



Quarter Highlights

Hanlong Mining Investment

- Hanlong to acquire majority control of MOL through US\$200 million equity/debt investment
- Hanlong to procure US\$500 million project finance loan facility by 30 June 2010 for Spinifex Ridge Molybdenum Project.
- FIRB and Moly Mines shareholder approval received.
- PRC National Development and Reform Commission and Ministry of Commerce approvals received.
- PRC State Administration of Foreign Exchange approval is in progress.
- Negotiations ongoing to extend the 31 January cut-off date for the satisfaction of remaining SAFE condition precedent.

Spinifex Ridge Molybdenum Project

- Feasibility engineering and detailed design work on the 10Mt/a project commenced.

Spinifex Ridge Iron Ore Project

- Development timetable pushed back due to port delays:
 - Construction Q3, 2010.
 - Pre-strip – Q3, 2010.
 - First ore on ship – Q4, 2010.

Markets

- Molybdenum prices stable for the Quarter averaging US\$11.8/lb Mo oxide.
- Spot market activity increased significantly early January taking prices above US\$15.00/lb.
- Seaborne iron ore market remains strong for producers with spot iron price above US\$113/t (CIF China) at Quarter end and rising further to US\$125/t during January 2010 (Metal Bulletin).

Corporate & Finance

- TCW Interim Financing Facility restructured.
- C\$31.5 million / A\$33.6 million institutional placement completed 30 October 2009.
- C\$15 million / A\$16 million Share Purchase Plan completed 7 December 2009.



Hanlong Mining Investment Subscription Agreement

On 19 October 2009, Moly Mines signed a Subscription Agreement with Hanlong Mining Investment Pty Ltd (Hanlong) which, upon completion, will provide an immediate US\$200 million equity and debt injection to the Company, retire the balance of the TCW Interim Finance Facility and provide a majority controlling interest to Hanlong.

Under the terms of the Subscription Agreement, Hanlong will:

- Subscribe to 207.1 million shares in Moly Mines for US\$140 million – being A\$0.747 per share (“Share Subscription”);
- Provide Moly Mines with an interest bearing US\$60 million 10 year project loan (“Hanlong Loan”); and
- Arrange debt financing for up to US\$500 million by 30 June 2010 for the Spinifex Ridge Molybdenum Project (Project Finance Loan Facility”).

Moly Mines will also issue Hanlong with 35.5 million unlisted options exercisable at C\$1.00 per share maturing 3 years from the date of issue.

The Hanlong investment package and the project finance loan facility commitment deliver benefits otherwise unavailable as the world capital markets remain unable to support to any new molybdenum mine development. Hanlong will be a major partner with a strong balance sheet, diversified operations and mining interests.

Hanlong has agreed to provide parent or related party guarantee support for the Project Finance Loan Facility. If Hanlong is unable to fully procure the Project Finance Loan Facility such that the facility documents are fully executed and first draw down occurs by 30 June 2010 (extendable at the sole election of the Moly Mines board to 30 September 2010), then:

- the effective share subscription price will be increased to A\$1.00 per share by forgiving that much of the Hanlong Loan required to achieve this subscription price based on the US\$:A\$ exchange rate at 30 June 2010; and
- the Project Finance Options will lapse immediately.

Both Foreign Investment Review Board approval and Moly Mines shareholder approval for the transaction has been received. Moly Mines shareholders overwhelmingly supported this company-making transaction at a shareholders meeting in December.

National Development and Reform Commission and Ministry of Commerce approvals have been received and the final People’s Republic of China approval from the State Administration for Foreign Exchange is in progress.



To accommodate the receipt of this final approval the Company is currently negotiating an extension to the 31 January 2010 cut-off date for the satisfaction of conditions precedent. Moly Mines is advised that due to the likely delayed receipt of SAFE approval and the Chinese New Year holiday period in mid-February, completion (transfer and settlement of the US\$200 million) of the Subscription Agreement could also be delayed. Accordingly Moly Mines is also negotiating an extension to the completion period.

