September 2, 2009

ANNUAL INFORMATION FORM

For the Year Ended June 30, 2009

MOLY MINES LIMITED

46-50 Kings Park Road
West Perth, Western Australia 6005
Australia

Unless otherwise indicated, the information in this Annual Information Form is given as of June 30, 2009. All amounts in this Annual Information Form are expressed in United States dollars unless otherwise indicated. References to "C$" are to Canadian dollars and "A$" are to Australian dollars.

CAUTIONARY STATEMENT:

Certain of the information contained in this document constitutes "forward-looking statements" within the meaning of the *Private Securities Litigation Reform Act of 1995* and similar Canadian legislation. Any statements related to the Company's projected revenues, earnings, growth rates, revenue mix, staffing and resources, and product plans are forward looking statements as are any statements relating to future events, conditions or circumstances. The use of terms such as "believes", "maintains", "anticipate", "continue", "expects", "projected", "targeted", "estimate", "intend", "may", "will", "should" and similar expressions are intended to assist in identification of these forward-looking statements. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause the actual results, performance, achievements or developments of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements.

In particular, this annual information form and the documents incorporated by reference herein contain forward-looking information pertaining to the following:

- **the estimates of the Company's mineral reserves and mineral resources;**
- **estimated iron ore and molybdenum production levels;**
- **capital expenditure programs, estimated production costs, exploration expenditures and reclamation costs;**
- **expectations of market prices and costs;**
- **supply and demand for iron ore and molydenum;**
- **exploration, development and expansion plans and objectives; and**
- **the Company's expectations regarding raising capital.**

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of the following and as a result of the risk factors set forth below and elsewhere in this annual information form and the documents incorporated by reference herein:

- **volatility in market prices for iron ore and molydenum;**
- **changes in foreign currency exchange rates and interest rates;**
- **liabilities inherent in mining operations;**
- **uncertainties associated with estimating mineral reserves and resources;**
- **failure to obtain industry partner and other third party consents and approvals, when required;**
- **competition for, among other things, capital, acquisitions of mineral reserves, undeveloped lands and skilled personnel;**
- **incorrect assessments of the value of acquisitions;**
- **geological, technical and processing problems; and**
- **the other factors discussed under "Risk Factors" in this annual information form and the documents incorporated by reference herein.**

Many factors could cause the actual results of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements, including, without limitation, each of the factors under the section "Risk Factors" in this annual information form.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this annual information form from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company, at 46-50 Kings Park Road, West Perth, Western Australia, 6005. These documents are also available on SEDAR at www.sedar.com.

The following documents, which the Company has filed with the securities commissions or similar authorities in Canada, are specifically incorporated by reference and form an integral part of this annual information form:

(a) the NI 43-101 Technical Report for the Spinifex Ridge Mo-Cu Deposit Western Australia dated August 18, 2008 (the "**Spinifex Ridge Molybdenum Project August 2008 Technical Report**"); and

(a) the NI 43-101 Updated Technical Report for the Spinifex Ridge Mo-Cu Deposit Western Australia dated August 25, 2009 (the "**Spinifex Ridge Molybdenum Project August 2009 Technical Report**"); and

(b) the NI 43-101 Technical Report for the Spinifex Ridge Fe Deposit Western Australia dated September 1, 2009 (the "**Spinifex Ridge Iron Ore Project Technical Report**").

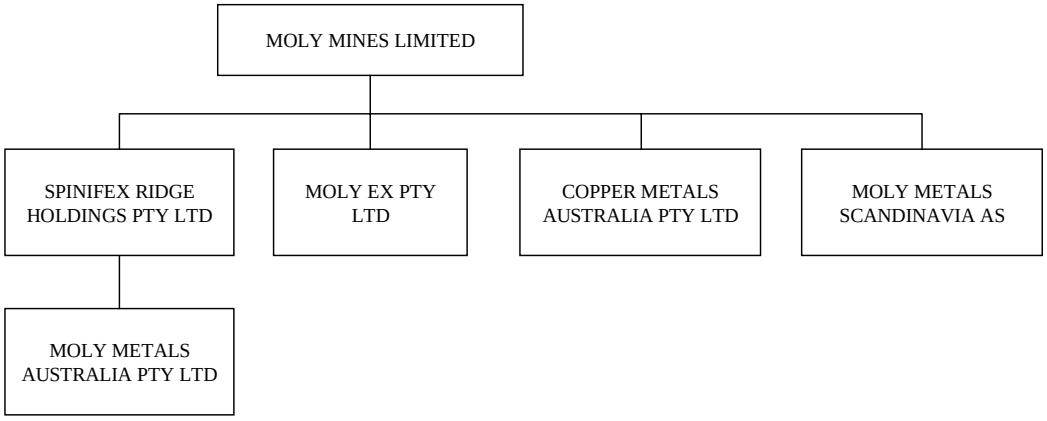
CORPORATE STRUCTURE

Name, Address and Incorporation

Moly Mines Limited ("**Moly Mines**" or the "**Company**") was incorporated under the Australian *Corporations Act 2001* (Cth) as a proprietary limited company with the name Hibernia Gold Pty Limited on January 6, 2003. The Company changed its status to a public unlisted company and was renamed Hibernia Gold Limited on December 11, 2003. The Company listed on the Australian Securities Exchange ("**ASX**") on March 11, 2004. The Company changed its name to Moly Mines Limited on April 22, 2005. The Company listed and commenced trading on the Toronto Stock Exchange ("**TSX**") on October 27, 2006. The Company's registered and records office is at 46-50 Kings Park Road, West Perth, Western Australia 6005, Australia.

Inter-corporate Relationships

At June 30, 2009, the Company had five wholly-owned and controlled direct subsidiaries, Spinifex Ridge Holdings Pty Ltd ("**Holdings**"), Moly Metals Australia Pty Ltd. ("**Moly Metals**"), Moly Ex Pty Ltd ("**Moly Ex**") Copper Metals Australia Pty Ltd. ("**Copper Metals**") and Moly Metals Scandinavia AS ("**MMS**"). Except for MMS, each subsidiary was incorporated in Australia under the *Corporations Act 2001* (Cth). MMS is a Norwegian registered company. The Company's interests in the Spinifex Ridge Molybdenum Project and Spinifex Ridge Iron Ore Project (as described below) are held by and registered in the name of Moly Metals.



GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Moly Mines is an exploration and feasibility stage mining company with interests in a number of properties in Western Australia and New South Wales, Australia. Its principal assets are a 100% interest in the Spinifex Ridge Molybdenum Project and the Spinifex Ridge Iron Ore Project, both located approximately 140 km east-southeast of Port Hedland and 50 km northeast of Marble Bar in the Pilbara region of Western Australia. Moly Mines also owns three molybdenum exploration prospects in New South Wales.

Incorporation and Initial Financing

The Company was incorporated in January 2003. By December 2003, the Company had successfully raised over A$1 million in seed capital as a private company and had selectively built up a portfolio of key gold assets in New South Wales and some prospective molybdenum properties also in New South Wales. The Company targeted and acquired projects in historic gold mining areas that its investigations had suggested were prospective for undiscovered gold mineralization.

In March 2004, the Company successfully completed an initial public offering in Australia of 7,000,000 shares at A$0.20 per share raising A$1,400,000 before costs, and was listed on the ASX under the symbol “HIB” on March 11, 2004 (later to become “MOL” following the Company’s name change in 2005). In April 2004, the Company acquired a 5% interest in the exploration license E45/2226 (which since has been converted to mining leases and contains the Spinifex Ridge Molybdenum Project and Spinifex Ridge Iron Ore Project). Since listing on the ASX, the Company focused its activities on the Spinifex Ridge Molybdenum Project, the New South Wales gold assets which were sold in July 2007 and more recently the Spinifex Ridge Iron Ore Project.

Sale of Gold Exploration Assets

On July 5, 2007 the Company completed the sale of its interest in the New South Wales gold assets to ASX listed Cortona Resources Limited (**Cortona**). Moly Mines received A$5 million cash, 12 million fully paid ordinary shares in the capital of Cortona, options to acquire 8 million ordinary shares in the capital of Cortona exercisable at A$0.35 and expiring two years from the date of issue and options to acquire 8 million ordinary shares in the capital of Cortona exercisable at A$0.50 and expiring 2 years from the date of vesting. The 8 million A$0.50 options do not vest until either the successful delineation of a total of 1 million ounces of measured and/or indicated resource from the New South Wales gold assets or a decision to mine is made on any of the New South Wales gold assets. In addition, on achievement of either of these milestones, Moly Mines will receive a A$4 million cash payment. The ordinary shares of Cortona are listed and posted for trading on the ASX. On July 5, 2009 the 8 million A$0.35 options expired unexercised.

The Spinifex Ridge Molybdenum Project

The Company’s principal asset is a 100% interest in the Spinifex Ridge Molybdenum Project. On April 1, 2004, the Company, through Moly Metals, entered into an option agreement (the “**Option Agreement**”) with Kallenia Mines Pty Ltd. (“**Kallenia**”), an arm’s length party, to acquire an initial 5% interest in Exploration Licence E45/2226 at a cost of A$25,000. The Option Agreement allowed the Company to increase that interest to 90% by paying Kallenia an additional A$750,000. The option was extendable in six month increments for up to four years by making cash payments of A$25,000 per extension. The transfer of the 5% interest to Moly Metals was registered on April 7, 2004.

On February 10, 2006, Moly Mines exercised its option in accordance with the terms of the Option Agreement to acquire the additional 85% interest in Exploration Licence E45/2226. Kallenia retained a 10% free carried interest in the tenement. On May 10, 2006, Moly Metals acquired Kallenia’s remaining 10% residual interest in Exploration Licence E45/2226 in exchange for 2.4 million ordinary shares of Moly Mines. Kallenia retains a royalty payable by the Company in the amount of A$0.02 per tonne of ore processed from the tenement (or A$0.01 per tonne of ore in the case where the market price of molybdenum oxide at the time of production is less than US$6.00/lb).

The molybdenum / copper deposit was discovered over 35 years ago and the area was the subject of exploration activities through to 1991 by a succession of international companies. The Spinifex Ridge Molybdenum Project lay dormant from 1991 until Moly Mines became involved in 2004. During 2004, the Company undertook a scoping study technical assessment using the historic data from previous exploration campaigns and the Company concluded that the deposit was worthy of conducting a pre-feasibility study ("**PFS**") level of assessment.

Throughout the period 2005 to 2008, the Company undertook a series of extensive drilling programs to re-confirm historical drill results, better define the molybdenum / copper resource and its limits, increase knowledge of the ore body grade, variability, metallurgy and other key issues potentially impacting production rates and, ultimately, product specifications and develop resource and reserve estimates of a JORC and NI 43-101 standard. The results of these drilling programs were used to support both the PFS and full feasibility study ("**FFS**") for the Spinifex Ridge Molybdenum Project.

The FFS was completed in September 2007 and confirmed the technical and economic viability of the Spinifex Ridge Molybdenum Project. The FFS considered a 20 mt/a open pit mining operation and processing plant that, over the first ten years, could produce an average of approximately 23-24 million pounds of contained molybdenum and approximately 26-27 million pounds of contained copper, both in concentrate form.

During the latter part of 2007 and in 2008, the Company focused on critical aspects of the Spinifex Ridge Molybdenum Project that would support a full project financing. This included awarding a substantial number of contracts supporting the project delivery schedule and the capital and operating cost estimates made in the FFS.

In August 2008, the Western Australian Minister for the Environment approved the Project under Part IV of the Environmental Protection Act, 1986, completing the environmental impact assessment process. In September 2008, the Western Australian Department of Industry and Resources (DoIR) approved the project mining proposal for the development and operation of the planned mine and confirmed the lodgement and acceptance of the Company's unconditional performance bonds for its proposed mining activities. These approvals mean there are no impediments to developing the Spinifex Ridge Molybdenum Project.

Spinifex Ridge Iron Ore Project

In 2007 the Company identified iron mineralization outcropping to the west of the planned Spinifex Ridge Molybdenum Project on the same mining lease. Moly Mines has completed drilling campaigns to delineate a maiden iron resource. A PFS is currently being progressed considering a 1 mt/a mining, crushing and haulage operation. In June 2009 the Company announced the initial iron ore Mineral Resource for Spinifex Ridge and in September 2009 completed a PFS for the Spinifex Ridge Iron Ore Project and an updated NI43-101 technical report describing the PFS outcomes.

The PFS successfully demonstrated the viability of a 1 Mt/a open cut mining and processing operation for the Spinifex Ridge Iron Ore Project and subject to the completion of financing activities will move immediately into developing the project with a view to being in production by July 2010.

Corporate and Finance

Subsequent to the initial public offering on the ASX, Moly Mines raised a further A$18,900,000 to fund the Spinifex Ridge Molybdenum Project PFS and for other exploration activities through a private placement of 13.5 million shares at A$1.40 per share.

In August 2006, Moly Mines raised a further A$2 million in gross proceeds to fund ongoing operations by placing 1,666,667 shares at A$1.20 per share. On October 27, 2006, the Company closed its initial public offering on the TSX of 16,500,000 ordinary shares issued at a price of C$1.05 per ordinary share for gross proceeds of C$17,325,000. The ordinary shares were issued pursuant to the final prospectus of the Company dated October 20, 2006. The offering was completed through a syndicate of agents led by Paradigm Capital Inc. and including Haywood Securities Inc. and Wellington West Capital Markets Inc.

On April 3, 2007, the Company entered into an agreement with Paradigm Capital Inc. for the underwritten private placement of 7.5 million special warrants at a price of C$3.00 per special warrant for gross proceeds of C$22,500,000. Each special warrant is convertible into one ordinary share in the capital of the

Company without any further consideration. The proceeds from this financing were used to place and secure initial orders with suppliers for long lead items of plant for the Spinifex Ridge Molybdenum Project.

In December 2007, the Company completed a private placement of 22 million shares at a price of A$4.00 per share raising gross process of A$88.00 million, including 17,100,100 shares to two investment funds associated with Harbinger Capital Partners. These funds no longer hold a substantial shareholding in the Company.

In September 2008 with molybdenum prices above US$30.00/lb the Company executed full financing documentation for the provision of a US$150 million debt financing facility ("**Interim Financing Facility**") with various funds associated with the Trust Company of the West ("**TCW**"). Moly Metals issued Notes with an aggregate face value of US$150 million. The Notes accrue interest at the rate of 20% per annum compounded quarterly and are due for repayment on October 31 2009.

The proceeds from the Interim Financing Facility were used to continue the development and construction of the Spinifex Ridge Molybdenum Project including manufacture of the long lead items of plant and equipment whilst the Company attempted to complete full financing for the project.

At the Annual General Meeting, shareholders ratified the issue and allotment of a total of 17,874,118 Warrants in the Company to the Noteholders with an exercise price of A$0.0001 as part consideration for the provision of the Interim Financing. In addition, shareholders approved the potential future issue of approximately 5,958,040 Warrants with an exercise price of A$0.0001 to the Noteholders if Noteholders elect to roll the **US$150** million Interim Financing Facility into the full funding for the Spinifex Ridge Molybdenum Project.

Soon after completing the Interim Financing, in November 2008 the world molybdenum oxide prices fell dramatically to approximately US$10.00/lb and fell further to approximately US$7.00/lb during the first half of 2009. In recent months the molybdenum price has begun a recovery and is currently trading at approximately US$16.50/lb. However debt markets remain tight, particularly for greenfield project financing and developments.

In response to the global economic downturn of 2008 and the molybdenum price fall of late 2008 and early 2009, the Company focused on developing an optimised staged development profile for the Spinifex Ridge Molybdenum Project that commences with a smaller scale project mine plan and plant design in the order of an initial 10mt/a with a lower capital cost. An advanced Engineering Scoping Study based on geology, resources, reserves, metallurgy, process and engineering data reported in the 20 mt/a Definitive Feasibility Study ("**DFS**") and detailed engineering work completed thereafter was completed in April 2009. The results of these studies were positive and are described in detail in "Description of the Business".

Despite the recent increases in molybdenum prices it is unlikely that the Company will be able to restructure the Interim Financing Facility through a full molybdenum project financing as contemplated at the time of the drawdown of the facility. Accordingly the Company has commenced negotiations with its lender for the restructure of the Interim Finance Facility.

The success of the Spinifex Ridge Molybdenum Project technical studies and the nature of the Resource at the Spinifex Ridge Iron Ore Project, combined with the strengthening molybdenum market, provides, in the Company's opinion, a sound basis upon which to restructure the facility. To assist in the restructure process, the Company has elected to divest assets that are either surplus to the preferred initial 10mt/a Spinifex Ridge Molybdenum Project or are no longer considered to be on the critical path for the initial 10mt/a development. The accommodation camp, no longer considered a long lead item, has been sold. A smaller camp will be required for the Project.

On August 31, 2009 the Company announced it has agreed with the Trust Company of the West ("**TCW**") a one month extension to the maturity for its US$150 million Interim Financing Facility (the "**TCW Debt Facility**") to November 30, 2009 and a term sheet (the "**Term Sheet**") describing the basis for the restructure of the full facility.

