could have been asserted, in any forum or proceeding or otherwise by the Lead Plaintiffs or any Member of the Class against the Released Parties with respect to the purchase or acquisition of Molycorp common stock or Preferred Stock during the Class Period and the acts, facts, statements, or omissions that were or could have been alleged by the Lead Plaintiffs, or arising under federal, state or foreign law on behalf of any Members of the Class. Released Claims do not include any and all derivative claims that have been asserted on behalf of Molycorp by its shareholders, including, but not limited to, the claims asserted derivatively on behalf of Molycorp in *Wells v. Smith, et al.*, No. 1:12-cv-00447-WJM (D. Colo.); *Swaggerty v. Smith, et al.*, No. 1:12-cv-00589 (D. Colo.); *Kayten v. Bhappu, et al.*, No. 1:13-cv-3155 (D. Colo.); *Gaines v. Smith, et al.*, C.A. No. 12-7282 (Del. Ch.); *Paskowitz v. Smith, et al.*, C.A. No. 12-7319 (Del. Ch.); *Wilson v. Smith, et al.*, C.A. No. 12-7395 (Del. Ch.); *Salzmann v. Smith, et al.*, C.A. No. 13-8744 (Del. Ch.); *VCN Resources v. Smith, et al.*, C.A. No. 14-7282 (Del. Ch.); *Clem v. Smith, et al.*, No. 12 CV 392 (Arapahoe Cnty., Colo.); and *Nationwide Consulting, Inc. v. Smith, et al.*, No. 12 CV 448 (Arapahoe Cnty., Colo.), or any claims relating to the enforcement of the Settlement.

18. “Released Parties” means all the Defendants as defined in ¶7 above, as well as Craig Cogut, Pegasus Capital Advisors, L.P., RCF Management LLC, T-II Holdings, LLC, and each of their past or present subsidiaries (collectively, the “Affiliate Releasees”), and each of any Defendant’s or Affiliate Releasee’s past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, underwriters, investment advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of an Individual Defendant’s immediate family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant’s immediate family, and any entity in which a Defendant and/or any member of an Individual Defendant’s immediate family has or have a controlling interest (directly or indirectly).

19. “Settlement” means the settlement contemplated by the Stipulation.

20. “Settlement Amount” means Twenty Million, Five-Hundred Thousand Dollars (\$20,500,000).

21. “Settlement Fund” means the Settlement Amount plus any interest earned thereon after it is deposited into the Escrow Account.

22. “Settling Parties” means, collectively, the Defendants and the Lead Plaintiffs, on behalf of themselves and Members of the Class.

23. “Stipulation” means the Stipulation of Settlement, including the recitals and Exhibits thereto.

24. “Tax” or “Taxes” means all taxes due and payable (including any estimated taxes, interest or penalties) with respect to the income earned by the Settlement Fund.

25. “Unknown Claims” means collectively any and all Released Claims, of every nature and description, that the Lead Plaintiffs or any Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Effective Date, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Parties, or might have affected his, her, or its decision not to object to or opt out of this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights, and benefits of California Civil Code §1542, and of any U.S. federal or state law, or principle of common law or otherwise, that is similar, comparable, or equivalent to §1542 of the California Civil Code, which provides, in relevant part:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

Lead Plaintiffs shall expressly waive and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiffs and Class Members may hereafter discover facts in addition to or

different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiffs shall expressly, fully, finally, and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs acknowledge, and Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a material element of the Settlement of which this release is a part.

## VIII. THE LITIGATION

On February 3, 2012, a class action complaint was filed in the Court as a securities fraud class action on behalf of investors in Molycorp common stock. The complaint alleged violations of §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) on behalf of a class of all persons and entities who purchased or otherwise acquired the publicly traded common stock of Molycorp between March 9, 2011 and November 10, 2011, inclusive.

On May 29, 2012, the Court appointed Randall Duck, Jerry W. Jewell, individually and as trustee of the Jerry W. Jewell Trust, Philip Marner, and Donald E. McAlpin as Lead Plaintiffs pursuant to §21D(a)(3)(B) of the Exchange Act, as amended by the Private Securities Litigation Reform Act of 1995, and approved their selection of Robbins Geller Rudman & Dowd LLP and Kessler Topaz Meltzer & Check, LLP as Lead Counsel and Dyer & Berens LLP as Liaison Counsel for the class.

