



## MOLY MINES LIMITED

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Western Australia 6005

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ABN 32 103 295 521

5 August 2009

Mr Nicholas Ong  
Principal Adviser, Issuers (Perth)  
ASX Markets Supervision Pty Ltd  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Nicholas

In respect of your letter to Moly Mines Limited of today's date re price and volume query, we respond to each question put to the Company in the order provided:

1. No.

The Company submitted its Quarterly Report for June 2009 on Friday 31<sup>st</sup> July. ASX Company Announcements Office confirmed the lodgment prior to market open on Monday 3<sup>rd</sup> August. We refer you to that report.

The Quarterly Report provided detailed commentary on the Company's Spinifex Ridge Molybdenum Project, the Spinifex Ridge Iron Ore Project, the recent appreciation of the molybdenum price and the continued strength of iron ore spot market. The Quarterly Report also referred to the commencement of restructure and refinancing negotiations with respect to the US\$150 million (plus interest) financing facility which is due for repayment on 31<sup>st</sup> October 2009.

The Quarterly Report discussed the near term development potential of the Spinifex Ridge Iron Ore Project noting that "The Company is currently in negotiations with a number of parties regarding...off-take arrangements".

Your letter refers to recent press reports in particular "that the Company is in talks with Chinese groups for iron ore sales accords, and a comment from Managing Director Derek Fisher that the Company will have something signed off in the next few weeks and sales contracts *will may* include an equity stake in the Company".

This report misstated Dr Fisher's comments and Moly Mines understands that this press report has been corrected this morning to read; "Sales contracts may include an equity stake in the company".

The Company is currently exploring a variety of measures to restructure and refinance its obligations and, as stated in the Quarterly Report, believes the Spinifex Ridge Iron Ore Project, the rapid strengthening of the molybdenum market and the commencement of a

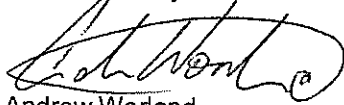
sales process for surplus equipment to the Phase 1 10mt/a Spinifex Ridge Molybdenum Project development provides a sound basis upon which to restructure its obligations. Overnight, Ryans Notes reports that molybdenum prices have continued their rise this week trading above US\$17.50/lb.

The Quarterly Report also noted that "The Company's restructure plans are iterative in nature and could vary considerably as discussions with the Company's lenders continue. Obtaining the lenders support will be critical to the Company's future, however there can be no certainty that the Company will be able to successfully complete a restructure."

2. Not applicable.
3. Other than as described under 1. above the Company is not aware of any explanation for the recent price and volume increases in the Company's securities.
4. The Company is in compliance with the listing rules, in particular listing rule 3.1.

If you have any further questions, please do not hesitate to call.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Worland", written over a horizontal line.

Andrew Worland  
Company Secretary  
Moly Mines Limited



**ASX**

AUSTRALIAN SECURITIES EXCHANGE

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**Facsimile**

To	Company Secretary
Company	MOLY MINES LIMITED
Fax number	0894293399
From	ASX Limited – Company Announcements Office
Date	05-Aug-2009
Time	16:02:15
Subject	Confirmation Of Receipt And Release Of Announcement
Number of pages	1 only

**MESSAGE:**

We confirm the receipt and release to the market of an announcement regarding:

Response to ASX Query

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If ASX considers an announcement to be sensitive, trading will be halted for 10 minutes.

If your announcement is classified by ASX as sensitive, your company's securities will be placed into "pre-open" status on ASX's trading system. This means that trading in your company's securities is temporarily stopped, to allow the market time to assess the contents of your announcement. "Pre-open" is approximately 10 minutes for most announcements but can be 50 minutes (approximately) for takeover announcements.

Once "pre-open" period is completed, full trading of the company's securities recommences.



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5 August 2009

Andrew Worland  
Company Secretary  
Moly Mines Limited  
Ground Floor 45-50 Kings Park Road  
West Perth WA 6008

By facsimile: 9429 3399

Dear Andrew,

**Moly Mines Limited (the "Company")**

**PRICE AND VOLUME QUERY**

We have noted a change in the price of the Company's securities from 54 cents on 31 July 2009 to a high of 96 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

In answering this question please address the recent press reports that the Company is in talks with Chinese groups for iron ore sales accords, and a comment from Managing Director Derek Fisher that the Company will have something signed off in the next few weeks and sales contracts will may include an equity stake in the Company.

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price and volume change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

**Australian Securities Exchange**

Australian Stock Exchange  
Sydney Futures Exchange

Australian Clearing House  
SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
Austraclear

Your response should be sent to me by email on [nicholas.ong@asx.com.au](mailto:nicholas.ong@asx.com.au) or by facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 1:30 pm (W.S.T) on Wednesday, 5 August 2009.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

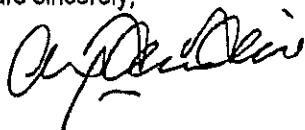
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please contact me on 9224 0017.

Yours sincerely,



Nicholas Ong  
**Principal Adviser, Issuers (Perth)**



**ASX**

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**Facsimile**

To	Company Secretary
Company	MOLY MINES LIMITED
Fax number	0894293399
From	ASX Limited – Company Announcements Office
Date	05-Aug-2009
Time	12:42:08
Subject	Confirmation Of Receipt And Release Of Announcement
Number of pages	1 only

**MESSAGE:**

We confirm the receipt and release to the market of an announcement regarding:

Trading Halt

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