Spinifex Ridge Molybdenum / Copper Project - Highlights

Project Progress
- Feasibility study for "Base Case" 15 million tonne processing facility largely completed; expected release early August.
- A$51 million equipment order placed for long lead-time items for delivery first quarter 2009
- Water exploration drilling success in the Canning Basin indicating abundant water resource.
- Preferred power supply alternatives confirmed with term sheet offers received.
- Public Environmental Review document submitted.
- Engineering scoping study commenced for a 50% expanded mining and processing scenario.
- 30% increase in Project land holdings

Financing
- Azure Capital appointed as corporate advisors to assist with organising and structuring the financing of the Project
- Major international and national banks short-listed for a competitive tender for the project finance, with a project briefing document distributed by Azure.
- Expressions of interest received from a number of the world’s leading project financing institutions.
- Behre Dolbear Australia Pty Ltd appointed independent technical expert to prepare a project review for use by financiers.

Marketing
- World molybdenum oxide prices increased during quarter to US$34.00/lb.
- China confirms punitive molybdenum export quotas and export taxes for domestic molybdenum producers.
- LME copper prices steady at US$3.50/lb.
- Marketing proposals received from potential off-take partners

Corporate
- Cash on hand at quarter end – A$28.7 million (pre gold assets sale proceeds)
- Moly Mines becomes 19% shareholder in Cortona Resources Limited on sale of NSW Gold Assets – market value of consideration on settlement: A$9.6 million plus options and royalty receipts.
- C$22.5 million financing - 7,500,000 shares at C$3 per share in April.
- 3 million options exercised raising A$600,000.
Spinifex Ridge

Summary

The June quarter continued the rapid progress of all disciplines for the Spinifex Ridge Feasibility Study including full technical and commercial assessment. A minor delay has been experienced by continuing capital and operating cost optimisation studies with the full feasibility outcome expected to be released shortly.

A major project milestone achieved during the quarter was the placement of orders with ThyssenKrupp / Polysius totalling 27 million Euro for key long lead items for the Spinifex Ridge processing plant. The equipment includes much of the crushing and grinding components of the plant.

A scoping study into the possible expansion of the mine from its proposed initial development basis of 15 million tonne per annum to 23-25 million tonne per annum has begun. This expansion study reflects the ongoing strong fundamentals of the molybdenum market and the benefits associated with the large Spinifex Ridge resource. With Measured and Indicated Resources of some 469 million tonnes, the opportunities for expanding throughput rates and production levels are real and not constrained by land tenure or access or the availability of equipment or utilities.

The appointment of Perth corporate advisory firm Azure Capital during the quarter has facilitated substantial advancement in project financing strategies. The broad goal of the financing framework is to achieve a structure that achieves minimum dilution for shareholders whilst maintaining a sensible risk profile for the project.

Moly Mines has the financial resources to complete the Feasibility Study and move directly into project implementation, undertaking certain construction activities, whilst progressing the total project to financial close. Cash on hand at June 30, 2007 was $28.7 million (plus $5 million received on July 6 from the sale of the Companies New South Wales gold assets).

Process Design and Engineering

Comminution studies for the front end of the proposed Spinifex Ridge processing plant were completed at the beginning of the quarter which allowed the Company to settle on equipment specification for this part of the process flow-sheet. Accordingly orders were placed with ThyssenKrupp/Polysius of Germany for the long lead-time items of the project, being the primary crusher, 2 tertiary crusher high pressure grinding roll (HPGR) units and 2 ball mills. The initial primary crusher sizing is currently being reviewed with the Company examining the possibility of increasing its capacity to accommodate the expanded throughput scenario.

This milestone 27 million Euro order will only be incremented by 1.5m Euros if the expanded primary crusher is adopted. The ThyssenKrupp commitment must be assessed in light of current lead-times for delivery of large scale mining equipment. Ball mills are currently reported to be on 30 month delivery schedules from order. By placing the order in April, Moly Mines was able to secure delivery of the equipment in Q1 2009 – representing a substantial advantage for meeting the project delivery schedule.

