



**MOLY MINES LIMITED**

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## **PRELIMINARY SHORT FORM PROSPECTUS**

Toronto, Ontario: September 2, 2009 – **Moly Mines Limited (ASX/TSX: MOL)** (“**Moly Mines**” or the “**Company**”) is pleased to announce that it has filed a preliminary short form prospectus (the “**Preliminary Prospectus**”) with the securities regulatory authorities in each of the provinces of Canada, except Québec and Prince Edward Island, in connection with a proposed offering (the “**Offering**”) of subscription receipts (the “**Subscription Receipts**”). The Offering is being conducted by a syndicate of agents led by Paradigm Capital Inc. and including GMP Securities L.P. and CIBC World Markets Inc. In addition, the StoneBridge Group Limited will be undertaking a private placement in certain jurisdictions including Australia. The Company has also retained Eas Advisors LLC to provide advice in connection with the Offering.

Each Subscription Receipt will entitle the holder to receive, for no additional consideration, one ordinary share of the Company upon the release of the proceeds of the Offering from escrow. The proceeds of the Offering will be released from escrow upon: (i) receipt of shareholder approval of the issuance of the ordinary shares underlying the Subscription Receipts in accordance with applicable corporate laws of Australia; (ii) execution of a restructuring agreement with Trust Company of the West (“**TCW**”) on substantially the terms set forth in the Restructuring Term Sheet (as defined and described below). In the event that such conditions cannot be met within 60 days of closing of the Offering, the Subscription Receipts will be cancelled and the escrowed funds returned to subscribers.

Moly Mines plans to conduct a global book-build over the next 15 days which will finalize the terms of the Offering, including the number of Subscription Receipts to be issued and the issue price per Subscription Receipt. The price of the Subscription Receipts will be determined in the context of the market prior to the filing of the final short form prospectus. It is expected that the issue of Subscription Receipts will require shareholder approval prior to completion as the number of ordinary shares issuable upon conversion of the Subscription Receipts will exceed the Company’s placement capacity under ASX Listing Rule 7.1. Immediately following the completion of the Offering (expected to be in September 2009), a shareholder meeting will be convened to approve the Offering.

The Offering is targeting a minimum US\$25 million as a condition to the restructure of the Company’s US\$150 million Interim Financing Facility (the “**Interim Financing Facility**”). The Company intends to use the first US\$25 million raised under the Offering to bring the Spinifex Ridge Iron Ore Project into production, complete full feasibility engineering and design work on the 10mt/a Spinifex Ridge Molybdenum Project and general working capital purposes. Funds raised above US\$25 million will be applied to reduce the size of the restructured debt facility. See “Debt Restructure” below.

A copy of the Preliminary Prospectus and presentation materials is available on [www.sedar.com](http://www.sedar.com), the Company’s website at [www.molymines.com](http://www.molymines.com) and on the ASX platform.

### **Debt Restructure**

As announced on August 31, 2009 Moly Mines has agreed with TCW to a term sheet (the “**Restructuring Term Sheet**”) for the restructuring of the Interim Financing Facility. 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 Restructuring 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.

### **Share Purchase Plan**

Separately, shareholders of a record date to be determined will be given an opportunity to participate in a share purchase plan (“SPP”) at the same price as the Offering. Funds raised from the SPP will also be used to reduce the restructured facility. The record date for the SPP will be advised in due course.

### **For more information:**

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*This news release includes “forward-looking statements” as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Moly Mines’ control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this news release, including, without limitation, those regarding Moly Mines’ future expectations. Readers can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “risk,” “should,” “will” or “would” and other similar expressions. Risks, uncertainties and other factors may cause Moly Mines’ actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for molybdenum and copper; fluctuations in exchange rates between the U.S. dollar and the Australian dollar; failure to recover the resource and reserve estimates of the Project; the failure of Moly Mines’ suppliers and service providers to fulfill their obligations under construction, supply and tolling agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labor shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information.*