Spinifex Ridge Molybdenum Project – 10Mt/a

Final feasibility study engineering works have commenced on the 10Mt/a project with proposals received from major engineering groups. Tender award will likely be completed upon the completion of the Hanlong Subscription Agreement. Infrastructure optimization will be completed in parallel to the engineering works.

Outside of this work stream the project is development ready - key contracts that support an immediate financing remain in place.

The Company has taken delivery of the key long-lead items of equipment required for the full 20mt/a Spinifex Ridge Molybdenum Project. A selling agent has been appointed to divest equipment that has been identified as being surplus to the preferred 10Mt/a start up project. Any equipment sales proceeds received prior to the completion of the Hanlong Subscription Agreement will be used to extinguish the US\$40 million debt due on 30 April 2011, described in the Finance section below.

Spinifex Ridge Iron Ore Project

The Company completed a Pre-Feasibility Study (“PFS”) for the Spinifex Ridge Iron Ore Project during the previous Quarter. The PFS successfully demonstrated the viability of a 1Mt/a open cut mining and processing operation.

Moly Mines has been allocated an initial 0.8Mt/a iron ore stock-pile and shipping capacity for 20 months commencing July 2010 at the Utah Point port. Port construction delays are expected to prevent shipments from Moly Mines allocated areas until 4th Quarter 2010. Accordingly pre-development work has been limited to further metallurgical test work and ore specification.

Alternative short term port access options are being considered to assist in accelerating project development. Lead times for site development and construction materials do not provide impediments to project implementation.

Finance

The Trust Company of the West Interim Financing Facility was restructured during the Quarter following the successful completion of the institutional placement and Share Purchase Plan. The following table reconciles amounts outstanding at Quarter end.



	US\$'M
Notional balance 30/9/09	181.9
Repaid through equipment sales proceeds	(12.1)
Repaid through SPP	(13.7)
Repaid from excess funds	(23.7)
Accrued interest	5.7
Balance as at 31/12/09	138.1

Of the balance outstanding at Quarter end:

- US\$41.0 million will be due for repayment 18 months from 31 October, 2009 ("30 April 2011 debt")
- US\$76.6 million will be due for repayment in 2 years from 31 October, 2009; and
- US\$20.5 million will be due 5 years from October 31, 2009;

Interest accrues on the debt at 15% per annum. The 30 April 2011 debt is expected to be repaid through the sale of long lead equipment that is surplus to the design requirements for the preferred 10Mt/a Spinifex Ridge Molybdenum Project. Funds received in excess of the US\$40 million will be used to repay the US\$78 million 2 year maturity debt.

Upon the completion of the Hanlong Subscription Agreement, the Interim Financing Facility will be repaid in full.

Unless extended or varied, in the event that the Hanlong Subscription Agreement does not complete by 15 February 2010, the Company is required to issue 5.9 million new "Restructure Warrants" per the TCW Restructure Agreement and as approved by shareholders at the general meeting of 26 October 2009. (Refer the announcement of 27 October 2009).

A condition precedent to the full restructure of the Interim Finance Facility was the Company successfully raising a minimum of US\$25 million in new equity. During the quarter the Company issued 62 million shares at C\$0.75 / A\$0.80 per share that raised C\$46.5 million / A\$49.6 million before costs through an institutional placement (42 million shares and 14 million warrants) and a Share Purchase Plan (20 million shares).



