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HANLONG AND SPINIFEX RIDGE IRON ORE UPDATE

Hanlong Strategic Investor Update

Moly Mines Limited (**Moly Mines**) and Hanlong Mining Investment Pty Ltd (**Hanlong**) have agreed a "variation letter" to the Subscription Agreement dated 19 October 2010 (**Subscription Agreement**).

Recent delays have been accommodated by now allowing the transaction to complete as late as **30 April 2010**. At completion Hanlong will become the majority shareholder in the Company subscribing for US\$140 million in equity which will be used to immediately retire the Trust Company of the West (**TCW**) Interim Financing Facility. As well Hanlong will provide a US\$60 million 10 year shareholder loan.

The Subscription Agreement requires Hanlong to procure a US\$500 million Project Finance Loan Facility (**Facility**) for the Spinifex Ridge Molybdenum Project by 30 June 2010. Moly Mines obtained shareholder approval in December 2009 to extend this period to 30 September 2010. This extension has now been formally recognized in the variation letter.

Only one material condition precedent remains outstanding for completion, that being the approval of the State Administration of Foreign Exchange and this has been delayed by the Chinese New Year holiday. Under the variation letter this is now required to be finalized by 15 March 2010. All other material conditions precedent to completion are confirmed as being met.

Moly Mines is pleased with the progress made to date with the US\$500 million Project Loan Facility. Several Chinese financial institutions are undertaking advanced due diligence activities with site visits starting in early March.

Spinifex Ridge Iron Ore Update

Moly Mines Limited has been notified that approval of the projects' Mining Proposal under Part IV of the Mining Act, 1978 has been recommended subject to the lodgment of project environmental bonds. Final approval from the Department of Mines and Petroleum will follow promptly.

In addition Heritage approvals required for the disturbance and removal of the small number of minor sites within the project area have been received allowing mining to proceed.

Moly Mines has also executed the key port access and port management agreements for the loading and storage of iron ore at Port Hedland. A Temporary Facility Agreement has been signed with the Port Hedland Port Authority that guarantees access to the Utah Point Berth from its completion (scheduled for October 2010) initially through to February 2012. In addition Moly Mines has completed arrangements with POAGS Bulk Logistics Pty Limited for stockyard management and vessel loading services at Utah Point for the same period.

The Spinifex Ridge Iron Ore Project is fully funded for development.

TCW Loan Facility

The delay in the Hanlong investment has necessitated a further extension to the Interim Finance Facility with TCW to allow repayment in full by 24 March 2010. This will attract additional interest of US\$1.005 million.

If Hanlong complete after 24 March 2010 a-repayment fee of US\$38.5 million to TCW will result. This fee, acknowledged by Hanlong, reflects the net interest revenue that would otherwise have been earned by TCW had the note facility expired according to the maturity schedule agreed in the Restructure Agreement dated 26 October 2009.

Yours sincerely

Derek Fisher
Chief Executive Officer