The restructure of the Interim Financing Facility (plus US$33 million of accrued interest), is subject to final agreement on documentation. The proposed restructure provides that:

- US$140 million of notes will be extended with the coupon reduced to 15% and with varying maturities:
    - US$20 million will be due 5 years from October 31, 2009;
    - US$80 million will be due for repayment in 2 years from October 31, 2009; and
    - US$40 million will be due for repayment 18 months from October 31, 2009.
- US$43 million of notes and accrued interest will be retired from cash sources forecast to be existing as at the date of restructure.

The Term Sheet is subject to a number of conditions, including undertaking a successful equity capital raising of a minimum of US$25 million to be used primarily for the development of the Spinifex Ridge Iron Ore Project. Any surplus funds raised above this minimum level will be used to pay down, in the first instance, the US$80 million of 2 year notes listed above; and then the US$20 million of 5 year notes listed above.

The equity capital raising is planned for September 2009 and it is intended that existing shareholders will be able to participate in this process through a share purchase plan, with details expected to be announced in September.

As part consideration for completing the restructure, the Noteholders are to be issued with 5,958,039 warrants in the Company at an issue price of A$0.0001 per warrant maturing in 10 years from the date of grant. The grant of the warrants will be subject to shareholder approval. In the event that the Company fully repays the TCW Debt Facility by November 30, 2009, these additional warrants will not be issued.

THE MOLYBDNUM MARKET

Moly Mines has accessed a number of sources in compiling this summary of the molybdenum market. Management believes that the summary provided is reasonable based on a review of publicly available information. It should be noted, however, that information from different sources can vary significantly.

Introduction

Molybdenum is a metallic element used primarily for steel alloying. It enhances strength, weldability, temperature strength and corrosion resistance. Molybdenum occurs naturally in combination with other elements, including copper and silver. Most commercial production of molybdenum is from ores containing molybdenum disulphide (MoS2, as the mineral Molybdenite), both as a primary deposit and also in association with other sulphides such as copper and iron. Most known reserves of ore are recovered from disseminated porphyry deposits in the mountain ranges in the west of North America and South America, with significant deposits in China and the Commonwealth of Independent States.

Consumption

Total consumption for 2008 is estimated to be 470 million pounds of contained molybdenum. From 2004 through September 2008, molybdenum attracted its best prices in 30 years as demand increased and supplies come under increasing pressure. World consumption for the 5 years to the end of 2007 grew at an estimated rate of 7-8% per annum, partly driven by the rapid expansion of the Asian economies but also by global economic factors.

The first half of 2008 appeared to continue this trend, however in fourth quarter 2008, demand fell dramatically, along with price, as the effects of the global financial crisis took hold particularly in Western Europe and the United States (historically the two largest molybdenum consuming economies). Consumption for 2008 ended up slightly down on 2007 (-0.2%) bringing average year on year growth for the 5 years through 2008 to 8.0%.

The rapid growth of the Chinese steel industries since 2000, coupled with the effects of the global financial crisis, saw China emerge as an equal consumer of molybdenum to Western Europe at the end of 2008. Both regions are estimated to account for 26% each of global consumption. World molybdenum demand is estimated to have grown at 5.6% per annum during the five years to end 2008, with 2008 being a year of slightly

negative growth (-0.2%). Variously since 2000 China's consumption has grown at between 20 and 40% year on year. The United States has fallen to the third largest regional consumer of molybdenum with 17% of global consumption with Japan fourth with 12% of global consumption.

Applications

Stainless steel and various types of steels and alloys remain the largest end use application for molybdenum, accounting for approximately 85% of 2008 consumption.

Molybdenum brings a number of enhancements to the quality of different grades and types of steel. These may be summarized as follows:

- improved strength and hardness, particularly at elevated temperatures;
- improved flexibility, particularly in extreme low temperature conditions when steel would otherwise become brittle;
- improved corrosion resistance, particularly to sulphides and chlorides; and
- improved welding characteristics.

Stainless Steel

Molybdenum is considered a vital alloying element in high performance stainless steels and is present in 15%-20% of stainless steel grades produced. The principal molybdenum-bearing grades of stainless steel are the 316 and 317 austenitic (nickel-based) group. The rate of molybdenum content for the former ranges between 2 and 3%, while the latter contains 3-4%. Molybdenum is also a constituent of certain ferritic (high-chrome/zero nickel) grades of stainless steel, principally 434 and 444, and of various proprietary alloys in the so-called super stainless class.

The 316 grades of stainless steel are used in applications in which standard austenitic materials offer insufficient resistance to corrosion or high temperatures. The main user of 316 steels has historically been the chemical industry, but other important industries using 316 include pulp and paper, textiles, food processing, heat exchangers, nuclear power generation and some consumer goods manufacturing. The 434 and 444 grades of stainless are used mainly in the automotive industry for components such as trim and bumpers/fenders where corrosion resistance and durability are important. Ferritic stainless grades are particularly favoured and extensively produced in Japan. Super stainless steels are used in a variety of applications, many of which offer significant growth areas for high specification products. These include marine oil drilling and extraction, deep sour well drilling, power generator plants (particularly in nuclear installations) heat exchangers, desalination plants, synthetic fuels and industrial acid production.

Low alloy steels

Alloy steels are the second largest single group of end-uses for molybdenum. Molybdenum is added to low alloy steels to improve hardenability and toughness, to enhance resistance to embrittlement and corrosion and to improve hardness and strength, particularly at extremes of temperature. These steels are used in a wide range of applications, including motor vehicles, industrial machinery and tools, agricultural, mining, power generation, food and chemical processing equipment, and oil and gas extraction and processing installations. The pattern of usage varies between countries, but the largest single end-use category world-wide has been the motor industry, which employs molybdenum to impart strength in severe service conditions. The materials used in such applications generally contain relatively modest amounts of molybdenum – hence the popular designation 'high strength low alloy' material. Molybdenum alloys, used in a range of stress-bearing engine parts typically contain as little as 0.2% Mo. Alloy steel bars containing molybdenum are used in a wide variety of engineering applications in addition to motor vehicles. These include constructional alloys, particularly for use in testing conditions, electrical and agricultural machinery and armaments.

High speed and tool steels

Alloying elements are put into tool steels to increase hardenabilty, to form wear-resisting alloy carbides and to increase resistance to softening on tempering. Alloy tool steels can be divided into three groups: the low alloy tool steels that increase hardenability beyond the level found in plain carbon tool steels; the intermediate alloy tool steels that contain alloy carbides which provide extreme wear resistance and the ability to maintain a

smooth cutting edge on light cuts; and the high speed steels contains large quantities of alloy carbides for secondary hardening and increased resistance to softening on tempering.

High speed steels can be classified into molybdenum and tungsten series, with the former containing up to 9-10% Mo. Other tool steels have a much lower content of molybdenum. Although high speed steel is produced in lesser quantities than low and intermediate grades, it is a larger user of molybdenum than the rest.

Chemicals

Among the various chemical applications for molybdenum is that of a catalyst for use in a variety of industrial processes, the most important of which is oil refining. Catalysts are used in several operations collectively referred to as hydro-processing or hydro-desulphurisation. In these refining operations various hydrogen fractions are upgraded and sulphur and other impurities recovered by treatment with hydrogen.

Molybdenum can be used with other elements at each of the main stages of the refining process, which includes hydro-cracking, hydro-refining and hydro-treating. Among the powerful forces working in favour of increased molybdenum use are the intensifying pressure to reduce the sulphur content of fuels and the growing dependence of the oil industry on extraction of heavier petroleum fractions. While the life-cycle of catalysts is tending to lengthen with more efficient use, the substances which they process are becoming steadily more demanding, and molybdenum has a buoyant market in this area.

Pigments for paints and inks have provided a small but steady demand for molybdenum, which is used particularly for high colour applications and has low-toxicity advantages over alternatives such as chromates.

Pure molybdenum disulphide has specialist applications as a lubricant. It has a wide temperature range for efficient operation, and can be used as powder or in oil-based media. Smaller amounts are used in flame retardants for plastics and paints and rust-inhibiting coatings. Molybdates are used as corrosion control agents in water treatment applications.

Molybdenum Metal

Molybdenum metals are used in high specification applications such as medical diagnostics, electronics, energy conversion and distribution, lighting and a variety of other components which are required to operate in high stress environments. The high stress levels exerted on molybdenum metals relate to extreme temperatures and/or abrasion and wear.

Super-alloys

Super-alloys are based on nickel, cobalt, iron or their combinations and are used in two main areas being those where the materials employed have to withstand extremely high temperatures, and those where the environment is extremely corrosive. Molybdenum is present in many but not all super-alloys and may be used in quite high proportions. The corrosion-resistant group of alloys is used widely in chemical and marine engineering, phosphoric acid evaporators, pickling plants and equipment, transport tankers, reaction vessels distillation columns, desalination plants and sulphur scrubbers. Super-alloys have also been used in deep sour well drill casing.

The main use of high temperature super-alloys is in jet turbine components, where powder metallurgy has been developed to apply the materials. The market for military jet engines has proved reasonably robust, while the civil aircraft market is very strong and shows little sign of flagging. High temperature super-alloys have also been widely used in other areas of aerospace, through not always involving molybdenum.

Castings

Molybdenum is employed in cast irons to improve tensile strength, toughness and resistance to shock, thus limiting chipping and spalling. The molybdenum content of such materials can range from 0.3% to 3%. The principal irons using molybdenum are grey irons and ductile irons. Grey cast irons are by far the largest category produced by the steel industry, although by no means all the production contains molybdenum. Low molybdenum cast irons are typically used in some of the larger auto components and dies for forming and bending. Larger quantities of molybdenum are used in a range of large white cast iron products.

Other applications

Molybdenum is used as a refractory metal in a variety of electrical and electronic components and other equipment. Molybdenum is also used as a powder to provide wear-resistant surfaces for machine and engine parts. It also has traditional applications in welding.

Substitution

There is little substitution for molybdenum in its major application as an alloying element in steel and cast irons. In fact, because of the availability and versatility of molybdenum, industry has sought to develop new materials that benefit from the alloying properties of the metal. Potential substitutes for molybdenum include chromium, vanadium, columbium (niobium), and boron in alloy steels; tungsten in tool steels; graphite, tungsten and tantalum for refractory materials in high-temperature electric furnaces; and chrome-orange, cadmium-red, and organic-orange pigments for molybdenum orange. Nickel can be substituted for molybdenum in stainless steels but does not provide the same level of corrosion reduction or strength.

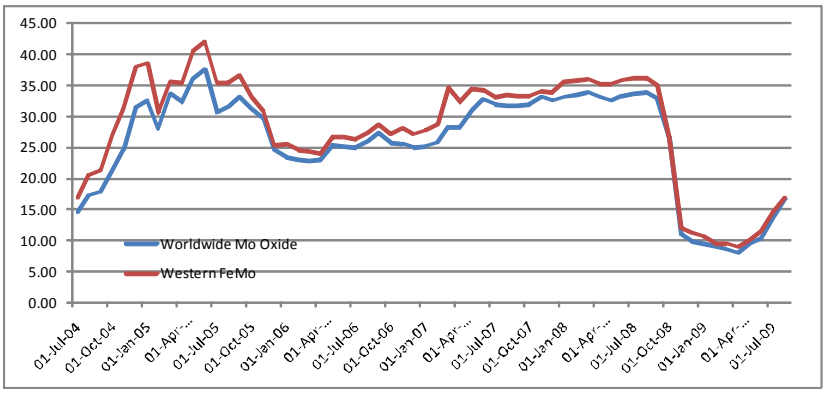
Refining

A significant number of mines produce and sell unroasted molybdenum concentrate, which contains anywhere from 45% to 55% molybdenum. This molybdenum concentrate is produced through a process of crushing, grinding, flotation and leaching. The molybdenum concentrate is then generally roasted to produce molybdenum oxide or “tech oxide”. Alternatively, further processing can be performed to produce pure molybdenum disulphide which has applications in the lubricant industry. Tech oxide may be converted into ferromolybdenum or molybdenum metal for use as an alloying metal.

Pricing

Molybdenum is an unhedged metal with limited forward markets. Molybdenum pricing has historically been determined by changes in supply and demand and has varied significantly. Molybdenum prices were particularly volatile during the 2005 calendar year and the first quarter of 2006. During that period, world molybdenum prices fluctuated between a high of US$40 per pound and a low of US$22 per pound. Prices remained relatively stable until September 2008, trading in the range of US$25.00/lb – US$34.00/lb, before falling dramatically in the last quarter of calendar 2008 to US$8.00lb. Prices remained weak in the first half of 2009 down to US$7.95/lb before recovering in July and August of 2009 to approximately US$27.00/lb.

The average price of molybdenum oxide for the 5 years and 3 years to June 30, 2009 has been US$26.2/lb and US$25.6/lb respectively. The following graph shows world wide molybdenum oxide and ferro-molybdenum prices in US$/lb since July 2004 through August 2009.



Supply

World mine production in 2008 was estimated to be 481 million pounds, an increase of 3.1% from 2007. Production tailed off significantly in the last quarter of 2008 as molybdenum prices collapsed. In the 5 years preceding 2008, world mine production increased by some 9.2% and despite the drop in 2008, year on year growth in output for the 6 years to 2008 was 8.0%.

World production of molybdenum is relatively concentrated with approximately 57% of 2008 molybdenum production coming from the top 8 producers, and almost 45% from the top five producers, which include Freeport-McMoRan Copper & Gold Inc (owner of the Phelps Dodge Group), Corporacion Nacional del Cobre de Chile (Codelco), JDC, China Molybdenum and Thompson Creek. The other major western molybdenum producers are Antofagasta plc and Grupo Mexico SA de CV.

Global molybdenum production has struggled to keep pace with the rapid expansion of the world steel industries in the 2000's leading to a tight molybdenum market and pressure on prices. China is the world's biggest producer of molybdenum accounting for 37% of global mine output. Chinese molybdenum production in 2005 fell significantly in response to the forced closure of many of the smaller mines in the Huludao district of Liaoning Province, however production levels have recovered and growth in mine output since has been significant. United States and Canadian production is consistently around 25-30% of global mine output. The growth in Chinese output has been matched by the steady decline in South American production, in particular output from Codelco in Chile. Chile's market share has fallen to 15% of global mine output, compared to 25% in 2004/2005.

In 2005, after the sudden surge in the molybdenum price, sustained efforts were made by the by-product molybdenum mines to increase molybdenum production, a situation that extended in to 2006. Molybdenum produced as by-product from primary copper mines once accounted for well over 50% of global mine output, however this fell in 2008 to under 45% as Chinese primary output increased.

There has been very limited exploration for molybdenum in the last 20 years due to sustained low molybdenum prices during the 1980's and 1990's. As a result, there are few primary deposits of molybdenum ready to be brought into production quickly to take advantage of current prices. No significant new molybdenum mines are expected to come on stream prior to 2011 and any potential new molybdenum projects will have large development barriers, including project capital costs and approval processes. A number of other small public companies in North and South America are considering development opportunities for various potential new primary molybdenum mines and potential new by-product copper/molybdenum mines.

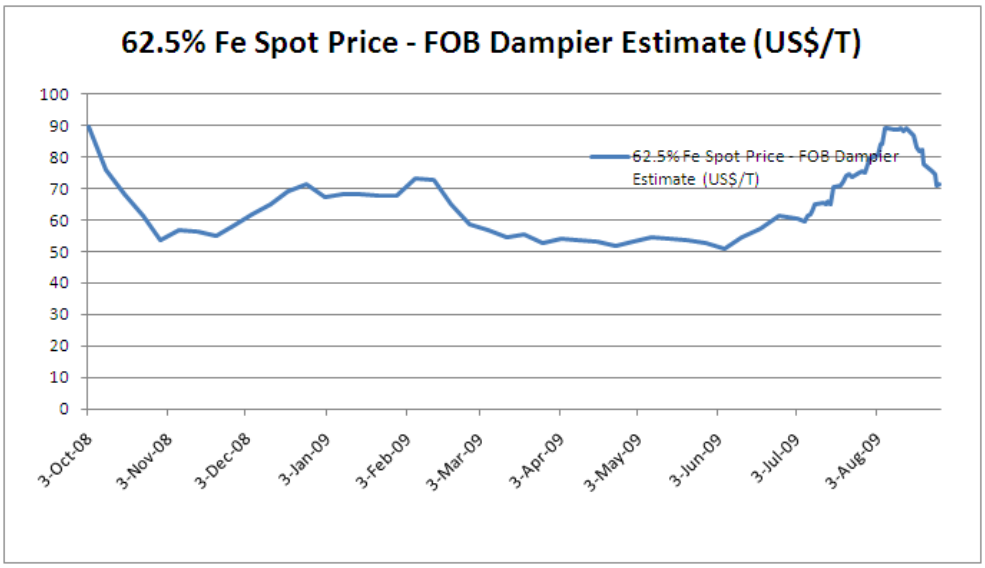
THE IRON ORE MARKET

This section presents a broad overview of the iron ore market and is confined to information that has come to the Company knowledge through industry sources, publically available information, research from leading commodity analysts and special purpose information provided to the Company.