The equipment ordered maintains the conventional plant design concepts outlined in the project pre-feasibility study. The ball mills and primary crusher selected for Spinifex Ridge have been installed in numerous operations in Australia and around the world.
while identical HPGR tertiary crushers have recently been installed at Phelps Dodge's (now Freeport-McMoRan) Cerro Verde copper operation in Peru. They have also been chosen for the large Boddington Gold Mine near Perth where Newmont is planning to install four units. ThyssenKrupp currently hold the largest market share in hard ore applications for HPGRs.

The quarter has seen the completion and consolidation of all detailed design planning, costing and technical studies for compilation into the Feasibility Study. The focus for the period has been on process flow-sheet refinement and optimisation with particular reference to product specification requirements, grade/recovery profiles and their relationships to financial optimisations. There has also been a heavy emphasis on value improvement studies with all aspects of plant operating and capital performance under review.

At the request of Moly Mines, Minerals Advisory Group LLC conducted a peer review of the proposed Spinifex Ridge plant process design. In summary their report found that the process development program had been professionally conducted and each major unit of the process flow was supported by industry standard test work on metallurgically representative samples and was supported by detailed reports and based on sufficient industry experience.

Water Supply & Tailings

The assessment process of the potential water aquifers in the Canning Basin commenced in April. Two full scale production bores and a number of exploration and monitoring bores were completed and tested, and the final results are outstanding. Pump testing has demonstrated a high quality aquifer whose hydrological performance was two to four times that predicted by desktop studies.
Power Supply
The Company progressed discussions with a number of potential power providers during the quarter and short listed 2 companies and power solutions with draft term sheets received.

Recent public reporting within National and Western Australian press has highlighted growing concerns within the Western Australian mining industry for the medium term supply of gas for power generation. Moly Mines has become a member of the DomGas Alliance, a grouping of major gas users, prospective gas users and gas infrastructure investors in Western Australia. The alliance was established to ensure the long term availability and competitiveness of gas to meet the requirements of local industry.

Conventional diesel fuelled power stations have become extremely expensive and can only be considered as short term emergency supply solutions. This is particularly the case for large scale power sensitive processing plants such as that being proposed for Spinifex Ridge.

Mine Planning
Detailed pit planning, ore scheduling and waste handling was completed.

Studies are also well advanced on a scoping study level for mine scheduling to support the expanded production scenario of approximately 23-25 million tonnes of ore per annum. Initial work suggests that such scenarios are not constrained by the current tight earthmoving equipment market.

Marketing
With little in the way of major new western world supply anticipated in the near future, analysts and market participants remain optimistic on molybdenum prices and generally expect them to remain well supported near current spot levels over the next 2-3 years. Moly Mines has commissioned a comprehensive independent marketing study on supply/demand trends and price forecasts that will support financial models for the Spinifex Ridge project.

In June, Metal Bulletin Research reported in their monthly ferro-alloys publication the much anticipated export restrictions on Chinese domestic producers. The Chinese government proclaimed that effective June 18, only 32 companies would be allowed to export for a maximum of 12,000 tonnes of ferro-molybdenum and molybdenum oxide in the second half of 2007. This equates to 24,000 tonnes annualised. In 2006, according to the publication, China exported some 48,000 tonnes of ferro-molybdenum and molybdenum oxide, meaning the export quotas and licences could see Chinese exports drop by some 50%.

Discussions continued during the quarter with toll roasters, traders/agents and end consumers of metallurgical grade molybdenum products and molybdenum concentrates.

Both molybdenum and copper prices remained firm during the quarter with molybdenum oxide and ferro-molybdenum prices moving to near US$34/lb and US$36/lb respectively at quarters end.
Project Approvals

Mining Leases

The three main mining leases covering the core of the planned operation have been granted. This was achieved with the strong support and co-operation of the traditional landholders, the Njamal People, and the Pilbara Native Title Service. The leases, which total 20.75 square kilometres, cover the entire 469 million tonne measured and indicated molybdenum and copper resource and all indicated mining activities for the 20 plus year mine.

