

13 October 2017

## ACQUISITION OF WHITE RANGE COPPER PROJECT

- Moly Mines Limited (“Moly”) has executed binding agreements to acquire QMC's 100% owned White Range Project, centred approximately 40km south of Cloncurry.
- White Range is an advanced copper-cobalt-gold project with a JORC compliant Resource of 29.2Mt @ 0.82% Copper, 0.18 g/t Gold and 0.03% Cobalt<sup>1</sup>.
- Moly intends to fast track the project towards production and will commence additional work shortly to bring White Range to development.
- The Acquisition consideration comprises A\$45 million in cash plus an A\$8 million convertible note, for a total A\$53 million. The cash consideration will be funded from Moly's existing cash balances.
- Ongoing exploration work shows substantial potential for additional Resources from existing deposits.
- Completion of the Acquisition is conditional on FIRB approval and QMC shareholder approval. QMC's two largest shareholders (holding a total of 61.7% of QMC shares) have confirmed their intention to vote their shares in favour of the transaction.

### Acquisition of White Range Project

Moly Mines Limited (“Moly” or the “Company”) is pleased to announce that it has entered into a binding agreement with Queensland Mining Corporation Limited (“QMC”) in relation to the acquisition of its White Range copper-gold assets for cash consideration of A\$45 million plus an A\$8 million convertible note (the “Acquisition”).

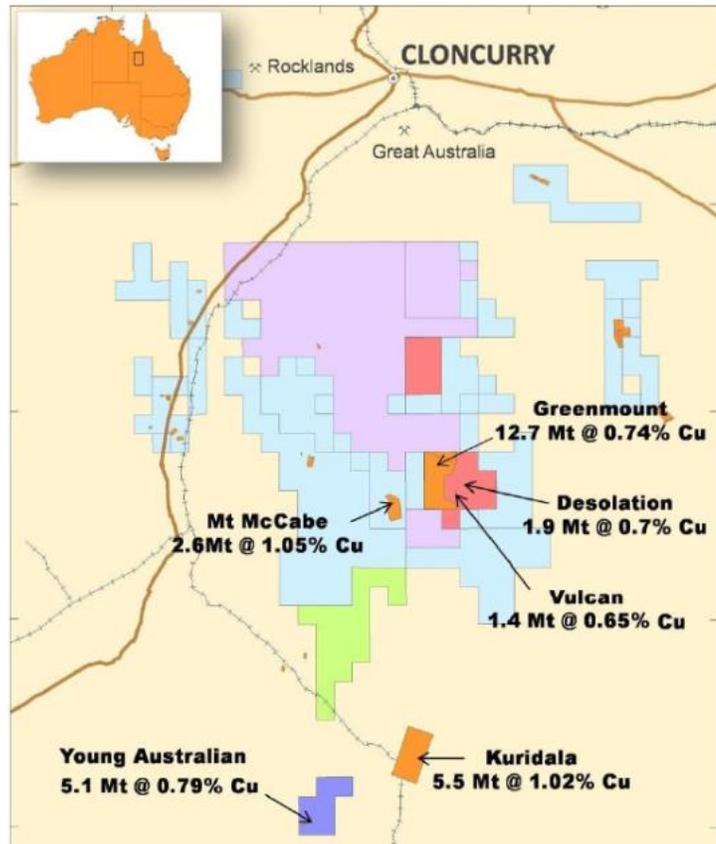
The White Range copper-gold project is located approximately 40km south of Cloncurry in Queensland, Australia (the “Project”), as shown in Figure 1 below.

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<sup>1</sup> With the exception of the Desolation project, QMC has updated the Mineral Resources for the White Range projects to comply with the JORC Code 2012. Desolation Mineral Resource complies with JORC Code 2004.

The assets to be acquired are:

- (a) QMC's 100% owned Project, centred approximately 40km south of Cloncurry and consisting of three main deposits (Greenmount, Kuridala and Young Australian) plus several smaller deposits (Mt McCabe, Vulcan and Desolation) along with numerous advanced exploration prospects including Copper Canyon (8km north of Greenmount), Chopper Ridge (2km NW of Greenmount) and Black Fort (12km SW of Greenmount); and
- (b) the four Exploration Permits for Minerals (EPM14148, EPM15740 (partial), EPM15897 and EPM25849) which form part of the Project and which are the subject of the Option and Joint Venture Agreement with Teck Australia Pty Ltd,



**Figure 1: White Range Project, Queensland**

together with all associated infrastructure in relation to these projects currently owned by QMC (together, the “**White Range Project Assets**”).