During the PFS assessment period, information was collected from a wide variety of industry sources including journals, subscription publications, trading houses, producer intelligence and consumers. The Company has not commissioned price forecasts but has considered independent market analyst views as a range of commodity price assumptions for the financial model.

Introduction

The iron ore markets have made significant recoveries from the falls of late 2008. Spot iron ore prices have regained lost ground and traded as high as US$104 /t (CIF China) in August 2009 before falling back to US$83.8 /t (Metal Bulletin Iron Ore Index 27 August 2009), still well above the 2009 benchmark price.



Source: Metal Bulletin

Benchmark pricing has not had total industry acceptance in 2009. Rio Tinto has agreed Lump and Fines benchmark prices for 2009 at approximately a 33% and 44% decrease from the 2008 record levels.

The recovery in spot prices has been fuelled by China. Production of iron ore in China has plummeted as a reaction to the dramatic fall in spot prices in fourth quarter 2008 and first quarter 2009. Ore production costs in China have risen faster than anywhere else and the collapse in prices in 2008 has rendered most of the additions to capacity from 2004 uneconomic. China iron ore imports for the first 6 months of 2009 are up 35% year on year and it is understood the majority of Chinese imports are purchased through the spot market.

Growth in global steel production and iron ore production and trade has been overwhelmingly due to the transformation of the Chinese economy and the corresponding growth in their steel industry. Annual consumption of iron ore has grown from 1.4 billion tonnes in 2004 to 2.2 billion tonnes in 2008, an increase of 62% in five years. World seaborne iron ore trade has grown over the same period from 644 million tonnes to over 850 million tonnes. China's iron ore imports have increased by a similar amount, almost doubling to 444 million tonnes in 2008.

The pricing system traditionally used by the industry specifies the base price for benchmark ores. It is usually expressed in US dollars per metric tonne unit (mtu) of iron. A metric tonne unit of iron is the amount of iron contained in one tonne of ore – i.e. ore at 62% Fe contains 62 iron units.

Beyond this base price, other properties of the ore, such as deleterious impurities, physical and metallurgical properties, or anything else which may increase the cost of using a particular ore, are accommodated in an agreed penalty structure. This specifies price reductions for non-compliance with guaranteed quality parameters. The penalty clauses are unique to each contract and can often be used by sellers to differentiate their ores from competitors' equivalents.

In addition to the penalty clauses, certain ores may be discounted by a fixed amount from the benchmark ores. In such cases, the penalty structure applies over and above the discounts. Discounts may be used to enable market penetration of ore types new to the market.

Demand and Supply Outlook and China

China is the world's largest producer of iron ore and has been since the demise of the USSR. The domestic iron ore industry has grown in volume along with the steel industry, but at different rates. Chinese ore resources however are relatively poor by world standards, being of low quality and small size. High production costs are therefore common and consequently much of the domestic ore production is uncompetitive with high grade imported ores.

As a result, most of the fluctuation in the steel industry's ore demand is accommodated by the Chinese domestic ore industry. This was demonstrated by the massive cutback in domestic ore production in the second half of 2008 when spot prices fell from well over US$120/tonne to less than US$60/tonne.

China's steel industry differs significantly from that of Japan, Korea and Taiwan. In the latter countries, all steel-making raw materials had to be imported. These imports were paid for with foreign exchange generated by the direct export of approximately 30% of steel products, both finished and semis. As a result product export is vital to these countries.

This is not the case in China. Significant quantities of raw materials have always been available domestically - eliminating the need to pay for imported ores by exporting steel product. Thus, steel production has largely been consumed domestically. China's steel industry is geared to infrastructure and domestic growth, while those of Japan etc. depend on exports.

Industry ore demand projections will be dominated by China's economic outlook over the next 5-10 years. The general consensus indicates healthy growth over the period. This implies increased demand for steel making raw materials with good quality imported ores likely to remain a prime target for Chinese consumers.

Ore Specification

As the Chinese steel industry has developed, it has been accompanied by an increasing level of sophistication and discrimination when it comes to consideration, selection and blending of raw materials for the various processes involved in iron and steel making. Price is a dominant factor, however, there is now a significant proportion of the steelmaking sector in tune with modern efficient standards of plant design, operating procedures and feedstock selection and preparation. As the old, small and inefficient plants and operators are phased out, these practices are becoming more and more the norm. Buyers are now more than likely interested in the deleterious components of the ores and the impact of the contaminant levels, particularly silica, alumina, phosphorus and alkalis on the cost of production of hot metal.

A modern iron making facility requires iron ore as Fines to feed the sinter plant which then usually provides 75-85% of the ferrous burden of the blast furnace. The balance of the ferrous burden is predominantly natural Lump ore, or pellets. In China, pellets dominate this portion of feed to the blast furnace as a result of the need to concentrate most domestic ore production. Concentrates are usually very fine and make poor sinter feed, so much of the domestic ore production is pelletized.

Sintering is the dominant form of fine ore preparation prior to charging to the blast furnace. Standard ore preparation involves blending a range of iron ore Fines of often widely different grades and metallurgical properties from a variety of suppliers. Operators attempt to achieve a uniform quality in the ferrous burden of the sinter plant facilitating a stable plant operating state. The composition of the blend is designed to yield optimum efficiency of sinter production with the raw materials available, at the physical, chemical and metallurgical specifications required by the blast furnace, and within operating parameters specific to the particular sinter plant.

It is quite common practice that an ore containing a relatively high level of a deleterious component may in fact be quite acceptable to the end user. For instance, this may happen if the other ores in this blend have low levels of that constituent and therefore the ability to 'absorb' the relatively impure component ore.

Finally, Chinese blast furnace practice involves the use of pellets rather than Lump with the result that China is a Fines-biased market. Lump ore consumption is restricted to Baoshan and some of the newer, larger facilities built in the last ten years. To the majority of mills, however, Lump has no particular appeal, and therefore attracts no pricing premium. In fact, it will often be crushed to Fines and used as sinter feed.

Marketing

Typically, ore is sold either at the point of shipment, priced Free On Board ("FOB"), or alternatively at the point of delivery, where the price includes Cost, Insurance and Freight ("CIF"). In the former case, the buyer is responsible and pays for shipping the ore to his discharge port, while in the latter case, the seller arranges and charges for the carriage of ore to the discharge port.

The benchmark prices are almost exclusively on an FOB basis, and cost of freight between different loading and discharge ports plays a significant role in establishing prices for ores in different trade routes.

Life-of-mine contracts can be negotiated directly with a minimum number of customers, with either CIF or FOB terms of trade applying. Pricing mechanism may be either linked to the annual benchmark system or according to daily index with many of the target customers historically buying in this market.

Traders and producers interests can be aligned within a contractual framework where the traders returns are linked to the ultimate price received. Traders can also be of great assistance when organizing shipping. The major Japanese, Chinese, Asian and Australian trading houses are highly respected today and can offer similar benefits and terms for contracting. The trader is an integral part of the Chinese and Japanese chain of commerce.

Pricing System

Since the middle of 2007 there has been increasing debate over the relevance and long term sustainability of the traditional benchmark system for iron ore pricing.

Historically almost all iron ore has been traded through a benchmark pricing system. Under this system, one of the iron ore suppliers settled a contract price for the following 12-month period (running between April 1st and March 31st) with one or more of the key steel producers.

The benchmark system has worked well with ore prices at a relatively low level and with little year-on-year volatility compared to more recent times providing certainty for both producers and consumers.

Historically, freight rates were a relatively small part of the delivered cost of iron ore and, as such, benchmark prices have been typically set on a FOB basis.

Since 2004, this rise in demand for imported ore from China has resulted in increasingly large tonnages from countries outside the main seaborne supplying regions of Australia, Brazil and South Africa. Effectively the marginal tonne of iron ore has been sourced from higher cost projects in regions that previously had not been considered economic.

Shipments from India in particular have grown sharply and the number of other countries supplying ore to China has also increased significantly. Most Indian ore is sold to China on a spot basis and this trend has thus greatly increased the significance of spot sales to the overall traded market in iron ore, albeit with most relevance to the Chinese market. Spot sales are estimated to have accounted for as much as 20% of the seaborne market in 2008.

As Chinese demand for iron ore has grown, so the reliance on ‘swing’ producers selling on a spot basis has gained in importance. Between 2002 and 2008 the iron ore markets have seen benchmark prices rise in six consecutive years, to reach levels 420% above the 2002 level in nominal terms. Despite such increases, demand has continued to grow, and 2007 in particular saw global supply struggle to match the booming demand. Chinese imports grew by over 15% year-on-year with increases in shipments from India and other spot sellers. Thus despite record year-on-year increases in benchmark prices between 2007 and 2008, spot prices remained well above benchmark levels from mid 2007 onwards. This situation persisted until late 2008 when the global financial crisis brought a sharp correction to the markets.

The fluctuations between the delivered spot price and the price of benchmark ore on a delivered basis in the Chinese market has questioned the suitability of benchmark pricing in the future. Some producers have argued that the spot market was a much better indicator of the true value of iron ore at a given point in time and that this should form the basis of a new pricing mechanism.

As the impact of the credit crisis precipitated in September 2008 and the outlook for the global economy turned significantly more bearish, so demand for steel and consequently raw materials fell away. The resulting collapse in spot prices reversed the situation whereby spot prices were above benchmark prices that had persisted through the previous 15 months.

Index-based contracts have the potential to offer an alternative to the benchmark system. Each index is based on an assessment of spot prices of seaborne ore into the Chinese market, with data solicited from buyers,

sellers and traders involved in actual physical transactions. The strongest opposition to a move away from the benchmark system has been amongst the steel mills or associations representing their interests. Currently there is no significant iron ore traded on a spot basis outside Asia and, for example, European steel mills are unlikely to be comfortable with a price system that is predicated on spot transactions in the Chinese market.

DESCRIPTION OF THE BUSINESS

The Spinifex Ridge Molybdenum Project

In July 2008, the Company commissioned SRK Consulting (Australasia) Pty Ltd to provide an independent mineral resource estimate for the Spinifex Ridge Molybdenum Project in Western Australia (the "**Spinifex Ridge Molybdenum Project August 2008 Technical Report**"). That report was based on a 20 million tonne per annum development of the Spinifex Ridge Molybdenum Project. In August 2009, Dr. Derek Fisher provided a restatement of the Spinifex Ridge Molybdenum Project August 2008 Technical Report based on an initial smaller scale 10Mt/a development with an expansion case based on an increase in throughput rate to 20Mt/a during year seven (the "**Spinifex Ridge Molybdenum Project August 2009 Technical Report**"). As the reports outline two different development possibilities, the executive summaries of both reports are reproduced below.

For additional information on the Spinifex Ridge Molybdenum Project, please see the Spinifex Ridge Molybdenum Project August 2009 Technical Report and the Spinifex Ridge Molybdenum Project August 2008 Technical Report, both of which are incorporated by reference herein.

Spinifex Ridge Molybdenum Project August 2009 Technical Report – Executive Summary

Introduction

In July 2008, Moly Mines Ltd (MOL) commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an independent mineral resource estimate for the Spinifex Ridge Molybdenum Project in Western Australia. That SRK Report was based on a 20 million tonne per annum development of the project and was prepared in conformity with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) and the CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101.

This report provides a restatement based on an initial smaller scale 10 Mt/a development with an Expansion Case based on an increase in throughput rate to 20 Mt/a during year seven.

Mineral Reserves and Resources

The Spinifex Ridge Molybdenum Project is located approximately 50 km northeast of Marble Bar in the Pilbara region of Western Australia. The property is accessible by sealed roads and graded tracks. The deposit is located within granted Mining Leases (M45/1095, M45/1096 and M45/1097) which are 100% owned by MOL. Annual fees, rates and required exploration expenditures for the leases have been met and the leases remain in good standing.

Molybdenum mineralization at Spinifex Ridge is related to a structurally controlled Archaean porphyritic granodiorite, which has intruded a sequence of mafic and felsic volcanic rocks. The granodiorite (dated at 3.3 billion years) has generated an extensive alteration halo dominated by quartz stockworking and potassic and phyllic alteration. Molybdenum and copper mineralization occurs as vein-hosted molybdenite and chalcopyrite.

The geology and grade data used for this report has been derived from historical drill and assay records in conjunction with drilling completed by MOL between 2005 and 2008. Data has been verified and twinned holes were used to confirm the compatibility of historical data with newly acquired data.

MOL has completed drilling to identify sufficient Measured and Indicated Resources for mine planning. The Mineral Resource estimate has been based on information compiled, and work undertaken, by Mr. Phil Jankowski MAusIMM (CP), an employee of SRK. That study has been reviewed by Dr Derek Fisher and it has been confirmed that the resource and reserve estimates are still valid based on a smaller scale initial 10 Mt/a development and a subsequent possible expansion to 20 Mt/a. Dr Derek Fisher has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the JORC Code and as Qualified

Persons under NI 43-101. The Mineral Resources have been categorized in accordance with the standard as prescribed by NI 43-101.

Spinifex Ridge Molybdenum Summary Resource Estimate, 31 July 2008

Classification	Tonnes	Mo (%)	Contained Mo (tonnes)	Cu (%)	Contained Cu (tonnes)	Ag (g/t)	Contained Ag (oz)
Measured	206,812,000	0.06	123,500	0.1	205,000	1.5	10,040,000
Indicated	445,458,000	0.04	171,000	0.07	315,400	1.1	16,327,000
Total Mineral Resource	**652,270,000**	**0.05**	**294,500**	**0.08**	**520,300**	**1.3**	**26,367,000**
Inferred	399,019,000	0.04	148,800	0.07	265,000	1.1	14,625,000

MOL designed and implemented a rigorous program of quality assurance and quality control (QA/QC) to ensure sampling and assaying was both accurate and precise. This program included certified standards, field duplicates, laboratory duplicates, blanks and secondary analysis. In Dr. Fisher's opinion, the QA/QC procedures at Spinifex Ridge have provided a high quality dataset, which is considered accurate and precise, and appropriate for resource estimation.

Mineral Reserves are based on the Measured and Indicated Mineral Resource of 652 million tonnes at 0.05% molybdenum, 0.08% copper and 1.3g/t silver. Full details of assumptions for compiling the Mineral Reserve are detailed in this report.

Spinifex Ridge Mineral Reserves, 31 July 2008

Classification	Tonnes	Mo (%)	Cu (%)	Ag (g/t)
Proven	199,697,000	0.06	0.1	1.5
Probable	251,138,000	0.04	0.07	1.1
Total Mineral Reserves	**450,835,000**	**0.05**	**0.08**	**1.3**

MOL does not currently propose to undertake any further drilling for the molybdenum / copper deposit at Spinifex Ridge as sufficient information has been obtained to adequately complete mine and operations planning for a period of at least 20 years.

The Spinifex Ridge Molybdenum Project

The Company initially planned to develop and operate a 20 million tonne per annum open pit mining operation and processing plant. The 20 million tonne per annum Spinifex Ridge Feasibility Study ("20 Mt/a DFS") was completed in September 2007. Subsequent to a dramatic fall in molybdenum prices in late 2008, the Company announced the results of a study into a smaller scale, initial 10 Mt/a development ("10 Mt/a Case") with a possible future expansion to 20 Mt/a ("Expansion Case").

MOL has developed mine plans for an initial 10 Mt/a ore throughput rate, and an Expansion Case where throughput is increased to 20 Mt/a during Year 7. The deposit is expected to be mined under a mining contract using conventional large-scale, open-pit mining methods. The ore produced from the mine will be crushed and conveyed through an 800 metre tunnel to the processing plant. The crushed ore will be processed in three comminution stages involving primary and secondary crushing and two stages of grinding using high pressure grinding rolls and ball mills. After the grinding processes, the ore will be further processed through multiple flotation stages to produce a molybdenum concentrate and a separate copper-silver concentrate as a by-product.

Engineering, procurement and construction management (EPCM) services for the project may be performed by WorleyParsons Limited (WorleyParsons) under an existing contract or by an alternative supplier. The Company has completed the manufacture and procurement of the long lead items of plant that will assist with the rapid development of the project once full funding is achieved. This equipment includes the major pieces of the

comminution circuit including primary and secondary crushers, high pressure grinding rolls, ball mills and supporting steelwork.

Molybdenum concentrates will be trucked to Port Hedland for shipping. Port Hedland (located approximately 140 km from the project) is a long established port used to transport bulk and container cargo and is the largest tonnage export port in Australia servicing the vast north-western mining region of Western Australia.