On July 31, 2012, Lead Plaintiffs filed the Consolidated Class Action Complaint for Violations of Federal Securities Laws (the “Consolidated Complaint”). The Consolidated Complaint alleged violations of §§10(b), 20(a) and 20A of the Exchange Act on behalf of a class of persons who purchased or acquired the publicly traded securities of Molycorp from February 11, 2011 through November 10, 2011. The Consolidated Complaint also alleged violations of §§11, 12(a)(2) and 15 of the Securities Act of 1933 (the “Securities Act”) on behalf of all persons who purchased or acquired Molycorp 5.50% Series A Mandatory Convertible Preferred Stock pursuant to the Company’s February 2011 offering and all persons who purchased or acquired Molycorp common stock pursuant to the June 2011 offering. On October 22, 2012, Defendants moved to dismiss the Consolidated Complaint, which the Court granted without prejudice in an Order dated March 31, 2015.

On May 29, 2015, Lead Plaintiffs filed their First Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws (the “First Amended Complaint”).<sup>1</sup> The First Amended Complaint alleges violations of §§10(b) and 20(a) of the Exchange Act on behalf of all persons who purchased or acquired the publicly traded securities – *i.e.*, the Company’s common stock and/or Preferred Stock – from February 7, 2011 through November 10, 2011. The First Amended Complaint also alleges violations of §§11, 12(a)(2) and 15 of the Securities Act on behalf of all persons who purchased or acquired Molycorp common stock and/or Preferred Stock pursuant to the Company’s February 2011 offering and all persons who purchased or acquired Molycorp common stock traceable and/or pursuant to the Company’s June 2011 offering. On June 24, 2015, Defendants moved to dismiss the First Amended Complaint, which the Court granted in part and denied in part in an Order dated January 20, 2016.

On February 11, 2016, the Court conducted a scheduling conference pursuant to Fed. R. Civ. P. 16 and, the same day, issued the operative Scheduling Order for the Litigation. Discovery in the Litigation commenced immediately thereafter. On March 17, 2016, the Individual Defendants filed a motion for summary judgment. On May 25, 2016, the Court denied that motion without prejudice to renewing the motion at the conclusion of discovery.

On June 29, 2016, the Settling Parties participated in a mediation session facilitated by The Honorable Layn R. Phillips. In connection with the mediation process, Lead Plaintiffs and Defendants conducted arm’s-

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<sup>1</sup> On June 25, 2015, Molycorp, Inc. and its affiliates filed a voluntary Chapter 11 bankruptcy petition with the United States Bankruptcy Court for the District of Delaware, Case No. 15-11357, and, on the same day, Lead Plaintiffs voluntarily dismissed Molycorp from the Litigation.

length negotiations with respect to a potential compromise and settlement of the Litigation. Following the mediation session, the Settling Parties continued discussions through The Honorable Layn R. Phillips (Ret.) and ultimately reached an agreement to settle the Litigation for a total settlement payment of \$20,500,000. On July 27, 2016, the Settling Parties advised the Court that a tentative settlement had been reached subject to formal approval of the Court.

#### **IX. LEAD PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT**

Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, Lead Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. Lead Plaintiffs and their counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation. Lead Plaintiffs and their counsel also are mindful of the inherent problems of proof under, and possible defenses to, the securities law violations asserted in the Litigation. Lead Plaintiffs and their counsel believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, Lead Plaintiffs and their counsel have determined that the Settlement set forth in the Stipulation is in the best interests of Lead Plaintiffs and the Class.

#### **X. DEFENDANTS' DENIAL OF WRONGDOING AND LIABILITY**

Defendants, individually and collectively, have denied and continue to deny that they engaged in any wrongdoing of any kind, or that they violated or breached any law, regulation, or duty owed to Lead Plaintiffs. Defendants have vigorously denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants deny that the Lead Plaintiffs or any Member of the Class have suffered damages, that the prices of Molycorp common and Preferred Stock were artificially inflated during the Class Period as the result of any alleged misrepresentations, omissions, non-disclosures or otherwise by Defendants, and that the Lead Plaintiffs or the Class were harmed by the conduct alleged in the First Amended Complaint. Defendants further deny that Molycorp's publicly filed documents contained any alleged material misrepresentation and/or omission.

Nonetheless, Defendants have concluded that further defense of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also considered the uncertainty and risks inherent in the Litigation. Defendants have, therefore, determined that it is desirable to settle the Litigation in the manner and upon the terms and conditions set forth in the Stipulation.

#### **XI. TERMS OF THE PROPOSED SETTLEMENT**

A settlement has been reached in the Litigation between Lead Plaintiffs and Defendants, the terms and conditions of which are set forth in the Stipulation and the Exhibits thereto. The following description of the proposed Settlement is only a summary, and reference is made to the text of the Stipulation, on file with the Court for a full statement of its provisions.

