



## MOLY MINES LIMITED

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

PO Box 8215, Subiaco East  
Western Australia 6008

Telephone +61 8 9429 3300  
Facsimile +61 8 9429 3399

Email [info@molymines.com](mailto:info@molymines.com)  
ABN 32 103 295 521

29<sup>th</sup> December 2011  
ASX Limited  
Exchange Plaza  
2 The Esplanade  
Perth, WA 6000

### **Moly Mines enters Strategic Alliance with CDB – Update on Molybdenum / Copper Project**

Moly Mines Limited (**ASX/TSX: MOL**) is pleased to announce the signing of a Memorandum of Understanding (**MOU**) with China Development Bank Corporation (**CDB**) that establishes a Strategic Alliance between the companies for the financing of new mining projects identified and introduced by Moly Mines.

Under the Strategic Alliance, CDB will consider providing financial support (including loans) for projects on terms with a similar commercial effect to CDB as those set out in the existing US\$454 million Syndicated Facility Agreement (**SFA**) for the Spinifex Ridge Molybdenum / Copper Project.

CDB's financial support is subject to the usual requirements of such facilities including due diligence, internal credit approval of CDB and government approvals.

At the same time the Board of Moly Mines has formed the view that the continued weakness of global molybdenum prices and the strength of the Australian dollar has rendered the Spinifex Ridge Molybdenum / Copper Project sub-economic and that these factors will not correct themselves before the expiry of the SFA in May 2012. Consequently a final investment decision is unlikely to be made within that timeframe.

Dr Derek Fisher, CEO / Managing Director of Moly Mines commented that "whilst it is disappointing that the economics do not allow us to proceed with the Spinifex Ridge molybdenum/copper mine at this stage, the strategic alliance further cements the excellent rapport we have built with CDB and supports a platform for future growth of the Company".

### **Reduction in size of SFA**

In order to preserve the availability of capital in 2012 for drawdowns under the favourable terms of the SFA or for applications of funds for new projects under the MOU, CDB has asked Moly Mines to make an initial drawdown of US\$210 million under the SFA, which the Company intends to repay within one week.

The effect of the drawdown will be to reduce the funding available under the SFA to US\$244 million. CDB will consider an application by Moly Mines to drawdown these funds for new projects or, if amending the SFA is not appropriate, to enter into further debt facilities as may be required to give effect to loans for future projects.

### **Variation of Hanlong Subscription Agreement**

The Subscription Agreement signed by Hanlong and Moly Mines in October 2009, as previously amended, required Hanlong to procure US\$500 million financing for the Spinifex Ridge Molybdenum / Copper

Project and to meet or have waived conditions precedent to drawdown under those facilities by 31 December 2011. If Hanlong were unable to achieve this, approximately US\$45 million of the US\$60 million Shareholder Loan (**Shareholder Loan**) provided to Moly Mines under the terms described in the Subscription Agreement would be forgiven (**Loan Forgiveness**).

Hanlong has agreed that the US\$210 million drawdown will not result in Hanlong meeting their funding commitments to Moly Mines.

The non-Hanlong directors of Moly Mines have agreed, subject to shareholder approval, to restructure the terms and extend the period in which Hanlong has to provide Moly Mines with the benefits originally contemplated under the Subscription Agreement. Hanlong's ability to reduce the Loan Forgiveness has been extended until the expiry of the Shareholder Loan, namely April 2020.

On each occasion in the future that Moly Mines makes a final investment decision for a new project that is financed with debt facilities supported by Hanlong guarantees and security, the amount of the Loan Forgiveness will be reduced on a pro rata basis by comparing the debt made available to the US\$500 million of financing required under the Subscription Agreement. Interest will not be payable by Moly Mines on the Loan Forgiveness.

The extension will incentivise Hanlong to continue to provide credit support to minimize the total funding costs of future Moly Mines mining project debt financings. Under the SFA, Hanlong provided substantial guarantees and security to CDB.

Hanlong's 35.5 million project finance options will expire on 31 December 2011.

Yours sincerely



Andrew Worland  
Company Secretary

*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*