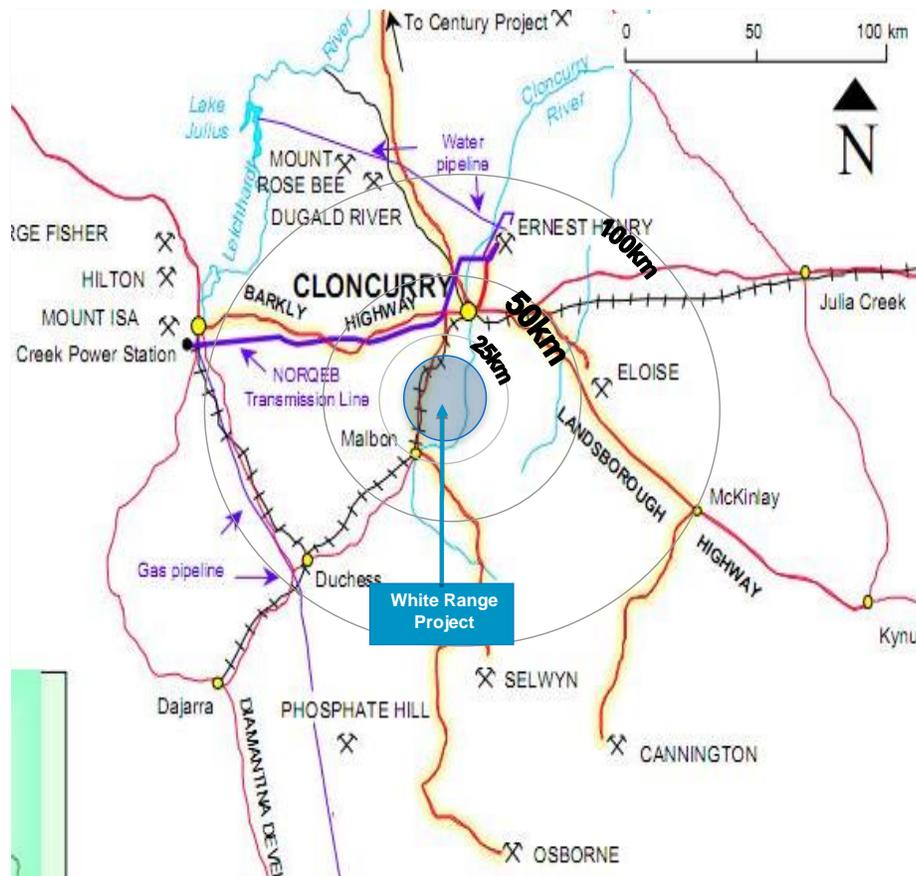
The White Range Project Assets do not include certain other assets held by QMC, namely the Mt Norma project, the Duck Creek project, the Flamingo project, nor QMC’s interests in the assets currently subject to certain option arrangements with Ausmex Mining (Gilded Rose, Mt. Freda and Evening Star).

**Rationale for the Acquisition**

The Acquisition of the White Range Project provides Moly with 100% ownership of a high-grade copper project, well located around existing copper operations and infrastructure, with strong near-term development potential. In addition, the White Range package of assets continue to show excellent exploration upside, as QMC demonstrated in their most recent announcement reporting assay results received from its recently completed RC drilling program in Young Australian (QMC ASX Announcement 3 October 2017, “**Very Significant Drill Intercept of 60 metres @ 1.0% Copper Returned from a New Zone in Young Australian**”).

The Cloncurry region is well known to contain significant copper deposits with a number of existing mining operations, namely Glencore’s Mt. Isa copper mine (one of the largest mining operations in Australia) and Ernest Henry copper mine, CuDeco’s Rocklands copper mine and CopperChem’s Great Australian copper mine.

**Figure 2: Cloncurry Region Mining Operations and Infrastructure**



Over the past few years, QMC has been focused on further exploration work resulting in a JORC 2012 compliant Resource of 29.2Mt @ 0.82% Copper, 0.18 g/t Gold and 0.03% Cobalt for the Project Assets. By way of comparison, Rocklands copper mine contains a Reserve of 28Mt @ 0.71% Copper, 0.14 g/t Gold and 0.04% Cobalt with an estimated mine life of over 10 years.

Moly Mines considers that White Range has strong potential to be brought into production and intends to shortly commence work to bring the project to development.

Ongoing exploration work (e.g., current drilling at the Young Australian deposit) suggests the potential for a higher head grade and additional Resources from existing deposits. This exploration work highlights the substantial prospectivity and the potential value upside associated with the Project Assets, in addition to the stated JORC Resources.

The copper market has seen strong supply-demand fundamentals over the past 12 months, underpinned by expectations of strong demand from top consumer China. The metal, used in power and construction, has seen benchmark prices on the London Metal Exchange rise more than 20 per cent this year. Moreover, the consensus view among brokers is that tight supply in the global refined copper market would result in the base case for copper remaining solid, with few indications that demand will slow. Moly believes that the White Range purchase will allow it to take advantage of this projected strong demand cycle and bring the project into operation during a period of forecast solid copper prices.

### Acquisition Consideration

The Acquisition consideration comprises A\$45 million in cash plus an A\$8 million convertible note, for a total A\$53 million. The cash consideration will be funded from Moly's existing cash balance of approximately A\$57 million.