Existing Shire-maintained, sealed highways and public access roads will be used to transport materials and concentrates to and from site in quad and triple road trains. Copper concentrates will be trucked to Port Hedland and sold to customers (being either end users or refineries). Molybdenum concentrates are expected to be shipped to Molybdenum y Metales (Molymet) for toll roasting in Chile. Molymet is contracted to toll roast the project molybdenum concentrates for a fee to produce a technical grade molybdenum oxide, or other molybdenum products as agreed from time to time (Finished Product). The Company has entered into a ten-year off-take agreement with Thyssen Krupp Metallurgie GmbH (Thyssen) for the direct sale and distribution of molybdenum oxide and / or ferro-molybdenum.

Subject to full funding being achieved during first half 2010 for the Spinifex Ridge Project and the construction schedule met, first Mo and Cu production from the 10 Mt/a Case could occur during second half 2011.

Permits

Commencement of construction and mining activities at the Spinifex Ridge Molybdenum Project requires government approvals from 3 main areas:

- Environmental approvals

On the 4th of August 2008, the Western Australian Minister for the Environment approved the project under Part IV of the Environmental Protection Act, 1986, completing the environmental impact assessment process. This approval means there are no impediments to developing the 20 Mt/a Spinifex Ridge Project. There is no change to environmental impacts associated with the 10 Mt/a Case that will require reassessment of the Part IV approval.

- Other approvals pursuant to the Mining Act WA 1978 and other statutes

The approval of the Mining Proposal under the Mining Act, 1978 is required prior to commencement of operations on site. This document has been reviewed and approved by DMP subject to lodging of environmental bonds. Other approvals that have been received for the project include water abstraction licensing, permits to impact on bed and banks; Works Approvals under Part V of the EP Act; and, Project Management Plan approval under state mine safety legislation.

- Native Title approvals

In September 2007, Moly Metals completed a Land Access Deed with the Njamal People of the east Pilbara. Changes associated with the 10 Mt/a Case have no impact on native title issues or the Land Access Deed.

Capital Cost Estimates

A comparison of the capital cost estimate from the 20 Mt/a DFS and the 10 Mt/a Case is set out in the table below. Capital for the power station, which was estimated at A$150 million in the DFS (including contingency), is included in the comparison below under power supply.

Facility	10 Mt/a Case (A$)	20 Mt/a DFS (A$)	Capex Reduction ($)	% Capex Reduction
0200 Mining and ROM Haulage	$36,733,922	$38,263,922	$1,530,000	4.0
0300 Crushing and Grinding	$85,139,109	$120,791,847	$35,652,738	29.5
0400 Concentrator	$156,376,419	$318,935,942	$162,559,523	51.0
0500 Plant Infrastructure	$49,870,596	$108,925,873	$59,055,277	54.2
0700 Tailings	$34,957,250	$40,000,000	$5,042,750	12.6
0800 Utilities	$14,326,172	$26,047,586	$11,721,414	45.0
0900 Infrastructure - General	$42,889,101	$60,508,526	$17,619,425	29.1
1000 Water Supply	$13,461,759	$58,529,388	$45,067,629	77.0
1100 Power Supply	$67,248,088	$145,719,433	$78,471,345	53.9
Subtotal	*$501,002,416*	*$917,722,517*	*$416,720,101*	*45.4*
5000 Temporary buildings	$14,042,150	$25,357,842	$11,315,692	44.6
6000 Freight, accom, support	$40,423,836	$61,715,885	$21,292,049	34.5
7000 EPCM	$49,183,204	$103,000,000	$53,816,796	52.2
8000 Contingency	$60,465,160	$112,756,364	$52,291,204	46.4
9000 Owners Costs	$9,068,791	$11,335,989	$2,267,198	20.0
Subtotal	*$173,183,142*	*$314,166,080*	*$140,982,938*	*44.9*
TOTAL	**$674,185,558**	**$1,231,888,597**	**$557,703,039**	**45.3**

The 20 Mt/a DFS was used as the basis for the estimates for the 10 Mt/a Case. No allowances in the capital costs have been made in regards to selling any excess equipment. The 10 Mt/a Case capital estimate has been compiled from a combination of 20 Mt/a DFS and EPCM factored costs. Detailed engineering has not been conducted as part of this current capital estimate but its integrity is based on the significant amount of engineering and tendering completed in the 20 Mt/a EPCM phase. A contingency of 10% has been applied.

A number of capital cost scenarios were calculated based on an initial 10 Mt/a Case. Engineering work indicates that utilizing an additional High Pressure Grinding Roll (HPGR) could increase throughput to 11.3 Mt/a (with an increase in capital expenditure of A$44 million). These scenarios are shown below.

Scenarios	Capital Cost A$ M
10 Mt/a Base Case	$674
10 Mt/a Including Credits for Capex Already Expended	$598
11.3 Mt/a Case	$718
11.3 Mt/a Including Credits for Capex Already Expended	$642

The summary capital cost estimate for the 10 Mt/a Case and the incremental capital estimate for the Expansion Case are shown below.

10 Mt/a Case	Initial Capital
Mining and ROM Haulage	36.7
Crushing and Stockpiling	85.1
Concentrator	156.4
Plant Infrastructure	49.9
Tailings Storage	35.0
Utilities	14.3
General Infrastructure	42.9
Water Supply Infrastructure	13.5
Power Supply Infrastructure	3.6
Power Station	63.6
Sub Total Direct Cost	**501.0**
Temporary Construction Facilities	14.0
Temporary Construction Services and Allowances	40.4
EPCM Costs	49.2
Owner's Costs	9.1
Total	**613.7**
Contingency	60.5
Total (including Contingency)	**674.2**
Less Capex already spent	(76.3)
Adjusted Total (including Contingency)	**597.9**

Expansion Case to 20 Mt/a	Additional Capital
Mining and ROM Haulage	1.5
Crushing and Stockpiling	35.7
Concentrator	162.6
Plant Infrastructure	59.1
Tailings Storage	5.0
Utilities	11.7
General Infrastructure	17.6
Water Supply Infrastructure	45.1
Power Supply Infrastructure	5.7
Power Station	72.7
Sub Total Direct Cost	**416.7**
Temporary Construction Facilities	11.3
Temporary Construction Services and Allowances	21.3
EPCM Costs	53.8
Owner's Costs	2.3
Total	**505.4**
Contingency	52.3
Total (including Contingency)	**557.7**
Initial 10 Mt/a capital (see table above)	674.2
Total Capital Cost Estimate for 20 Mt/a	**1,231.9**

Operating Cost Estimates

The company continues to optimize the mine plan to generate the best Mo production and cash flow profile for the first nine to ten years. Operating costs for the Ten Year Mine Plan for the initial 10 Mt/a Case and the Expansion Case (20 Mt/a from year 7 onwards) are summarized below.

Operating Costs – 10 Mt/a Case Initial Ten Year Mine Plan

Year (A$'M)	1	2	3	4	5	6	7	8	9	10
Mining	57.5	68.9	71.2	75.9	74.4	81.3	87.3	91.6	88.4	82.9
Processing	3.9	84.3	98.9	99.6	100.5	101.0	101.6	90.3	90.3	90.3
Administration	2.3	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
Royalties	-	6.8	15.0	20.9	15.2	18.1	24.0	37.9	37.8	31.0
Other Costs	-	2.2	4.6	6.6	4.6	5.6	7.6	12.1	12.1	9.9
Cu and Ag Credits	-	(10.3)	(35.4)	(38.1)	(38.1)	(40.6)	(41.0)	(71.6)	(68.3)	(50.7)
Total	**63.7**	**169.5**	**171.9**	**182.5**	**174.1**	**183.0**	**197.2**	**177.8**	**177.8**	**181.0**
Mo Netback Costs[(1)]	-	6.9	14.0	20.2	13.7	16.7	23.4	36.9	36.8	30.4

(1) Netback costs include logistical and refining (roasting) costs

Operating Costs – Expansion Case Initial Ten Year Mine Plan

Year (A$'M)	1	2	3	4	5	6	7	8	9	10
Mining	57.5	68.9	71.2	75.9	74.4	81.3	176.3	168.7	170.8	158.7
Processing	3.9	84.3	98.9	99.6	100.5	101.0	189.5	166.8	166.8	166.8
Administration	2.3	17.6	17.6	17.6	17.6	20.8	24.1	24.1	24.1	24.1
Royalties	-	6.8	15.0	20.9	15.2	18.1	57.4	66.8	38.9	43.0
Other Costs	-	2.2	4.6	6.6	4.6	5.6	18.5	21.2	12.1	13.6
Cu and Ag Credits	-	(10.3)	(35.4)	(38.1)	(38.1)	(40.6)	(107.0)	(120.9)	(70.1)	(69.1)
Total	**63.7**	**169.5**	**171.9**	**182.5**	**174.1**	**186.2**	**358.7**	**326.7**	**342.5**	**337.0**
Mo Netback Costs[(1)]	-	6.9	14.0	20.2	13.7	16.7	56.4	65.0	37.1	41.8

(1) Netback costs include logistical and refining (roasting) costs

Operating and capital costs estimates are based on agreed contractual positions or vendor data, process design feasibility studies, independent studies and economic parameters. The average operating cost over LOM, before royalties and netbacks is estimated at US$8.3/lb for the 10 Mt/a Case and US$9.1/lb for the Expansion Case. These costs include mine pre-stripping and mine fleet ownership costs.

Financial Analysis

MOL has developed mine plans for an initial 10 Mt/a Case ("Life of Mine" or "LOM"). In addition, MOL has developed a model based on an Expansion Case where throughput increases to 20 Mt/a from Year 7 onwards. Mine statistics for the 10 Mt/a Case and the Expansion Case are detailed below.

Mine Statistics – 10 Mt/a Case Mine Plan

Year	1	2	3	4	5	6	7	8	9	10	11-23	LOM
Waste (Mt)	24.3	24.3	17.7	13.7	14.8	3.8	8.7	16.8	27.1	28.4	47.1	226.9
Ore Mined (Mt)	1.0	9.3	16.0	19.9	18.8	29.8	25.0	16.8	6.5	5.2	87.6	235.6
Waste to Ore ratio	25.3	2.6	1.1	0.7	0.8	0.1	0.4	1.0	4.2	5.5	0.5	1.0
Mill Feed (Mt)	-	8.3	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	147.3	235.6
Mill Feed Mo (% Mo)	-	0.041%	0.047%	0.064%	0.040%	0.051%	0.069%	0.102%	0.097%	0.075%	0.049%	0.055%
Mill Feed Cu (% Cu)	-	0.068%	0.075%	0.094%	0.090%	0.098%	0.100%	0.175%	0.161%	0.115%	0.082%	0.092%
Mo Production (Mlb)	-	4.5	8.0	11.4	7.1	9.2	12.8	19.9	19.0	15.2	142.7	249.8
Cu Production (Mlb)	-	5.7	9.7	12.6	12.4	13.7	14.0	25.5	23.7	17.4	180.7	315.5

Mine Statistics – Expansion Case Mine Plan (20 Mt/a from year 7 onwards)

Year	1	2	3	4	5	6	7	8	9	10	11-23	LOM
Waste (Mt)	24.3	24.3	17.7	13.7	14.8	3.8	25.5	55.5	43.1	3.9	268.4	495.3
Ore Mined (Mt)	1.0	9.3	16.0	19.9	18.8	29.8	41.7	11.7	24.2	54.8	224.1	451.0
Waste to Ore ratio	25.3	2.6	1.1	0.7	0.8	0.1	0.6	4.8	1.8	0.1	1.2	1.1
Mill Feed (Mt)	-	8.3	10.0	10.0	10.0	10.0	20.0	20.0	20.0	20.0	322.7	451.0
Mill Feed Mo (% Mo)	-	0.041%	0.047%	0.064%	0.040%	0.051%	0.086%	0.086%	0.049%	0.058%	0.045%	0.050%
Mill Feed Cu (% Cu)	-	0.068%	0.075%	0.094%	0.090%	0.098%	0.137%	0.138%	0.083%	0.085%	0.077%	0.084%
Mo Production (Mlb)	-	4.5	8.0	11.4	7.1	9.2	32.2	33.2	18.3	22.3	282.1	428.4
Cu Production (Mlb)	-	5.7	9.7	12.6	12.4	13.7	38.9	40.3	23.7	24.8	371.6	553.4

The economic analysis of the Spinifex Ridge Molybdenum Project has been undertaken in Australian dollars on a discounted cashflow basis. A flat line molybdenum price of US$20/lb has been assumed with sensitivities run at US$25/lb and US$30/lb.

A gradual decline in copper price to a long term price of US$2.60 per lb and a gradual increase in silver price to US$16.00 per ounce has been applied in all cases. The exchange rates are based on the forward curve (updated as at 13 August 2009). The long term exchange rate is around 0.59 A$/US$ with a gradual decline from a rate of 0.84 applied for the second half of calendar 2009. Project economics are not highly sensitive to copper and

silver prices with copper and silver expected to deliver less than 15% of project revenues over the first ten years and over Life of Mine.

The financial model for the Project Life of Mine shows an indicative pre-tax NPV at a 8.5% real discount rate of A$343 million for the 10 Mt/a Project and A$578 million for the Expansion Case. The pre tax IRR (nominal converted) is 15.3% for the 10 Mt/a Project and 16.5% for the Expansion Case.

Conclusions and Recommendations

In conclusion, Dr Fisher believes that the mineral resources and reserves for the Spinifex Ridge Molybdenum Project are fairly stated.

The project is sufficiently advanced in terms of mineral resources and reserves.

It is recommended that no further drilling is required prior to the development of the Molybdenum project.

Spinifex Ridge Molybdenum Project August 2008 Technical Report – Executive Summary

Introduction

Moly Mines commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an independent mineral resource estimate for the Spinifex Ridge Project in Western Australia. This report has been prepared in conformity with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) and the CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101.

The opinions expressed in this report have been based on the information supplied to SRK by MOL. The opinions in this report are provided in response to a specific request from MOL to provide this report and render opinions in accordance with industry standards, including the JORC Code and the CIM Standards. SRK have exercised all due care in reviewing the information supplied by MOL.

Mineral Reserves and Resources

The Spinifex Ridge Project is located approximately 50 km northeast of Marble Bar in the Pilbara region of Western Australia. The property is accessible by sealed roads and graded tracks. The resource is located within granted Mining Leases (M45/1095, M45/1096 and M45/1097) which are 100% owned by MOL. Annual fees, rates and required exploration expenditures for the leases have been met and the leases remain in good standing.

Molybdenum-copper mineralization at Spinifex Ridge is related to a structurally controlled porphyritic granodiorite, which has intruded an Archaean sequence of mafic and felsic volcanic rocks. The granodiorite has generated an extensive alteration halo dominated by quartz stockworking and potassic and phyllic alteration. Molybdenum and copper mineralization occurs as vein-hosted molybdenite and chalcopyrite.

The geology and grade data used for this report has been derived from historical drill and assay records in conjunction with drilling completed by MOL between 2005 and 2008. Data has been verified and twin holes were used to confirm the compatibility of historical data with newly acquired data.

MOL has completed sufficient drilling to identify sufficient Measured and Indicated Resources for mine planning. The Mineral Resource estimate has been based on information compiled by Mr Phil Jankowski MAusIMM (CP), an employee of SRK. Mr Jankowski has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the JORC Code and as a Qualified Person under NI 43-101. The Mineral Resources have been categorized in accordance with the standard as prescribed by NI 43-101.

The resource is open at depth and to the south, east and west. Full details of assumptions for compiling the Mineral Resource are detailed in the Spinifex Ridge Molybdenum Project August 2008 Technical Report.

Spinifex Ridge Molybdenum Summary Resource Estimate, 31 July 2008

Classification	Tonnes	Mo (%)	Contained Mo (tonnes)	Cu (%)	Contained Cu (tonnes)	Ag (g/t)	Contained Ag (oz)
Measured	206,812,000	0.06	123,500	0.1	205,000	1.5	10,040,000
Indicated	445,458,000	0.04	171,000	0.07	315,400	1.1	16,327,000
Total Mineral Resource	652,270,000	0.05	294,500	0.08	520,300	1.3	26,367,000
Inferred	399,019,000	0.04	148,800	0.07	265,000	1.1	14,625,000

MOL designed and implemented a rigorous program of quality assurance and quality control (QA/QC) to ensure sampling and assaying was both accurate and precise. This program included certified standards, field duplicates, laboratory duplicates, blanks and secondary analysis. In SRK's opinion, the QA/QC procedures at Spinifex Ridge have provided a high quality dataset, which is considered accurate and precise, and appropriate for resource estimation.

Mineral Reserves are based on the Measured and Indicated Mineral Resource of 652 million tonnes at 0.05% molybdenum, 0.08% copper and 1.3g/t silver. Full details of assumptions for compiling the Mineral Reserve are detailed in this report.

Spinifex Ridge Mineral Reserves, 31 July 2008

Classification	Tonnes	Mo (%)	Cu (%)	Ag (g/t)
Proven	199,697,000	0.06	0.1	1.5
Probable	251,138,000	0.04	0.07	1.1
Total Mineral Reserves	450,835,000	0.05	0.08	1.3

MOL does not currently propose to undertake any further drilling for the molybdenum / copper deposit at Spinifex Ridge as sufficient information has been obtained to adequately plan detailed mine planning and operations for a period of at least 20 years.