The Settlement Fund consists of Twenty Million, Five-Hundred Thousand Dollars (\$20,500,000.00), plus any interest earned thereon after it is deposited into the Escrow Account.

Subject to Court approval, a portion of the Settlement Fund will be used to pay attorneys' fees and expenses to Lead Counsel and Lead Plaintiffs' expenses, to pay for this Notice and the processing of claims submitted by Class Members, and to pay Taxes and Tax Expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed, in accordance with the Plan of Allocation described below, to Class Members who submit valid and timely Proofs of Claim.

The effectiveness of the Settlement is subject to a number of conditions and reference to the Stipulation is made for further particulars regarding these conditions.

## XII. REQUESTING EXCLUSION FROM THE CLASS

If you do not wish to be included in the Class and you do not wish to participate in the proposed Settlement described in this Notice you may request to be excluded.

If you wish to be excluded, you must mail a written request stating that you wish to be excluded from the Class to:

*Molycorp Securities Litigation*  
EXCLUSIONS  
Claims Administrator  
c/o Gilardi & Co. LLC  
3301 Kerner Blvd.  
San Rafael, CA 94901

The request for exclusion must: (1) include your name, address, and telephone number; (2) state that you “request exclusion from the Class”; (3) state the date(s), price(s), and amount(s) of Molycorp securities that you purchased, sold, or otherwise acquired or disposed of during the period February 7, 2011 through November 10, 2011, inclusive; and (4) be signed by you or your representative. ***YOUR EXCLUSION REQUEST MUST BE POSTMARKED NO LATER THAN MAY 22, 2017.*** No request for exclusion will be considered valid unless all of the information described above is included in any such request. No further opportunity to request exclusion will be given in this Litigation. If you choose to be excluded from the Class, (a) you are not entitled to share in the proceeds of the Settlement described herein; (b) you are not bound by any judgment entered in the Litigation; and (c) you are not precluded by the Settlement from otherwise prosecuting an individual claim against Defendants, if timely, based on the matters complained of in the Litigation.

## XIII. RIGHTS OF CLASS MEMBERS

If you are a Class Member and have not elected to request exclusion, you may receive the benefit of, and you will be bound by the terms of, the proposed Settlement described in this Notice, upon approval of the proposed Settlement by the Court.

If you are a Class Member, you have the following options:

1. You may submit a Proof of Claim as described below. If you choose this option, you will share in the proceeds of the proposed Settlement if your claim is timely, valid, and entitled to a distribution under the Plan of Allocation described below and if the proposed Settlement is finally approved by the Court; and you will be bound by the Judgment and release to be entered by the Court as described below.

2. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Parties.

3. You may object to the Settlement, the Plan of Allocation, Lead Counsel's application for attorneys' fees and expenses, and/or Lead Plaintiffs' request for expenses in the manner described in Section XIX below.

4. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing and at your own expense, provided that such counsel files an appearance on your behalf ***on or before June 2, 2017***, and serves copies of such appearance on the attorneys listed in Section XIX below. If you do not enter an appearance through counsel of your own choosing, you will be represented by Lead Counsel: Robbins Geller Rudman & Dowd LLP and Kessler Topaz Meltzer & Check, LLP.

## XIV. PLAN OF ALLOCATION

As discussed in this Notice, Lead Plaintiffs have recovered \$20,500,000 for the benefit of the Class. The Settlement Amount and the interest earned thereon, after deduction of Court-approved attorneys' fees and expenses, Notice and Administration Expenses, and Taxes and Tax Expenses, is the “Net Settlement Fund.” The Net Settlement Fund will not be distributed until the Court has approved the Plan of Allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired. Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement.

The Plan of Allocation set forth below is the proposed plan submitted by Lead Plaintiffs and Lead Counsel for the Court's approval. The Court may approve this plan as proposed or may modify it without further notice to the Class.

Subject to Court approval, the Net Settlement Fund will be distributed to Class Members who, in accordance with the terms of the Stipulation, are entitled to a distribution from the Net Settlement Fund pursuant to any Plan of Allocation or any order of the Court and who submit a valid and timely Proof of Claim under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have an overall net loss on all of your transactions in Molycorp securities during the Class Period. Persons and entities that are excluded from the Class by definition, or that exclude themselves from the Class, will not be eligible to receive a distribution from the Net Settlement Fund and should not submit a Proof of Claim.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel have conferred with their economics and damages consultants and expert and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered by Class Members had Lead Plaintiffs prevailed at trial and reflects the risks of proving violation of the federal securities laws, including loss causation and damages.