The key terms of the convertible note are as follows:

Issuer	Moly Mines Limited
Subscriber	Queensland Mining Corporation Limited
Issue Amount	A\$8 million
Security	First ranking security in respect of the White Range Project. QMC must agree to release this security to facilitate Moly entering into a debt or equity funding facility from a bank, lending institution or any other financier, where such release is to take effect on first drawdown under that debt or equity funding facility.
Maturity Date	The earlier of: <ul style="list-style-type: none"> <li>(a) 6 months after Moly Mines is admitted on a recognised stock exchange;</li> <li>(b) first drawdown under a debt or equity funding facility made available to Moly or any of its related bodies corporate from a bank, lending institution or any other financier; and</li> <li>(c) 3 years after the Issue Date.</li> </ul>
Coupon	8% per annum, payable semi-annually in arrears.
Conversion Right	Convertible into fully paid ordinary shares of Moly Mines Limited at the election of the Noteholder, at any time after Moly Mines is admitted on a recognised stock exchange and up to 10 days before Maturity Date, at a 10% discount to the Initial Public Offering Price on that stock exchange. Should Moly Mines not list prior to maturity of the convertible note, QMC will have the option to convert the note into a 10% interest in the White Range Project. However, should QMC elect not to convert into a 10% interest in the White Range Project (and has not previously issued a redemption notice – see below), the note would convert into unlisted Moly Mines shares at maturity.
Redemption on Maturity Date	The Convertible Notes will automatically convert to Moly Mines shares on the Maturity Date, if not converted beforehand or if the option to convert into a 10%

	interest in the White Range Project is not exercised. The Subscriber may give notice 6 months prior to the Maturity Date to request redemption at Maturity Date in cash.
Participation Rights	Before conversion, Noteholders are not entitled to participate in rights issues, any return of capital, bonus issue or capital reconstruction. However, the conversion ratio will be adjusted in the case of a rights issue, returns of excess capital or bonus issue. In the case of capital reconstructions, the Notes will be reconstructed in accordance with any applicable listing rules, where appropriate.
Anti-dilution Provisions	Standard anti-dilution provisions dealing with among other things, share consolidations, share splits, capital distributions, extraordinary dividends, rights issues and bonus issues apply.

### Completion of the Acquisition

The Acquisition is subject to certain conditions precedent, the main conditions precedent being FIRB approval and QMC shareholder approval.

QMC's two largest shareholders are Great Tang Brothers Resource Investment Pty Ltd, with approximately 23.66% of the issued shares of QMC ("**GTB**") and Perfect Nation Global Limited, with approximately 38.02% ("**PNG**"). Both GTB and PNG have provided to QMC their written statements of intention to vote in favour of any resolution for shareholder approval to approve the transaction.

GTB and PNG have each also provided to Moly certain written undertakings in respect of a total of 20% of the issued shares of QMC, including:

- (a) to vote in favour of all resolutions to approve the Acquisition; and
- (b) not to accept any other offer made in competition with the Acquisition, or approve any other proposal, arrangement or transaction which is proposed in competition with the Acquisition.

Moly's advisers for the transaction are BurnVoir Corporate Finance Limited (financial and commercial) and Lander & Rogers (Legal).

### Additional Information:

#### ABOUT MOLY MINES

Moly Mines is an Australian unlisted public company with a focus on identifying near-term mining opportunities. Moly Mines was incorporated in 2004 and quickly focussed on developing projects on the Spinifex Ridge tenements in the Pilbara region of Western Australia. The Spinifex Ridge Molybdenum-copper project was progressed to full permitting and DFS (Definitive Feasibility Study) in 2008 prior to the GFC (Global Financial Crisis) where commodity price changes adversely impacted the economics of the project. The project currently remains on care and maintenance.

In 2010, Moly Mines developed the Spinifex Ridge Iron Ore Mine which operated successfully until 2014, producing direct ship ore exported through Port Hedland. The latter part of the mining operation was undertaken by a 3rd party under a Mine Gate Sale agreement which de-risked the project against iron ore price fluctuations, whilst retaining the tenements under Moly Mines ownership. The money generated from the mining operation and the Mine Gate Sale has been preserved to invest in future mining opportunities which the Board is currently working towards.

The Company has a cash balance of approximately A\$57 million.

#### **ABOUT QMC**

Queensland Mining Corporation Limited is an emerging, ASX listed junior mineral resources company focused on developing gold and copper projects in the Cloncurry region of Queensland. The basic strategy has been the identification and procurement of mining leases and assessment by management and leading industry engineers to ascertain the prospective value.

QMC aims to maximise shareholder value through the targeted exploration and development of its projects, especially within the White Range project, where the Company has already established significant resources on which to base growth and development of the project with the ultimate aim of producing copper and gold.

The Company possesses an extensive landholding in the Mount Isa / Cloncurry Region of Northern Queensland including the White Range Project with JORC Resources containing approximately 240kt copper (at 0.8% copper), 165koz gold and 11kt cobalt. The White Range Project was the subject of a Feasibility Study by Matrix Metals in 2005.

#### **FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE**

This announcement presentation 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 presentation, 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 fulfil 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, labour 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.