The Spinifex Ridge Project

The Company plans to develop and operate 20 million tonne per annum open pit mining operation and processing plant that, over the first ten years, is expected to produce an average of approximately 23 million pounds of contained molybdenum and approximately 26 million pounds of contained copper, both in concentrate form. The Spinifex Ridge Feasibility Study was completed in September 2007.

MOL has developed mine plans for the first 10 years of operations, being the permitted mine life, and for 23 years being the Reserve life of the project. The deposit will be mined under contract by Macmahon Contractors Pty Ltd (Macmahon) using conventional large-scale, open-pit mining methods. The ore produced from the mine will be crushed and conveyed through an 800 metre tunnel to the processing plant. The crushed ore will be processed in three comminution stages involving primary and secondary crushing and two stages of grinding using ball mills and high pressure grinding rolls. After the grinding processes, the ore will be further processed through multiple separation and flotation stages to produce a molybdenum concentrate and a separate copper-silver concentrate as a by-product.

Engineering, procurement and construction management (EPCM) services for the project are being performed by WorleyParsons Limited (WorleyParsons). The Company has awarded a number of construction contracts in

addition to the EPCM contract for long lead items of plaint that have allowed the projects development to proceed on schedule and maintaining a fourth quarter 2009 commissioning. These contracts include the construction of major pieces of the comminution circuit including primary and secondary crushers, ball mills and high pressure grinding rolls and the construction and permanent accommodation camps.

Molybdenum concentrates will be trucked to Port Hedland for shipping. Port Hedland (located approximately 140 km from the project) is a long established port used to transport bulk and container cargo and is the largest tonnage export port in Australia servicing the vast mining north-western region of Western Australia.

Existing Shire maintained sealed highways and public access roads will be used to transport materials and concentrates to and from site in quad and triple road trains. Copper concentrates will be trucked to Port Hedland and sold to customers (being either end users or refineries). Molybdenum concentrates will be shipped to Molybdenum y Metales (Molymet) for toll roasting in Chile. Molymet will toll roast the project molybdenum concentrates for a fee to produce a technical grade molybdenum oxide, or other molybdenum products as agreed from time to time (Finished Product). The Company has entered into a ten-year off take agreement with Thyssen Krupp Metallurgie GmbH (Thyssen) for the direct sale and distribution of molybdenum oxide and / or ferro-molybdenum.

Subject to full funding being achieved by the end of calendar 2008 for the Spinifex Ridge Project and the construction schedule met, first Mo and Cu production from the 20Mt/a mine could occur in Quarter 1, 2010.

Permits

On the 4th of August 2008, the Western Australian Minister for the Environment approved the project under Part IV of the Environmental Protection Act, 1986, completing the environmental impact assessment process. This approval means there are no impediments to developing the Spinifex Ridge Project.

Having received this Part IV approval MOL can now complete other minor approvals as required as the project moves through various stages of construction, mining and operations through various local, shire, state and federal government agencies and departments. Site access for construction activities is expected by the end of Quarter 3, 2008.

Capital Cost Estimates

The Capital Cost Estimate for the Spinifex Ridge Project was released in January 2008 at A$1,082 million. The estimate has since been revised to A$1,258 million, to include capital costs associated with power supply and contingency of $176 million. This is the only material change since the January 2008 estimate and reflects a change in scope for the project. MOL had planned to contract the power generation for the project through a build, own, operate (BOO) agreement with an infrastructure provider. MOL has reviewed this philosophy and has developed an owners EPC contract to build a turnkey power station. Capital costs, associated with the project, already spent as at 30 June 2008, are A$63 million, leaving capital to spend of A$1,195 million.

Item	Initial Capital
Mining and ROM Haulage	29.4
Crushing and Stockpiling	129.7
Concentrator	318.9
Plant Infrastructure	108.9
Tailings Storage	40.0
Utilities	26.1
General Infrastructure	60.5
Water Supply Infrastructure	58.5
Power Supply Infrastructure	9.4
Sub Total Direct Cost	**781.4**
Temporary Construction Facilities	25.7
Temporary Construction Services and Allowances	61.7
EPCM Costs	103.0
Owner's Costs	11.3
Total	**983.1**
Contingency of 10.1%	99.1

Total (including Contingency) – Jan 2008	**1,082.2**
Power Station	160.0
Power Station Contingency	16.0
Total Capital Cost Estimate	**1,258.2**
Less Capex already spent	(63.0)
Total (including Contingency) Jun 2008	**1,195.2**

The company continues to optimise the mine plan to generate the best Mo production and cash flow profile for the ten years. The summary shown below generates run of mine ore for between nine and ten years ("Initial Ten Year Mine Plan") at a 20 Mt/a throughput rate leaving a substantial stockpile of low grade material for subsequent processing. Management believes that there is likely to be a further cut-back before the end of the Initial ten Year Mine Plan.

Operating costs for the Initial Ten Year Mine Plan are:

	2008 -2011	**2012 -2014**	**2015 -2019**	**10 Year**
	A$'M			
Mining [(1)]	146	260	500	906
Processing	344	571	759	1,674
Administration	49	72	120	241
Royalties	69	131	232	432
Other costs	2	3	5	10
Cu and Ag credits	(144)	(366)	(464)	(974)
Total	466	671	1,152	2,289
Cu and Ag Netback costs [(2)]	15	41	58	114
Mo Netback costs [(2)]	68	149	168	278

(1) Mining costs are shown net of low grade stockpile values calculated at the lower of cost and Net Realisable Value ("NRV'')
(2) Netback costs include logistical and refining costs

Operating and capital costs estimates are based on agreed contractual positions or vendor data, process design feasibility studies, independent studies and economic parameters. The average operating cost over the first ten years of the project, before royalties and netbacks, and after crediting by-product credits and the value of low grade stockpiles (at the lower of cost and net realisable value), is estimated at US$7.20/lb. These costs include mine pre-stripping (estimated at US$0.50/lb) and mine fleet ownership costs (estimated at US$0.66/1b).

Mine Statistics — Initial Ten Year Mine Plan

Period	**2008 -2011**	**2012 -2014**	**2015 -2019**	**10 Year**
	A$'M			
Waste (Mt)	108.9	139.5	115.5	363.9
Waste to Ore ratio	1.33	1.24	0.92	1.14
Mill Feed (Mt)	33.3	60.7	100.0	194.0
Mill Feed Mo (% Mo)	0.061	0.063	0.066	0.064
Mill Feed Cu (% Cu)	0.089	0.116	0.090	0.098
Mo Production (Mlb)	34.0	70.9	126.5	231.4
Cu Production (Mlb)	37.6	97.5	128.2	263.3

Financial Analysis

MOL has developed mine plans for the Initial 10 Year Mine Plan, being the permitted mine life, and for 23 years, being the Reserve life of the project ("Life of Mine" or "LOM"). Mine statistics for the Initial 10 Year Mine Plan are detailed above.

The economic analysis of the Spinifex Ridge Project has been undertaken in Australian dollars on a discounted cashflow basis. Independent market reports have been used to estimate future molybdenum prices with price declining from US$30/lb in the 2010 (the first year of forecast production from Spinifex Ridge) to US$18.00/lb in 2012 before stabilising slightly above this level in the long term.

A gradual decline in copper price to a long term price of US$3.10 per lb and a gradual increase in silver price to US$19.50 per ounce has been applied in both cases. The exchange rates are based on the forward curve. The long term exchange rate is around 0.76 A$/US$ with a gradual decline from a rate of 0.90 applied for the second half of calendar 2008. Project economics are not highly sensitive to copper and silver prices with copper and silver expected to deliver less than 15% of project revenues over the first ten years and over Life of Mine.

The financial model for the Project Life of Mine shows an indicative pre-tax NPV at an 8.5% real discount rate of A$1,001 million and has a pre tax IRR (nominal converted) of 20%. The valuation is based on a fully costed expansion mine with throughput increased to 33 Mt/a and adopting in-pit crushing during the first 10 years of operations. MOL management believes that without an increase in throughput, the LOM life of mine will be at least twenty three years based on calculated Reserves but is likely to exceed thirty years. MOL management believes that a decision to proceed with an additional open pit cut-back or underground mining programme to develop the additional reserves and resources beyond the Initial Ten Year Mine Plan will largely depend on environmental approvals and molybdenum prices at the time of making such a decision.

The Spinifex Ridge Iron Ore Project

Spinifex Ridge Iron Ore Project Technical Report – Executive Summary

In September 2009, Moly Mines completed an Updated NI43-101 Technical Report Spinifex Ridge Iron Resource September 2009 which documented the outcome of a pre-feasibility study completed on September 1, 2009. The following summarizes the report's findings:

The Spinifex Ridge Iron Project is located approximately 50 km northeast of Marble Bar in the Pilbara region of Western Australia. The property is accessible by sealed roads and graded tracks. The resources are located within a granted Mining Lease (M45/1095) which is 100% owned by Moly Metals. It is the same mining lease that hosts the Spinifex Ridge Molybdenum Project. Annual fees, rates and required exploration expenditures for the leases have been met and the leases remain in good standing.

The initial Spinifex Ridge Iron Resource NI43-101 Technical report was completed on July 27, 2009 and documented the following Mineral Resource.

Spinifex Ridge Iron Summary Resource Estimate, 4 June 2009

Classification	Tonnes	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	S (%)	LOI (%)
Measured	-	-	-	-	-	-	-
Indicated	6,110,000	58.9	8.5	1.7	0.15	0.006	4.7
Total Mineral Resource	6,110,000	58.9	8.5	1.7	0.15	0.006	4.7
Inferred	1,160,000	57.2	12.8	0.9	0.15	0.011	4.1

The PFS successfully demonstrated the viability of a 1 Mt/a open cut mining and processing operation for the Spinifex Ridge Iron Project.

The operating philosophy is to carry out open pit mining operations undertaken by contract miners providing drill and blast and load and haul services. Ore will be delivered to a Company owned, conventional semi-mobile crushing and screening plant which will produce two products, Lump (>6 mm, <31.5 mm) and Fines (<6 mm). Contract road haulers will transport the final product to Port Hedland to be shipped to customers.

Open pit mine designs have been undertaken on the three drilled iron resources at Spinifex Ridge, namely Dalek, Gallifrey and Auton based upon the total Indicated and Inferred Resource. The total in pit resource within these designs is estimated at 5.2 million tonnes of direct ship iron ore with an additional estimated 300,000 tonnes of ore that is in the Inferred Mineral Resource category.

The Company has completed pit optimizations using the Whittle™ software package and completed mine design and ore scheduling. Input data used in the mine optimization process were developed by Moly Mines and included assumed overall pit slope angles, benchmarked mine operating costs, estimated ore handling, ore processing, transportation and marketing costs, revenue estimates including impurity assessments and state government royalties.

Moly Mines has received advise from the Port Hedland Port Authority that capacity will be made available at its new Utah Point bulk commodity export facility for Spinifex Ridge Iron Ore. Port access was the only remaining major logistical barrier for the development of the project. The Utah Point facility is currently under construction and on-schedule for completion during Quarter 2, 2010. It will provide stockpile, reclaim, ship loading and wharf facilities with the bulk commodity berth designed to handle 17.1 Mt/a.

Moly Mines has been allocated an initial 0.8 Mt/a iron ore capacity for 20 months commencing July 2010.

The only remaining material approval required for Spinifex Ridge Iron Ore Project is the acceptance of the mining proposal. The company expects to receive this by the end of 2009.

Operating and financial models were based upon in-pit resources that were derived from the Indicated Mineral Resource. The following mine statistics were generated in the PFS:

	Unit	Base Case
Life of mine	Years	5+
Capital cost	A$'M	9.4
Pre-strip commences	Date	Q1 2010
First ore production	Date	Q2 2010
First shipment	Date	Q3 2010
Mining and processing rate	mt/a	1.0
Ore tonnes mined	'000	5,200
Waste tonnes mined	'000	15,574
Strip ratio	X	3.0
Average Fe grade	Fe%	59.4
Lump/Fines ratio	X	40/60
Mining cost	A$/t	9.7
Crushing costs	A$/t	4.1
Haulage costs	A$/t	19.2
Port costs	A$/t	7.5
Site administration & overhead	A$/t	5.2
Total operating cost	A$/t	45.7

***Note that Capital cost plus contingency plus Port Access Fee is included in financial modelling**

Total capital cost, before contingencies, for the 1Mt/a development is estimated at A$9.4 M. A further A$2.4 million ship loading prepayment will be made to the PHPA to reserve stockpiling and shipping capacity at the Utah Point port facility.

Total operating cost is estimated at A$45.7/t ore mined (FOB Port Hedland) and has been generated variously from third party quotes and in-house development studies.

The project has been modeled at various iron ore prices net of sales discounts and commissions estimated to reflect the quality of ore. Moly Mines believes it has carry forward losses in excess of A$90 million to be utilized against future iron ore revenues.

The following table shows the financial performance of the project at various pricing scenarios. The project has a payback of less then 18 months after first ore production.

	Unit	Benchmark prices flat	3 Year Benchmark Average	5 Year Benchmark Average	Commodity Analyst Forecast	100% Spot fines price flat
Gross revenue	US$/t	51.4	60.0	49.3	49.7	58.4
Commission	US$/t	(2.1)	(2.4)	(2.0)	(2.0)	(2.3)
Royalties	US$/t	(3.2)	(3.7)	(3.2)	(3.1)	(3.6)
Net revenue received	US$/t	46.2	53.9	45.8	44.6	52.5
Net revenue	A$'000	319,292	372,272	316,390	307,532	362,223
Net pre-tax project cashflow	A$'000	67,680	120,660	64,778	55,921	110,611
Post tax IRR	**%**	**68.6**	**121.3**	**65.7**	**76.2**	**111.7**

1) 5 year and 3 year averages to 30 June 2009
2) Spot price per Metal Bulletin Iron Ore Index 27 August 2009 quoted on a CFR China basis for US$83.85/t.
3) Foreign exchange rates use an A$: US$ rate over the life of the project based on the forward curve at 13 August 2009.

Marketing and off-take discussions are proceeding well with positive feedback on ore quality and specification. With port access now secured, these arrangements can be concluded as the Company sees fit.

The PFS concluded that consideration should be given to:

- applying economic parameters to the Indicated Mineral Resource, including operating and capital costs to calculate a Mineral Reserve Estimate;
- continuing the development pace for the project to meet port access opportunities in Quarter 3, 2010;
- completing marketing metallurgical testwork and seeking expert opinion on the product quality;
- preparing all major contract tenders including mining, crusher operations, haulage;
- completing negotiations on sales off-take contracts; and
- completing native title royalty arrangements.

For more information, please see the Spinifex Ridge Iron Ore Project Technical Report, which is incorporated by reference herein.

Other Molybdenum Projects

Limited additional exploration activity has been carried out on the Company's other molybdenum exploration properties namely Glen Eden, Mt. Pleasant and Mt. Tennyson in New South Wales, although all tenements remain in good standing,

RISK FACTORS

The ordinary shares of Moly Mines are considered speculative due to the nature of the Company's business and the present stage of its development. A prospective investor should carefully consider the risk factors set out below.

Moly Mines' Interim Financing Facility matures on October 31, 2009

In September 2008, the Company entered into a debt financing facility for US$150 million. The debt finance facility for US$150 million plus accrued interest of 20 percent per annum compounded quarterly is due for repayment on October 31, 2009. The Company has reached an agreement to restructure the obligation which is detailed in the "General Development of the Business" section above. This restructure agreement is conditional upon Moly Mines completing a minimum US$25 million equity financing planned for September 2009. There can be no assurance that Moly Mines will be able to successfully complete this equity financing in the quantum required.

Access to financing

Access to financing has been negatively impacted by the global financial crisis of 2008/2009 which may impact the ability of Moly Mines to obtain equity or debt financing in the future and, if obtained, on terms favorable to Moly Mines. If these increased levels of volatility and market turmoil continue, Moly Mines' operations could be adversely impacted and the trading price of the common shares could continue to be adversely affected.

Moly Mines has not yet completed feasibility studies for the Spinifex Ridge Iron Ore Project

Moly Mines Spinifex Ridge Iron Ore Project has not been accessed to the full feasibility study level.

Moly Mines has completed a Pre-Feasibility Study for the Spinifex Ridge Iron Ore Project. The scope of the PFS is not as detailed as a full feasibility study and accordingly technical studies, including engineering design, mine planning, resource and reserve definition, metallurgical test work and marketing arrangements may not be as advanced as required for the full feasibility studies.

If the outcome of further studies are inconsistent with the pre-feasibility studies, it may have a material adverse affect on the Company's financial performance and results of operations.

Mineral price and exchange rate volatility may affect the profitability and the financial position of Moly Mines

The Company's profitability will depend specifically upon the world market price of molybdenum, copper, iron ore and other metals. Prices fluctuate widely and are affected by numerous factors beyond the Company's control. The prices of metals are influenced by factors including industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of molybdenum, copper, iron ore and other metals by producers and speculators as well as other global or regional political, social or economic events. The supply of molybdenum, copper, iron ore and other metals consists of a combination of new and existing mine production and existing stocks held by governments, producers, speculators and consumers.