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, and as is more likely, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00, the claim per share is \$0.00.

#### **Common Stock**

CUSIP: 608753109

February 7, 2011 – November 10, 2011

The allocation below is based on a potential maximum claim per share equal to \$2.03. This value represents the estimated inflation attributable to the Company's November 11, 2011 price decline.

For shares of Molycorp common stock ***purchased or acquired on or between February 7, 2011 through November 10, 2011***, the claim per share shall be as follows:

- (a) If sold prior to November 11, 2011, the claim per share is zero.
- (b) If retained at the end of November 10, 2011, whether or not sold thereafter, the recovery per share is \$2.03.

#### **Preferred Stock**

CUSIP: 608753208

February 10, 2011 – November 10, 2011

The allocation below is based on a potential maximum claim per preferred share equal to \$0.68. This value represents the estimated inflation attributable to the Company's November 11, 2011 price decline.

For shares of Molycorp Preferred Stock ***purchased or acquired on or between February 10, 2011 through November 10, 2011***, the claim per share shall be as follows:

- (a) If sold prior to November 11, 2011, the claim per preferred share is zero.
- (b) If retained at the end of November 10, 2011, whether or not sold thereafter, the recovery per preferred share is \$0.68.

The date of purchase or acquisition or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Class Members who held Molycorp securities at the beginning of the Class Period or made multiple purchases, acquisitions, or sales during the Class Period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of Molycorp securities during the Class Period will be matched, in chronological order, first against the same type of Molycorp securities (*i.e.*, common stock or Preferred Stock) held at the beginning of the Class Period. The remaining sales of the same type of Molycorp securities during the Class Period will then be matched, in chronological order, against the same type of Molycorp securities purchased during the Class Period.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net overall loss, after all profits from transactions in all Molycorp securities described above during the Class Period are subtracted from all losses. However, the proceeds from sales of a security which have been matched against the same type of security held at the beginning of the Class Period will not be used in the calculation of such net loss. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against the Lead Plaintiffs, Lead Counsel, any claims administrator, or other Person designated by Lead Counsel, or Defendants, Defendants’ Counsel, or any of the Released Parties based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the releases provided therein, and shall be barred and enjoined from bringing any action, claim or other proceeding of any kind against any of the Released Parties concerning any Released Claim, and shall be bound by any judgment or determination of the Court affecting the Class Members.

#### **XV. PARTICIPATION IN THE SETTLEMENT**

**TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM.** A Proof of Claim is enclosed with this Notice or it may be downloaded at [www.molycorpincsecuritieslitigation.com](http://www.molycorpincsecuritieslitigation.com). Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail or submit it online so that it is ***postmarked (if mailed) or received (if filed electronically) no later than June 14, 2017***. Proofs of Claim may be submitted online at [www.molycorpincsecuritieslitigation.com](http://www.molycorpincsecuritieslitigation.com). Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

#### **XVI. DISMISSAL AND RELEASE**

If the Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the “Judgment”) that will dismiss with prejudice the claims in the Litigation. In addition, upon the Effective Date, Lead Plaintiffs and each of the Class Members (on behalf of themselves and each of their respective present and former directors, officers, employees, parents, subsidiaries, related or affiliated entities, shareholders, members, divisions, partners, joint ventures, family members, spouses, domestic partners, heirs, principals, agents, owners, fiduciaries, personal or legal representatives, attorneys, auditors, accountants, advisors, banks or bankers, insurers, reinsurers, trustees, trusts, estates, executors, administrators, predecessors, successors, assigns, and any other person or entity who has the right, ability, standing, or capacity to assert, prosecute, or maintain on behalf of any Class Member any of the Released Claims (or to obtain the proceeds of any recovery therefrom)), and regardless of whether any such Lead Plaintiff or Class Member ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim, any distribution from the Settlement Fund, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Parties, and shall be permanently barred and enjoined from instituting, commencing, or prosecuting any such Released Claim against the Released Parties except to enforce the releases and other terms and conditions contained in the Stipulation or the Judgment entered pursuant thereto.

Notwithstanding the above, nothing in the Judgment shall bar any action by any of the Settling Parties to enforce or effectuate the terms of the Settlement, the Preliminary Approval Order, or the Judgment.

**XVII. APPLICATION FOR FEES AND EXPENSES**

At the Final Approval Hearing, Lead Counsel will request the Court to award attorneys' fees of 30% of the Settlement Amount, plus expenses not to exceed \$600,000, plus interest thereon. In addition, Lead Plaintiffs may seek up to \$28,000 in the aggregate for expenses (including lost wages) they incurred in representing the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. Approval of fees and expenses to Lead Counsel and Lead Plaintiffs is independent from approval of the Settlement and will not affect the Settlement whether approved or denied.