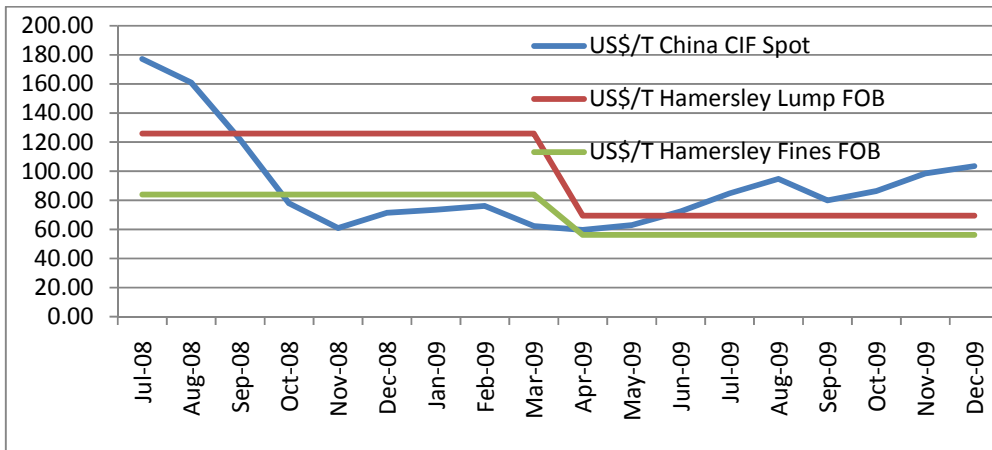
Commodity Markets

The molybdenum market was steady in the Quarter following a sudden fall in September 2009. The spot market traded in a range of US\$11.00/lb to US\$13.00/lb for the majority of the Quarter. Spot market activity has increased in early 2010 with molybdenum oxide prices trading above US\$15.00/lb during January.

<i>Source: Ryans Notes</i>		December Qtr Average		September Qtr Average	
		2009	2008	2009	2008
Mo oxide	US\$/lb	11.8	15.9	14.6	32.9
Western Fe-Mo	US\$/kg	27.0	36.6	15.3	78.1

In the 5 and 3 year period to end of 2009, the average price for molybdenum oxide was US\$25.4/lb and US\$23.5/lb respectively.

Spot iron ore prices continue to rise, impacted during the Quarter by Indian duties imposed on exports. Consensus forecasts for the 2010 and 2011 point to continued strength in iron ore pricing (source Metal Bulletin).





Corporate

Securities on Issue

The following table reconciles the Company's securities on issue at Quarter end.

	Balance 30/09/09	Issued	Exercised	Cancelled/ Lapsed	Balance 31/12/09
Ordinary shares	94,245,677	62,435,000	N/A	N/A	156,680,677
Options					
- \$1.40, 31/12/2010	4,065,000	-	-	-	4,065,000
- \$0.40, 31/12/2010	1,421,000	920,000	(435,000)	-	1,906,000
- Other	115,000	-	-	(115,000)	-
Total	5,601,000	920,000	(435,000)	(115,000)	5,971,000
TCW Warrants	17,874,118	-	-	-	17,874,118
Institution Warrants	-	14,000,000	-	-	14,000,000
Total	17,874,118	14,000,000	-	-	31,874,118
TOTAL	117,720,795	77,355,000	(435,000)	(115,000)	194,525,795

During the Quarter the Company issued:

- 42 million new ordinary shares and 14 million new warrants, exercisable at C\$1.00 per share expiring 30 October 2012, upon completion of the institutional placement on 30 October 2009.
- 20 million new ordinary shares upon the completion of the Share Purchase Plan on 7 December 2009.
- 435,000 new ordinary shares upon the exercise of 435,000 employee options.
- 920,000 options to directors exercisable at \$0.40 per share expiring 31 December 2010 following shareholder approval on 27 November 2009.

On 31 December 2009, 115,000 employee options expired unexercised.



Corporate Directory

Board of Directors

David Craig	Chairman
Derek Fisher	Chief Executive Officer / Managing Director
David Constable	Non Executive Director
Michael Senft	Non Executive Director
David Nixon	Non Executive Director

Officers

Andrew Worland	Company Secretary
Collis Thorp	Chief Operating Officer
John McEvoy	Chief Financial Officer
Mike Gloyne	General Manager Operations

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Australian Stock Exchange & Toronto Stock Exchange	
ASX/TSX Code:	MOL

Share Registers

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