If the market prices for molybdenum, copper, iron ore or other metals fall below the Company's targeted production costs and remain at such levels for any sustained period of time, it may not be economically feasible to commence or continue production on the Company's projects. This would materially and adversely affect the decision to proceed and the ability to finance the development of properties, production, profitability and Moly Mines' financial position. The Company may, depending on hedging practices, experience losses and may decide to discontinue exploration activities, operations or development of a project or mining at one or more of its properties. If the price of molybdenum, copper or iron ore drops significantly, the economic prospects of the projects in which the Company has an interest could be significantly reduced or rendered uneconomic. Molybdenum, copper and iron ore prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of molybdenum, copper, iron ore and other metals are produced, a profitable market will exist for them.

With respect to molybdenum in particular, a number of factors may impact on future prices. Molybdenum is used primarily in the steel industry. The demand for molybdenum from the steel industry and other industries may decline due to a number of factors. A sustained low molybdenum demand (particularly from China) could cause suspension of mining operations. A sustained significant increase in supply could also adversely affect results. The robustness of the expansion in demand for metals such as molybdenum, being fuelled in large part by the growth in Asia, is dependent on this growth.

A decline in the market price of molybdenum, copper, iron ore or other metals may also require Moly Mines to write down its mineral reserves and resources, which would have a material and adverse effect on the Company's value, earnings and profitability. Should any significant write-down in reserves and resources be required, a material write-down of the Company's investment in the affected mining properties may be required.

Moly Mines will require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to Moly Mines

The funds of the Company currently available are not expected to be sufficient to complete all development activities. Accordingly, the Company will need to raise further capital and/or debt financing to fund development and construction of the Spinifex Ridge Molybdenum Project and other projects and aspects of the business. The success or otherwise and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the requirement to attract significant amounts of debt and equity financing by a company without significant projects already in production. Further, Moly Mines will require further capital from external sources to develop any newly discovered mineral deposits. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company cannot obtain such additional capital, the Company may not be able to complete the development of its projects or may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

Exploration and production may not prove successful, involve risks and have no guaranteed outcome

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The Company's exploration and production may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. The success of the Company also depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals for the conduct of its exploration and production activities.

Exploration and production on the Company's existing exploration and mining tenements may prove unsuccessful. Mineable resources may become depleted resulting in a reduction of the value of those tenements and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining tenements.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from any of the Company's projects will depend on the successful establishment of mining operations. Factors including costs, actual mineralization, consistency and reliability of ore grades and commodity prices affect successful project development, future cash flow and profitability, and there can be no assurance that current estimates of these factors will reflect actual results and performance. The design and construction of efficient processing facilities, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

Moly Mines has to compete for access to land, resources and personnel

Competition in the mineral exploration and development business is intense and could adversely affect the Company's ability to develop its properties. The Company competes with numerous individuals and companies, including major mining companies, many of which have greater financial and operational resources than the Company. There is a high degree of competition for the discovery and acquisition of properties considered to have a commercial potential or that could provide strategic value to the Company by virtue of their proximity to the Spinifex Ridge Molybdenum Project and Spinifex Ridge Iron Ore Project. The Company competes with other mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Moly Mines' insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes, cyclones and other environmental occurrences, as well as political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes or changes in regulatory environment, monetary losses and possible legal liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations, and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

Mineral reserve and resource estimates are estimates only and Moly Mines may not achieve its production estimates

The Company's reported mineral reserves and resources are only estimates. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. There are numerous uncertainties inherent to estimating mineral reserves and resources, including factors beyond the control of the Company. The estimation of mineral reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Drilling, metallurgical testing, production, evaluation of mine plans and other exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates. There is no assurance that mineral resources or mineral reserves can be economically mined. Mineral resources that are not mineral reserves do not have demonstrated economic viability. A mineral resource is not the equivalent of a commercially mineable ore body or a mineral reserve.

Assumptions about prices are subject to even greater uncertainty and metals prices have fluctuated widely in the past. Changes in operating and capital costs and other factors, including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect mineral reserves. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic and may ultimately result in a restatement of reserves and/or resources.

The Company cannot give any assurance that the estimated mineral reserves and resources will be recovered if the Company proceeds to production or that they will be recovered at the volume, grade and rates estimated. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), physical characteristics of ores, such as hardness, the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining, ore haulage and processing.

Moly Mines currently depends heavily on achieving successful operations and mineral recovery at the Spinifex Ridge Molybdenum Project and Spinifex Ridge Iron Ore Project. The Spinifex Ridge Molybdenum Project accounts for a substantial proportion of the Company's mineral resources and reserves and the potential for the future generation of revenue. Any adverse development affecting the progress of the Spinifex Ridge Project such as, but not limited to, obtaining financing on commercially suitable terms, hiring suitable personnel or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Company's financial performance and results of operations.

Moly Mines' mining activities are subject to environmental risks and regulations

Mining is an industry which has become subject to increasing environmental responsibility and liability. The Company's activities are subject to laws and regulations controlling not only the mining of and

exploration for mineral properties, but also the possible effects of such activities upon the environment. The potential for liability is an ever-present risk. The Company cannot give any assurance that, despite its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition and its results from operations. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on Moly Mines.

Mining operations in Australia are subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground, the discharge of materials into the environment and protection of endangered species, and to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Environmental laws may change and make the mining and processing of ore uneconomic, or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations. Compliance with such laws may cause delays or require capital outlays in excess of those anticipated, causing an adverse effect on the Company. A breach of such legislation may result in the imposition of fines and penalties or the suspension or closure of mining operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities.

The Company is not aware of any existing environmental laws or issues which cannot be resolved or would materially limit the Company's ability to proceed with the development and mining of its properties and has received all necessary approvals to date to allow the commencement of site activities.

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority.

Any ground disturbing activity (such as drill-rig access off existing tracks) requires a flora survey to determine whether any declared rare and priority plant species are present and approvals from the Departments of Conservation and Land Management and Industry and Resources are required before that activity can commence.

The *Native Title Act* has created uncertainty on ownership of and rights to develop some mining tenements in Australia and may impose restrictions on development and future production by Moly Mines

The effect of the laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and approvals to proceed with mine development and production and considerable expenses may be incurred negotiating and resolving issues. Furthermore, compensatory obligations may arise when settling native title claims lodged over any tenements acquired by the Company. The existence of outstanding registered native title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of statutory procedures imposed by the *Native Title Act*. The presence of aboriginal sacred sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining clearances.

The Company is aware of one registered native claim over all of the Spinifex Ridge tenements, and it is possible that additional native title claims may be made in the future. Moly Mines has completed a Land Access Deed for the Spinifex Ridge Molybdenum Project which resolves all known native title matters associated with the Company's mining lease.

Moly Mines' operations are subject to other forms of government regulation and permitting

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although the Company's exploration and planned development activities are currently believed by the Company to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Many of the mineral rights and interests of the Company are subject to government approvals, licences and permits. The granting and enforcement of the terms of such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Exploration and mining tenements may be subject to forfeiture

The Australian title registration system provides for application for forfeiture of exploration and mining licences where there is, or has been, non-compliance with the prescribed royalties, rents or expenditure conditions. Forfeiture may occur in one of a number of ways. A third party may file a plaint (an application for forfeiture) with the mining warden, who may (in the case of prospecting or miscellaneous licences) elect to forfeit the tenement or impose a fine not exceeding A$10,000 for non compliance with expenditure conditions and not exceeding A$50,000 in any other case, or (in the case of exploration licences, mining and general purpose leases) make a recommendation to the Minister for or against forfeiture.

In the latter case, the Minister may decide to forfeit the tenement, impose a fine not exceeding A$50,000 per tenement, or impose no penalty. A tenement may not be forfeited or recommended for forfeiture unless non-compliance is of sufficient gravity to justify forfeiture. Alternatively, the Minister may himself institute forfeiture measures where non-compliance has occurred (or impose a fine not exceeding A$50,000 per tenement which, if unpaid, results in deemed forfeiture).

Shares of Moly Mines are subject to share price volatility

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

Currency fluctuations may affect Moly Mines' revenue from its operations

Currency fluctuations may affect the Company's revenue from its operations. The Company's revenue from molybdenum, copper, iron ore and other mineral sales, and financing activities will be received in United States and Canadian dollars while a significant portion of its operating expenses will be incurred in Australian

dollars. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operation results.

Moly Mines relies on its key personnel and the loss of one or more of these persons may adversely affect Moly Mines

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors.

Certain directors are involved in other mining interests

Certain directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Estimates and assumptions used in preparing consolidated financial statements and actual amounts could differ

Preparation of the consolidated financial statements requires the Company to use estimates and assumptions. Accounting for estimates requires the Company to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. The Company's accounting policy regarding exploration and evaluation requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Company could be required to write down the value of certain assets. On an ongoing basis, the Company re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

The effectiveness of Moly Mines' hedging policies depend on external factors beyond the Company's control

The Company has not entered into any forward sales or hedging agreements for molybdenum or any other minerals or in respect of its exposure to changes in foreign exchange rates, but may enter into such contracts in the future. These risks will be managed in accordance with the Company's risk management policy, as determined from time to time, and detailed budgets, forecasts and mine plans, but the Company cannot guarantee the effectiveness of its present or future hedging policies. Although hedging activities may protect the Company in certain instances, they may also limit the price that can be realized on metals subject to any hedges where the market price exceeds the hedge contract.

Moly Mines does not have any production revenues

To date, the Company has not recorded any revenues from its mining operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of

the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Mining is inherently dangerous and subject to conditions or events beyond the control of Moly Mines, and any operating hazards could have a material adverse effect on its business

Mining involves various types of risks and hazards, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-in or slides, flooding, fires and interruption due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability. The Company may suffer a material adverse effect on its business and the value of its securities may decline if it incurs losses related to any significant events that are not covered by insurance policies.

The mining industry is an intensely competitive industry, and Moly Mines may have difficulty effectively competing with other mining companies in the future

Mines have limited lives and, as a result, the Company must continually seek to replace and expand its reserves through the acquisition of new properties. Significant competition exists for the acquisition of properties producing or capable of producing molybdenum, copper and other metals. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which may have greater financial resources and larger technical staffs than the Company may have. As a result of this competition, Moly Mines may be unable to acquire attractive mining properties on acceptable terms.

It may be difficult to effect service of process on Moly Mines' directors, officers and others

All but one of the Company's directors reside outside of Canada. Substantially all of the assets of these persons are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts of the Company. It may also not be possible to enforce against the Company, certain of its directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Moly Mines does not anticipate paying cash dividends in the foreseeable future

The Company does not plan to pay cash dividends on its shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the board of directors of the Company, and will depend upon, among other things, conditions then existing, including the Company's earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions, and other factors.

Moly Mines may be considered a "foreign investment entity" which may have adverse Canadian tax consequences for its Canadian investors

Although the Company believes that it is not currently a "foreign investment entity" within the meaning of the proposed amendments to the Canadian *Income Tax Act* regarding the taxation of certain interests in non-resident entities that are "foreign investment entities" (the "**FIE Proposals**"), no assurances can be given in this regard or as to the Company's status in the future. If the Company becomes a "foreign investment entity" within the meaning of the FIE Proposals, there may be certain adverse tax consequences.

On January 27, 2009, the Department of Finance (Canada) announced that it had received submissions on the FIE Proposals and would be reviewing the FIE Proposals in light of such submissions before proceeding with measures in this area.

DIVIDENDS

Moly Mines has not, since the date of its incorporation, declared or paid any dividends on its ordinary shares and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, Moly Mines anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on earnings, if any, and Moly Mines' financial condition and such other factors as the directors of Moly Mines consider appropriate.

DESCRIPTION OF CAPITAL STRUCTURE

Description of Ordinary Shares

Under the Australian *Corporations Act 2001* (Cth), Moly Mines is authorized to issue an unlimited number of ordinary shares. However, in order to issue greater than 15% of the existing shares on issue in any 12 month period, Moly Mines must seek separate shareholder approval. As at June 30, 2009, Moly Mines had an aggregate of 93,691,677 fully paid ordinary shares issued and outstanding and no other shares in the capital of the Company of any other classes are issued or outstanding.

The holders of the Moly Mines ordinary shares are entitled:

(a) subject to any rights or restrictions for the time being attached to any class or classes of shares, to vote at all meetings of shareholders of the Company;

(b) to receive (subject to the rights of any holders of preference shares and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) any dividends declared by the Company; and

(c) to receive (subject to the rights of holders of shares (if any) with special rights in winding up) all moneys and property that are to be distributed among shareholders on a winding up, to be distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up.

Description of Unlisted Options

As at June 30 2009, Moly Mines has 6,155,000 unlisted options on issue. The following table shows the movements in options subsequent to June 30 2008:

Unlisted options outstanding June 30 2008	15,425,000
Issued during the year	1,975,000
Cancelled / expired during the year	(3,745,000)
Exercised during the year	(7,500,000)
Outstanding June 30 2009	6,155,000

In addition, in January 2009 the Company announced the issue of new options to employees and directors designed to replace those options that expired unexercised at December 31 2008. Options issued to employees are listed in the table above as being issued during the year. The Board resolved to issue 820,000 new options to directors which would be granted following shareholder approval. These new options have an exercise price of A$0.40 and expire on 31 December 2010. At the date the Company announced the intention to issue options to directors in January the 30 day and 5 day VWAP for Moly Mines shares trading on the ASX was A$0.33 and A$0.30 respectively. Mr. Constable, Mr. Nixon and Mr. Senft will each receive 100,000 options and Mr. Fisher will receive 520,000 options. In addition, in May 2009, the Board agreed to the issuance of 100,000 options to Mr. Craig on the same terms and conditions.

MARKET FOR SECURITIES

The Moly Mines ordinary shares are listed and posted for trading on the TSX and the ASX, respectively, in each case under the trading symbol "MOL". The following table sets forth the reported high and low sale prices and the trading volume for the Moly Mines ordinary shares on the TSX and the ASX, respectively, for each of the periods indicated.

	ASX			TSX		
2009	**HIGH (A$)**	**LOW (A$)**	**VOLUME**	**HIGH (C$)**	**LOW (C$)**	**VOLUME**
June	0.660	0.390	19,986,716	0.540	0.345	11,822,099
May	0.500	0.370	13,906,547	0.445	0.320	11,843,768
April	0.475	0.255	14,709,651	0.425	0.210	10,362,708
March	0.280	0.205	4,532,452	0.240	0.165	3,932,685
February	0.330	0.245	2,106,889	0.260	0.185	3,793,577
January	0.440	0.275	3,763,835	0.350	0.200	5,810,811
2008	**HIGH (A$)**	**LOW (A$)**	**VOLUME**	**HIGH (C$)**	**LOW (C$)**	**VOLUME**
December	0.375	0.220	2,884,925	0.270	0.180	2,544,317
November	0.435	0.220	11,163,621	0.315	0.130	19,711,830
October	1.130	0.335	10,779,699	0.700	0.220	22,137,361
September	2.220	1.270	5,203,738	1.800	0.700	4,514,416
August	2.460	1.800	3,812,666	2.380	1.600	5,710,111
July	3.110	2.180	2,322,553	2.900	2.050	2,659,648

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The names and municipalities of residence of the directors and executive officers of Moly Mines at June 30, 2009, positions held by them with Moly Mines and their principal occupations for the past five years are as set forth below.

NAME AND MUNICIPALITY OF RESIDENCE	**CURRENT OFFICE WITH MOLY MINES**	**PRINCIPAL OCCUPATION[1]**	**DIRECTOR SINCE[2]**
DIRECTORS [13]			
David Craig[3] Perth, Australia	Non-Executive Chairman	Company director	May 19, 2009
Derek Fisher[4] Perth, Australia	Chief Executive Officer and Managing Director	Chief Executive Officer and Managing Director, Moly Mines	April 10, 2003
David Constable[5] Toronto, Canada	Non-Executive Director	Vice President - FNX Mining Company Inc.	December 12, 2006
Michael Senft[6] New Jersey, United States of America	Non-Executive Director	Consultant and advisor	April 22, 3008
David Nixon[7] Perth, Australia	Non-Executive Director	Company director	June 10, 2008
Peter Thomas[8]	Non-Executive Director	Executive – Fortescue	16 January 2007

NAME AND MUNICIPALITY OF RESIDENCE	CURRENT OFFICE WITH MOLY MINES	PRINCIPAL OCCUPATION[1]	DIRECTOR SINCE[2]
DIRECTORS [13]			
Perth, Australia		Metals Group Limited	
EXECUTIVE OFFICERS			
John McEvoy[9] Perth, Australia	Chief Financial Officer	Chief Financial Officer, Moly Mines	n/a
Collis Thorp[10] Perth, Australia	General Manager	Chief Operating Officer, Moly Mines	n/a
Andrew Worland[11] Perth, Australia	General Manager Corporate and Commercial, and Company Secretary	General Manager Corporate and Commercial, and Company Secretary, Moly Mines	n/a
Michael Gloyne[12] Perth, Australia	General Manager Operations	General Manager Operations Moly Mines	n/a

Notes:

(1) During the past five years each of the foregoing directors and executive officers has been engaged in the principal occupation shown opposite his name above, except as indicated in the notes below.