To date, Lead Counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiffs and the Class, nor have counsel been paid their expenses. The fee requested by Lead Counsel will compensate counsel for their efforts in achieving the Settlement for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. Lead Counsel believe that the fee requested is well within the range of fees awarded to plaintiffs' counsel under similar circumstances in other litigation of this type. The fee to be requested has been approved by each of the Lead Plaintiffs.

**XVIII. CONDITIONS FOR SETTLEMENT**

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from the Judgment or to move to alter or amend the Judgment, or the determination of any such appeal or motion in a manner to permit the consummation of the Settlement substantially as provided for in the Stipulation. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of July 14, 2016. In that event, the Settlement will not proceed and no payments will be made to Class Members.

**XIX. THE RIGHT TO BE HEARD AT THE FINAL APPROVAL HEARING**

Any Class Member who objects to any aspect of the Settlement, the Plan of Allocation, Lead Counsel's application for attorneys' fees and expenses, and/or Lead Plaintiffs' request for expenses, may appear and be heard at the Final Approval Hearing. However, any such person must submit a written notice of objection, such that it is **received, not simply postmarked, on or before May 22, 2017**, by each of the following:

***To the Court:***

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF COLORADO  
ALFRED A. ARRAJ UNITED STATES COURTHOUSE  
901 19th Street, Room A105  
Denver, CO 80294

***To Counsel for Lead Plaintiffs:***

ROBBINS GELLER RUDMAN  
& DOWD LLP  
TRIG R. SMITH  
655 West Broadway, Suite 1900  
San Diego, CA 92101

KESSLER TOPAZ MELTZER  
& CHECK, LLP  
MATTHEW MUSTOKOFF  
280 King of Prussia Road  
Radnor, PA 19087

***To Counsel for Defendants:***

COOLEY LLP  
KOJI F. FUKUMURA  
4401 Eastgate Mall  
San Diego, CA 92121

GIBSON, DUNN &  
CRUTCHER LLP  
GREGORY J. KERWIN  
1801 California Street, Suite 4200  
Denver, CO 80202

SIMPSON THACHER &  
BARTLETT LLP  
JONATHAN K. YOUNGWOOD  
425 Lexington Avenue  
New York, NY 10017

The notice of objection must demonstrate the objecting person's membership in the Class, including the number and type of Molycorp securities purchased or acquired and sold during the Class Period and contain a statement of the reasons for objection. Only Members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Final Approval Hearing, unless the Court orders otherwise.

**XX. SPECIAL NOTICE TO NOMINEES**

Nominees who purchased or otherwise acquired Molycorp securities for the beneficial interest of other persons during the Class Period shall, within ten (10) calendar days after receipt of this Notice: (1) provide the Claims Administrator with the names and addresses of such beneficial owners; or (2) forward a copy of this Notice and the Proof of Claim by First-Class Mail to each such beneficial owner and provide the Claims Administrator with written confirmation that the Notice and Proof of Claim have been so forwarded. Upon submission of appropriate documentation, Lead Counsel shall reimburse your reasonable costs and expenses of complying with this provision. Additional copies of this Notice and the Proof of Claim may be obtained from the Claims Administrator by writing to:

*Molycorp Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 30237  
College Station, TX 77842-3237

or downloaded from the internet at [www.molycorpincsecuritieslitigation.com](http://www.molycorpincsecuritieslitigation.com).

**XXI. EXAMINATION OF PAPERS**

This Notice contains only a summary of the terms of the proposed Settlement and does not describe all of the details of the Stipulation. For a more detailed statement of the matters involved in the Litigation, reference is made to the pleadings, to the Stipulation, and to other papers filed in the Litigation, which may be inspected at the office of the Clerk of the Court, United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, 901 19th Street, Room A105, Denver, CO 80294. In addition, certain settlement related documents, including the Stipulation of Settlement, may be viewed at [www.molycorpincsecuritieslitigation.com](http://www.molycorpincsecuritieslitigation.com).

If you have any questions about the settlement of the Litigation, you may contact Lead Counsel by writing to:

ROBBINS GELLER RUDMAN & DOWD LLP  
TRIG R. SMITH  
655 West Broadway, Suite 1900  
San Diego, CA 92101

*or*

KESSLER TOPAZ MELTZER & CHECK, LLP  
MATTHEW MUSTOKOFF  
280 King of Prussia Road  
Radnor, PA 19087

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

DATED: MARCH 6, 2017

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF COLORADO