(2) Except for the Managing Director, each director's term of office expires at the later of the third annual general meeting of shareholders of the Company or three years after that director's last election or appointment. One-third of the directors must retire at each annual general meeting. Retiring directors are eligible for re-election.

(3) Mr. Craig is a member of the Audit and Risk Management Committee and Remuneration Committee. Mr. Craig is a professional company director and is currently a director of United Minerals Corporation NL, ADG Global Supply Limited and Entek Energy Ltd.

(4) Dr. Fisher's employment with Moly Mines is through a contract with Trillium Investments Pty Ltd.

(5) Mr. Constable is currently a member of the Audit and Risk Management Committee and Remuneration Committee. Mr. Constable is also a director of Aquiline Resources Inc and U3O8 Corp.

(6) Mr. Senft served as Managing Director CIBC World Markets Inc from 2002 to 2007 where he was head of leveraged finance capital markets, head of high yield and leveraged finance origination.

(7) Mr. Nixon is Chairman of the Audit and Risk Management Committee and Chairman of the Remuneration Committee. Mr. Nixon is a consultant to the mining industry principally employed in the last 5 years as non executive chairman of ASX-listed Atlas Iron Limited, a non executive director of Swick Mining Services Limited and a non executive director of Brockman Resources Limited.

(8) Mr. Thomas resigned from Moly Mines on 31 July 2009.

(9) Mr. McEvoy commenced employment with Moly Mines as Chief Financial Officer on March 13, 2006. Prior to that date, Mr. McEvoy was employed as Chief Financial Officer/Company Secretary, and then Executive Finance Director for CustomVis plc from August 2004 to February 2006.

(10) Prior to being appointed to Moly Mines, Mr. Thorp was the Managing Director of the Cable Sands Group from September 1998 to June 2005.

(11) Prior to being appointed to Moly Mines, Mr. Worland was Company Secretary and Chief Financial Officer of Siberia Mining Corporation Limited from March 2004 to March 2006.

(12) Prior to being appointed to Moly Mines Mr. Gloyne was General Manager Business Development with Brambles Limited from 2004 through 2006.

(13) On March 10, 2009 Mr. Paul Willis resigned from his position as chairman of the Company. On April 16, 2009 Mr. Kurt Talbot was appointed to the board and resigned on May 19, 2009.

As of the date of this AIF, the directors and officers of Moly Mines and its subsidiaries as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,197,055 ordinary shares, representing approximately 1.3% of the issued and outstanding ordinary shares of Moly Mines as set out in the table below:

	SHARES	OPTIONS
Directors		
Derek Fisher	1,103,600	780,000
David Craig	-	-
David Constable	10,000	150,000
Michael Senft	-	-

David Nixon	-	-
Executive Officers		
John McEvoy	18,200	500,000
Collis Thorp	24,255	1,000,000
Andrew Worland	40,000	500,000
Michael Gloyne	1,000	300,000

A summary of movements in directors and officers interests in shares and options since June 30, 2008 is as follows:

Share movements

	BALANCE JUNE 30, 2008	ON-MARKET PURCHASES / SALES	TRANSFER	ISSUE FROM OPTION EXERCISES	BALANCE JUNE 30, 2009
David Craig	-	-	-	-	-
Derek Fisher	1,103,600	-	-	-	1,103,600
David Constable	10,000	-	-	-	10,000
Michael Senft	-	-	-	-	-
David Nixon	-	-	-	-	-
Peter Thomas	180,000	(180,000)	-	-	-
John McEvoy	18,200	-	-	-	18,200
Collis Thorp	24,255	-	-	-	24,255
Andrew Worland	40,000	-	-	-	40,000
Michael Gloyne	1,000	-	-	-	1,000

Option movements

	BALANCE JUNE 30, 2008	OPTIONS EXPIRED	OPTIONS EXERCISED	ISSUE OF OPTIONS	BALANCE JUNE 30, 2009
David Craig[(1)]	-	-	-	-	-
Derek Fisher[(1)]	1,300,000	(520,000)	-	-	780,000
David Constable[(1)]	250,000	(100,000)	-	-	150,000
Michael Senft[(1)]	-	-	-	-	-
David Nixon[(1)]	-	-	-	-	-
Peter Thomas	180,000	-	-	-	180,000
John McEvoy	500,000	(200,000)	-	200,000	500,000
Collis Thorp	1,000,000	(400,000)	-	400,000	1,000,000
Andrew Worland	500,000	(200,000)	-	200,000	500,000
Michael Gloyne	300,000	(120,000)	-	120,000	300,000

Notes:

(1) As described above each of Mr. Craig, Mr. Constable, Mr. Senft and Mr. Nixon will be issued 100,000 options each upon shareholder approval. Dr. Fisher will be issued 520,000 options upon shareholder approval.

Management

Biographical information for each member of the Company's management is set forth below. No member of Moly Mines' management is currently subject to a non-competition or non-disclosure agreement with the Company.

Directors

Mr. David Craig, *Non-Executive Chairman*

Mr. Craig joined the board in May 2009.

Mr. Craig (B.Juris (Hons) LLB (Hons) LLM (London) GDipAppFin (Finsia) MAICD) is an experienced businessman and lawyer, who has held and holds Executive and Board positions in the fields of law, financial services and the resources industry.

As a partner of a major Perth law firm he specialised in resources and commercial legal advice, which included work on resources joint ventures, the acquisition and disposal of interests in companies and projects, and capital raisings by companies. This was followed by ten years in the financial services industry as a stockbroker and an executive director in a national stockbroking and investment banking company. Mr. Craig then spent five years working with Woodside Petroleum Ltd in an Executive position in the field of public and government affairs. Mr. Craig is a director of United Minerals Corporation NL, ADG Global Supply Limited and Entek Energy Limited.

Mr. Craig is a member of the Company's Audit and Risk Management Committee and Remuneration Committee.

Dr. Derek Fisher, *Managing Director*

Dr Fisher has been instrumental in the development of mines and processing facilities in Australia, Mongolia, and Armenia, and project assessment and exploration on all continents. He began his career with the NSW Geological Survey as a trainee geologist in 1966 and following graduation from the University of New England, Armidale NSW, he moved into the mineral exploration and mining industry working with Inco in Australia, the Solomon Islands and Canada. During the 1970's he undertook doctoral studies at the University of Toronto, Canada, gaining his PhD in 1979. In the 1980's and 1990's he was a founder or co-founder of a number of companies listed on both the ASX and TSX, including Anvil Mining Limited. Dr Fisher is an honorary life member of the Association of Mining and Exploration Companies (AMEC) having spent 13 years on the council of AMEC, four as President.

Dr Fisher was appointed to the Board of Cortona, an associated company, as a non-executive Director, on 5 July 2007.

Mr. David Constable, *Non-Executive Director*

Mr. Constable is a professional geologist with more than 25 years Canadian and international exploration and development experience, including managing his own geological consulting firm for more than a decade. Since 1996, Mr. Constable has provided investor relations services to international and Canadian mining companies. Mr. Constable served as Vice President, Investor Relations, for Normandy Mining Limited from 1997 until its takeover by Newmont Mining Corporation in 2002. Currently, he is Vice President, Investor Relations, for FNX Mining Company Inc. Mr. Constable is a member of the Canadian Investor Relations Institute and holds a Bachelor of Science (Hons) Geology degree and an MBA. Mr. Constable is currently a director of Aquiline Resources Inc. and U3O8 Corp.

Mr. Constable is currently a member of the Company's Audit and Risk Management Committee and Remuneration Committee.

Mr. Michael Senft, *Non-Executive Director*

Mr. Senft was most recently Managing Director CIBC World Markets Inc. and was head of leveraged finance capital markets, head of high yield and leveraged finance origination. In these positions he was actively involved in final transaction approvals, structuring and pricing and coordinated innovative debt financing

solutions through integrated capital markets knowledge. He oversaw High Yield Sales, Trading, Research as well as taking a direct role in originating and structuring transactions. He initiated coverage across all Investment Banking Industry sectors and managed all facets of originating and executing financings for a wide variety of issuers in energy, paper & forest products, steel, industrial services and healthcare sectors, among others.

Prior to his appointment at CIBC in 2002, Mr. Senft spent 20 years with Merrill Lynch, New York and held numerous executive roles finishing as Managing Director, Leveraged Finance. Mr. Senft holds a Masters of Business Administration, Finance, from Stern School of Business, New York and a Bachelor of Arts degree in Economics from Princeton University, Princeton, New Jersey.

Mr. John David Nixon, *Non-Executive Director*

Mr. Nixon is a Mechanical Engineer with over 40 years experience in the mining and construction industries in Australia, Southern Africa, New Zealand, Canada and Indonesia. His initial training was with De Beers in the diamond industry in South Africa and he came to Australia in 1980 for the development of the Argyle diamond mine, the world's largest diamond producer. He was a founding executive of Signet Engineering in 1990, and a director of that company until the acquisition of Signet by Fluor Australia in 1996. From 2001 to 2004, David Nixon was the project director for a Fluor/SKM joint venture for the $1.0 billion BHP Billiton Iron Ore Asset Development projects, comprising the new Area C mine, extension of the rail from Yandi to Area C, and the expansion of port facilities at Port Hedland.

Mr. Nixon currently works as a consultant in the mining industry in Western Australia and is a non executive director of Swick Mining Services Limited and Brockman Resources Limited.

Mr. Nixon is now Chairman of the Company's Audit and Risk Management Committee and Remuneration Committee.

Executive Officers

Mr. John McEvoy*, Chief Financial Officer*

Mr. McEvoy has extensive experience in senior finance roles in both the public and private sector with approximately 17 years experience in the mining industry. Prior to joining Moly Mines in March 2006 as Chief Financial Officer, Mr. McEvoy was the Chief Financial Officer and Company Secretary for CustomVis plc, an AIM-listed surgical laser manufacturer, from August 2004 and was appointed as executive finance director of CustomVis plc in March 2005. He was previously employed as financial controller and company secretary by Cable Sands Group, a mineral sands mining company, where he played a key role in the sale of Cable Sands Group to BeMaX Resources NL.

Mr. Collis Thorp*, Chief Operating Officer*

Mr. Thorp has 40 years mining experience, having operated and managed open-pit and underground mines in Australia and internationally. This experience covers precious, base and specialty metal operations including gold, tin, tungsten, titanium and zircon. He has significant and diverse experience in all aspects of major project feasibility and development including mining, process design, metallurgy, infrastructure, environment and metals market. Prior to this appointment, Mr. Thorp was Managing Director of the Cable Sands Group which operates four mineral sands mines (titanium, zircon) in Western Australia. Mr. Thorp was previously Vice President and Executive Councillor of the Chamber of Mines and Energy, Western Australia and is a past Chairman of its Conservation, Environment and Land Management Committee. He is also a fellow of the Australian Institute of Company Directors.

Mr. Andrew Worland*, General Manager Corporate and Commercial and Company Secretary*

Mr. Worland has held the position of Company Secretary of Moly Mines since April 2004 and was Chief Financial Officer of Moly Mines from April 2004 to March 2006. From April 2004 through March 2007 Mr. Worland was also Company Secretary of Siberia Mining Corporation Limited until it was taken over by Monarch Gold Mining Company Limited. Prior to joining Moly Mines Mr. Worland held senior financial and commercial roles with Minara Resources Limited from 1998 to 2004 which followed four years with Arthur Andersen LLP, Chartered Accountants. Mr. Worland holds a Bachelor of Commerce degree from the University

of Western Australia and is a member of the Australian Institute of Company Directors and Australian Institute of Management.

***Mr. Michael Gloyne**, General Manager Operations*

Mr. Gloyne is a mining engineer with nearly 30 years experience in surface mining and mineral processing working in operations, project analysis, acquisitions, development and general management positions. Prior to commencing with Moly Mines, for 3 years Mr. Gloyne was General Manager with Brambles (BIS Industrial Services) responsible for the development of mining services to the resource sector, and spent 10 years as Mining Manager for Henry Walker and Boral Contracting. Prior to that he worked for 6 years as Resident Manager for Dominion Mining in both Western Australia and the Northern Territory. Mr. Gloyne has worked with a variety of commodities including Iron Ore (Rio Tinto), gold, coal and a number of non ferrous and specialist metals.

Corporate Cease Trade Orders or Bankruptcies

No director, officer, promoter or other member of management of the Company is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

No director, officer, promoter or other member of management of the Company is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the issuer's assets.

Penalties or Sanctions and Personal Bankruptcies

No director, officer, promoter or other member of management of the Company has, during the ten years prior to the date hereof, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

No director, officer, promoter or other member of management of the Company has, during the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors and officers of Moly Mines are, or may become, directors or officers of other companies with businesses which may conflict with the business of the Company. Directors are required to act honestly and in good faith with a view to the best interests of the Company. In addition, directors in a conflict of interest position are required to disclose certain conflicts to the Company and to abstain from voting in connection with the matter. To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company as a result of their outside business interests at the date hereof. However, certain of the directors and officers serve as directors and/or officers of other companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company.

Committees of the Board of Directors

The Board of Directors (the "**Board**") has established an Audit and Risk Management Committee and a Remuneration Committee.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee, which operates under a charter approved by the Board. A copy of the full charter is attached hereto as Appendix A.

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. The Audit and Risk Management Committee has been formed to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting and external audit function, internal control structure and risk management procedures. In doing so, it is the responsibility of the Audit and Risk Management Committee to maintain free and open communication between the committee, the external auditors and the management of the Company.

The Audit and Risk Management Committee keeps under review the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks. The committee oversees and appraises the quality of the external audit and the internal control procedures, including financial reporting and practices, business ethics, policies and practices, accounting policies, and management and internal controls. The Audit and Risk Management Committee also meets with external auditors and keeps under review the Company's relationship with the external auditors.

The charter of the Audit and Risk Management Committee requires that all members be independent within the meaning of Canadian National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), which provides that a member shall not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. At June 30, 2009 the members of the Audit and Risk Management Committee were Mr. Thomas (Chairman), Mr. Constable, Mr. Nixon and Mr. Craig. Following Mr. Thomas' resignation from the board on July 31, 2009 the committee membership has been altered with Mr. Nixon elected Chairman and members being Mr. Constable and Mr. Craig.

Each of the current members of the Audit and Risk Management Committee is independent and financially literate. Mr. Nixon is a long standing company director with over 30 years operational experience relevant to risk management systems with a sound understanding of financial reporting framework. Mr. Constable has a geologist background and has served in executive corporate roles in operating mining environments for over 15 years. He has a detailed understanding of risk management procedures and internal controls and concepts and their application to operating mining, and understands the market regulatory framework applying in both Canada and Australia. Mr. Craig is a lawyer with 30 years experience in commerce.

The Audit and Risk Management Committee also invites the Chief Financial Officer to attend meetings and the Audit partner from Ernst & Young to present all audit and review findings.

Audit Fees

The aggregate fees billed by Ernst & Young, the Company's auditors, in each of the last two financial years for audit fees, was A$169,725 for the financial year ended June 30, 2009 and A$98,505 for the financial year ended June 30, 2008.

Audit Related Fees

The aggregate fees billed in the last two financial years for assurance and related services by Ernst & Young, the Company's auditors, that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above was Nil for the financial year ended June 30, 2009 and Nil for the financial year ended June 30, 2008.

Tax Fees

The aggregate fees billed in the last two financial years for professional services rendered by Ernst & Young, the Company's auditors, for tax compliance, tax advice and tax planning was A$142,214 for the financial year ended June 30, 2009 and A$129,790 for the financial year ended June 30, 2008.

All Other Fees

The aggregate fees billed in the last two financial years for products and services provided by Ernst & Young, the Company's auditors, other than the services reported in "Audit Fees", "Audit Related Fees", and "Tax Fees", referred to above, to the Company was A$7,725 for the financial year ended June 30, 2009 and A$63,345 for the financial year ended June 30, 2008.

Remuneration Committee

The Board has established a Remuneration Committee, which operates under a charter approved by the Board.

The Remuneration Committee is responsible for reviewing the overall remuneration philosophy, strategy, plans, policies and practices of the Company for the recruitment, retention and termination of Company executives. In particular, the committee determines and reviews remuneration arrangements for the Directors, the Managing Director/Chief Executive Officer and the executive team of the Company. The Remuneration Committee sets the performance measures and targets for the Managing Director/Chief Executive Officer and reviews the performance measures and targets for those executives reporting directly to the Managing Director/Chief Executive Officer.

The Company's remuneration policy is to ensure remuneration packages properly reflect each person's duties and responsibilities, and support the Company's business objectives by remunerating people in a manner that is competitive and can attract, retain and motivate people of the highest calibre who will add value to the Company.

To ensure the retention of high quality people, the Remuneration Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions. The Remuneration Committee links the nature and amount of executive emoluments with the Company's financial and operational performance. In determining competitive remuneration rates, the Remuneration Committee seeks, where appropriate, independent advice on local and international trends and conditions among comparative companies and the industry generally.

The charter of the Remuneration Committee requires that all members be independent with the meaning of NI 52-110 and the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. At June 30 2009 the members of the Remuneration Committee were Mr. Thomas (Chairman), Mr. Mr. Nixon and Mr. Craig. Following Mr. Thomas' resignation from the board on July 31, 2009 the committee membership has been altered with Mr. Nixon elected Chairman and members being Mr. Constable and Mr. Craig.

LEGAL PROCEEDINGS

Moly Mines is not the subject of any legal proceedings material to the Company, to which the Company is a party or to which any of its properties is subject and no such proceedings are known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of Moly Mines or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued Moly Mines ordinary shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with Moly Mines within the three most recently completed financial years or during the current financial year in any proposed transaction which has materially affected or would materially affect Moly Mines.

TRANSFER AGENT AND REGISTRAR

Moly Mines' registrar and transfer agent for its ordinary shares is Computershare Investor Services Inc. at both its principal office in Toronto, Ontario and its principal office in Perth, Australia.

MATERIAL CONTRACTS

The only material contract entered into by Moly Mines or its subsidiaries within the most recently completed fiscal year (or before but is still in effect), other than contracts entered into in the ordinary course of business, is as follows:

1. Offtake Agreement between Moly Mines and ThyssenKrupp Metallurgie GmbH dated June 24, 2008.

INTERESTS OF EXPERTS

Information of an economic (including economic analysis), scientific or technical nature regarding the Spinifex Ridge Molybdenum Project included in this AIF based upon the Spinifex Ridge Molybdenum Project Updated Technical Report was prepared by Dr. Derek Fisher, Chief Executive Officer and Managing Director of Moly Mines. Dr. Fisher is a "Qualified Person" as such term is defined in NI 43-101. The Spinifex Ridge Molybdenum Project Updated Technical Report provides a technical review of the mineral resources and reserves and development of the Spinifex Ridge Project. Dr. Fisher's interests in the Company are disclosed under the section titled "*Directors and Executive Officers*".

Information of an economic (including economic analysis), scientific or technical nature regarding the Spinifex Ridge Molybdenum Project included in this AIF based upon the Spinifex Ridge Molybdenum Project August 2008 Technical Report was prepared by Phil Jankowski, Senior Resource Evaluation Consultant, SRK and Daniel Guibal, Principal Geostatistician, SRK and Dr. Fisher, each of whom are "Qualified Persons" as such term is defined in NI 43-101. The Spinifex Ridge Molybdenum Project August 2008 Technical Report provides an independent technical review of the mineral resources and reserves, and development of the Spinifex Ridge Project. With the exception of Dr. Fisher whose interests are disclosed under the section titled "*Directors and Executive Officers*", all of the authors of the Spinifex Ridge Molybdenum Project August 2008 Technical Report are independent of Moly Mines within the meaning of NI 43-101 and do not have an interest in the property of Moly Mines.

Information of an economic (including economic analysis), scientific or technical nature regarding the Spinifex Ridge Iron Ore Project is included in this AIF based upon the Spinifex Ridge Iron Ore Project Technical Report prepared by Clay Gordon of Mining Assets Pty Ltd (in respect of the Mineral Resources) and Phil Hearse of Battery Limits Pty Ltd (in respect of the Mineral Reserves and the overall technical report). Both Mr. Gordon and Mr. Hearse are "Qualified Persons" as such term is defined in NI 43-101. The Spinifex Ridge Iron Ore Project Technical Report provides an independent technical review of the mineral resources and development of the Spinifex Ridge Iron Ore Project. Mr. Gordon and Mr. Hearse are independent of Moly Mines within the meaning of NI 43-101 and do not have an interest in the property of Moly Mines.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers remuneration and indebtedness, principal holders of the Company's securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual general meeting of shareholders that involved the election of directors. Additional financial information is provided in the Company's comparative consolidated financial statements and MD&A for its most recently completed financial year, copies of which have been filed with each applicable securities commission and may be found on SEDAR at www.sedar.com.

APPENDIX A
AUDIT AND RISK MANAGEMENT COMMITTEE MANDATE

Adopted: 11 August 2006

Role

The Audit & Risk Management Committee (the "Committee") will assist the Board of Directors (the "Board") of Moly Mines Limited (the "Company") to meet its oversight responsibilities in relation to the Company's financial reporting and external audit functions, internal control structure and risk management procedures. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditors, and the management of the Company.

Duties

The duties of the Committee include:

Internal Control

a) The Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks.

b) It is the responsibility of the Managing Director/Chief Executive Officer (the "Managing Director/CEO") and other officers of the Company to ensure that the Company operates within a sound structure of internal controls and procedures and within an approved risk management framework as adopted by this Committee.

Financial Statements

a) The Committee shall review, prior to public disclosure, and challenge where necessary the Company's financial statements, taking into account:

i. critical accounting policies and practices and any changes in them;

ii. decisions requiring a major element of judgment;

iii. the extent to which the financial statements are affected by any unusual transactions;

iv. the clarity of disclosures;

v. significant adjustments resulting from the audit;

vi. the going concern assumption;

vii. compliance with accounting standards;

viii. compliance with stock exchange and other legal requirements; and

ix. whether the Managing Director/CEO and the Chief Financial Officer (the "CFO") certifies to the Board firstly, as to the truth & fairness of the financial statements and their compliance with relevant accounting standards and secondly, as to whether the statements are founded on a reliable system of risk management and internal control.

x. The Committee shall review the other financial information to be included in the annual report and shall recommend approval to the Board.

xi. The Committee shall review the Annual Information Form (including risk factors that could materially affect the business of the Company) and shall recommend approval to the Board.

xii. The Committee shall review Management's Discussion and Analysis of financial condition and operating results relating to financial statements prior to public disclosure and shall recommend approval to the Board.

xiii. The Committee shall review any press release relating to financial statements or financial results (including any financial guidance or updates thereto) prior to public disclosure and shall recommend approval to the Board.

Audit

External Audit

a. The external auditor is accountable to the Board and the Committee. The Board and the Committee, subject to the approval of the Company's shareholders, have the ultimate authority and responsibility to select, evaluate and, where appropriate, recommend replacement of the external auditor. The Committee shall ensure that key partners within the appointed firm are rotated from time to time in accordance with Board policy.

b. The Committee shall recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services. The Committee acknowledges the requirement that the Company's external auditor must be independent of the Company in accordance with any applicable laws.

c. The Committee shall recommend to the Board the compensation/remuneration of the external auditor.

d. The external auditor shall report directly to the Committee, and the Committee shall have authority to communicate directly with the external auditor.

e. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

f. The Committee shall ensure that the external auditor is independent and objective and that the Committee receives from the external auditor a formal written statement describing any and all relationships between the external auditor and the Company. The Committee shall engage in a dialogue with the external auditor with respect to any disclosed relationships or services that could impact the objectivity and independence of the external auditor and may take, or recommend that the Board take, appropriate action to ensure the independence of the external auditor.

g. The Committee shall ensure that the external auditor is satisfied that the accounting estimates and judgments made by management, and management's selection of accounting principles, reflect an appropriate application of International Financial Reporting Standards.

h. The Committee shall develop a relationship with the external auditor that allows for full, frank and timely discussion of all material issues. The Committee shall meet on a regular basis with the external auditor, without management present.

i. The Committee shall confirm with the external auditor the external auditor's judgment of the acceptability and quality of the Company's accounting principles as applied in the Company's financial reporting including, without limitation, disclosure, degree of aggressiveness or conservatism in the accounting principles and underlying estimates, and other significant decisions made by management in preparing the Company's financial reporting and disclosure materials.

j. The Committee shall review the planning and results of the external audit, including:

i. review the external auditor's engagement letter;

ii. review the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines;

iii. review the post-audit management letter together with management's response;

iv. review the form of the audit report;

v. review any other related audit engagements; and

vi. assess the external auditor's performance.

vii. The Committee shall review and approve the Company's hiring policies regarding current and former partners and employees of current and former external auditors.

Pre-Approval of Non-Audit Services

a. The Committee shall pre-approve all services to be provided to the Company or its subsidiaries by the external auditor.

b. The Committee may satisfy the pre-approval requirement by delegating authority to pre-approve non-audit services to one or more members, which pre-approval must be presented by the member(s) to the full Committee at its next scheduled meeting.

c. The Committee may satisfy the pre-approval requirement by adopting specific policies and procedures for the engagement of non-audit services provided that: (i) the policies and procedures are detailed; (ii) the Committee is informed of each non-audit service; and (iii) the procedures do not include delegation of the Committee's responsibilities to management.

Internal Audit

The Company is not currently of a size that can support an internal audit function. It is the opinion of the Board that the cost of establishing and maintaining such a function outweighs the potential benefits that may be obtained from one. The Committee will, however, review the need for an internal audit function on a regular basis.

Accounting Systems and Practices

1. The Committee shall keep under review the consistency of accounting policies both on a year-to-year basis and across the Company group.

a. The Committee shall obtain reasonable assurance, from discussions with and reports from management and external auditors, that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively.

b. The Committee shall direct the external auditors' examinations to additional particular areas, where appropriate.

c. Where appropriate, the Committee shall request the external auditors to undertake special examinations.

d. The Committee shall review control weaknesses identified by the external auditors, together with management's response.

e. The Committee shall review and recommend to the Board the appointments of the CFO and any other key financial executives comprising management.

f. The Committee shall recommend to the Board the policies and practices for the payment, monitoring and review of the expenses of the Board and officers of the Company who report directly to the Board.

g. The Committee shall satisfy itself that adequate procedures and controls are in place to ensure compliance with the disclosure policy for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than documents or information already reviewed by the Committee). The Committee shall periodically assess the adequacy of such procedures and controls.

Reporting Responsibilities

a. The Chairman of the Committee shall report to the Board, at the next following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee that require Board endorsement or approval.

b. On an annual basis, the Committee shall report to the Board and shareholders of the company on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to corporate governance guidelines and best practice recommendations established by the Australian Stock Exchange and the Toronto Stock Exchange. The report should contain all matters relevant to the committee's role and responsibilities, including:

   i. assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;

   ii. assessment of the management processes supporting external reporting;

   iii. procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;

   iv. recommendations for the appointment or removal of an auditor;

   v. assessment of the performance and independence of the external auditors and whether the audit committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;

   vi. assessment of the performance and objectivity of the internal audit function; and

   vii. the results of its review of risk management and internal compliance and control systems.

Risk Management

The Committee's specific risk management responsibilities include:

a. monitoring and assessing the risk exposure of the Company for regulatory, systems & IT, business and operational risks through effective risk management strategies;

b. reviewing treasury policy and procedures;

c. reviewing and approving hedging strategies;

d. reviewing the adequacy of insurances; and

e. reviewing and ensuring compliance with Occupational Health and Safety and Environmental procedures.

Whistle Blowing

a. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

b. The Committee shall establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Litigation

The Committee shall review with management and the external auditor and, as considered appropriate by the Committee, with outside legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company, and the manner in which any such litigation, claim or contingency has been disclosed in the Company's financial statements and disclosure documents.

Statutory Responsibilities

a. The Committee shall obtain reasonable assurance from management about the process for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information.

b. The Committee shall review the contents of any prospectus or similar document, including the financial statements contained therein, and recommend to the Board the approval of any financial statements contained therein that have not previously been approved.

c. The Committee shall comply with and carry out the duties of an audit committee as prescribed in applicable legislative and regulatory provisions.

Administration of Committee

Membership

The Committee shall be appointed by the Board. Members shall be appointed for one-year terms and may serve consecutive terms. In appointing members to the Committee, the Board shall ensure continuity of membership on the Committee.

The Committee shall be composed of not less than three (3) members. In the event that a member of the Committee retires, is removed or resigns from the Board, that member shall cease to be a member of the Committee.

Each member of the Committee shall:

a. be a member of the Board;

b. not be an officer or employee of the Company or any of its affiliates; and

c. unless otherwise determined by the Board in accordance with Canadian Multilateral Instrument 52-110 – Audit Committees ("MI 52-110"), be independent, which means the Committee member shall not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. Directors in the following eight circumstances listed below are considered to have a "material relationship" with the Company:

   i. the director is or has been within the last three years an employee or executive officer of the Company or its subsidiaries;

   ii. the director's immediate family member is or has been within the last three years an executive officer of the Company or its subsidiaries;

iii. the director is a partner or employee of the current internal or external auditor of the Company or its subsidiaries, or was within the last three years a partner or employee of that firm and personally worked on the audit within that time;

iv. the director's spouse, minor child or stepchild, or child or stepchild who shares a home with the individual is a partner of the internal or external auditor of the Company or its subsidiaries, is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or was within the last three years a partner or employee of that firm and personally worked on the audit within that time;

v. the director, or an immediate family member of the director, is, or has been within the last three years, an executive officer of an entity for whom any of the current executive officers of the Company or its subsidiaries serve, or served at that same time, on the entity's compensation committee;

vi. the director or the director's immediate family member who is employed as an executive officer of the Company or its subsidiaries received more than C$75,000 per year in direct compensation from the Company or its subsidiaries during any 12-month period within the last three years;

vii. the director accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or

viii. the director is an affiliated entity of the Company or any of its subsidiary entities;

provided, however, that a director will not be considered to have a material relationship identified in paragraphs (1) through (6) above if the relationship ended before March 30, 2004, in the case of a relationship with the Company, or before June 30, 2005, in the case of a relationship with the Company's subsidiaries.

Each member of the Committee shall, unless otherwise determined by the Board in accordance with MI 52-110, have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Chairperson

The Chairman of the Board shall appoint the Committee Chairman who shall be a person other than the Chairman of the Board. The Chair of the Committee shall be approved for a one-year term. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.

Meetings

a. The Committee shall meet as frequently as required but not less than four times per year.

b. Any Committee members or the Company Secretary may call a meeting of the Committee.

c. A notice of each meeting shall be forwarded to each Committee member prior to the date of the meeting.

d. The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.

e. Minutes and resolutions of the Committee shall be maintained by the Company Secretary and distributed to all Committee Members and the Chairman of the Board following approval by the Committee Chairman.

f. The Chairperson of the Committee, or delegate, shall report to the Board at the next meeting.

g. Committee minutes and papers may be made available to any director following a request to the Committee Chairperson, providing no conflict of interest exists.

Attendance at Meetings

a. A quorum will compromise any two Committee members.

b. Each member shall have one vote and the Committee Chairman shall not have a second or casting vote.

c. If a member of the Committee is absent then his or her vote may be cast by any other Committee member in accordance with his or her instructions.

d. The Chairman of the Board, if not a member of the Committee, may attend meetings, ex officio.

e. The Managing Director/CEO, CFO, the Company Secretary or his/her nominee (acting as meeting secretary) and representative(s) of the external auditors may attend meetings by invitation.

Authority of the Committee

The Committee has the authority:

a. to seek any information it requires from any employee of the Company and from the external auditor in order to perform its duties;

b. to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter;

c. to call any member of staff to be questioned at a meeting of the Committee as and when required; and

d. to approve accounting policies and procedures and auditing methodology (issues of material importance, however, will be referred to the Board with the Committee's recommendation).

Review of Committee Performance

The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.

Risk Management Policy

This risk management policy provides the guiding principle for management in the identification of risks across the organisation as a whole. The analysis and evaluation criteria are used to continually assess the impact of risks upon the Company's business objectives.

Responsibilities

The Managing Director/CEO is accountable to the Board, through the Committee, for ensuring that the risk management system is implemented and maintained in accordance with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the Managing Director/CEO.

Senior executives, including the Managing Director/CEO, the CFO and the Company Secretary, are accountable for strategic risk management within areas under their control, including the dissemination of the risk management process to operational managers.

Collectively, the senior executives are responsible for:

a. the formal identification of strategic risks that impact upon the Company business;

b. the allocation of priorities; and

c. the development of strategic risk management plans

The senior executives review progress against agreed risk management plans.

In conjunction with the Managing Director/CEO, the CFO is accountable for the implementation of this policy and for maintaining a programme of risk reassessment. The CFO also provides advice to the relevant senior executives on risk management matters relevant to their responsibilities.

The CFO is to assist senior management and the Board in the effective discharge of their responsibilities with regard to the Company's internal control environment by ensuring the efficiency and effectiveness of Company processes and identifying opportunities to improve operating performances.

At appropriate intervals, the CFO shall determine the adequacy and effectiveness of the Company's system of internal accounting and operating controls and determine if the business is managing risks, in accordance with management instruction, policies and procedures, in a manner consistent with Company objectives.