**Land Access Deeds**

Negotiations for the commercial terms of the native title agreement with the Njamal people have been completed and the Land Access Deed has been prepared for execution.

**Environment**

The public environmental review phase (“PER”) of the environmental assessment process is expected to commence in late July. During June, the PER document was submitted to regulatory authorities for comment. The final PER will be submitted for public comment in July and will incorporate responses to comments made on the first draft submission. The PER outlines the mining and processing scope for the Feasibility Study mine plan and considers the environmental impact of all aspects of the mining and processing operations including infrastructure and utilities sites and corridors. The Spinifex Ridge project will be assessed concurrently under the Commonwealth Environmental Protection and Biodiversity Conservation Act.

**Tenement Administration**

Moly Mines secured control over a significant amount of additional acreage at Spinifex Ridge after completing tenement acquisition and access agreements for areas to the north of the proposed Spinifex Ridge mining area.

This area of approximately 55 square kilometres brings the total area controlled by the Company to more than 210 square kilometres.

Through agreements with Muccan Minerals Pty Ltd, Moly Metals Australia Pty Ltd (a wholly owned subsidiary of Moly Mines Limited) acquired a mining lease application immediately to the north of the Spinifex Ridge deposit and secured priority access to a portion of an exploration license that abuts the northern side of the Spinifex Ridge mining leases.

The agreements provide increased mining, processing and infrastructure flexibility for all aspects of the Spinifex Ridge development and importantly will support production expansion plans that are the subject of the current scoping study assessment.

**Human Resources and Community Relations**

**Human Resources and Employment**

The Company has commenced a recruitment program for senior operational and construction staff to progress the Spinifex Ridge development. Spinifex Ridge represents an attractive employment opportunity given its location in the heart of Australia’s large scale mining province of the Pilbara and is an opportunity to participate in a world class project from start up.

**Monitoring and Liaison Committee**

The inaugural meeting of the Spinifex Ridge Monitoring and Liaison Committee (“MLC”) was held in April 2007. The MLC was formed under the provisions of the Land Access Deed agreed between Moly Mines and the Njamal people and includes representatives from both groups and the Pilbara Native Title Service. It has been constituted to ensure the local community is fully informed of the progress of Spinifex Ridge mine...
development, environmental activities, heritage matters and employment opportunities, amongst other things. Following recommendations from the MLC, an Aboriginal Liaison Officer (“ALO”) was appointed during the quarter.

**Marble Bar Cup Race Day**

Following successful financing of the mine development the Spinifex Ridge project is expected to employ over 1,000 personnel during construction and over 300 during operations in various contractor and direct employee capacities. It will be a major contributor to the local economies, particularly that of Marble Bar and the East Pilbara Shire. Moly Mines plans to take a leading role in community activities as the Spinifex Ridge project develops in the coming years.

On Saturday June 30, Moly Mines Perth office staff joined our Spinifex Ridge exploration team and people from the East Pilbara Shire at the annual Marble Bar Cup race day.

![Enjoying the Marble Bar Cup – June 2007](image)

**Corporate**

**Cash on Hand**

At June 30 2007, Moly Mines had A$28.7 million cash on hand, prior to receiving the proceeds from the sale of the NSW Gold Assets.

**NSW Gold Assets**

On February 8 2007, the Company announced that it had entered into a binding term sheet, subject to due diligence and regulatory approvals, with Cortona Resources Limited to sell its New South Wales gold assets in a cash, share and royalty deal.
Cortona received shareholder approval for the acquisition on June 29, 2007 and on July 5, the transaction settled.

Moly Mines received A$5 million cash, 12 million fully paid ordinary shares in the capital of Cortona, and 8 million options to acquire further ordinary shares in the capital of Cortona exercisable at A$0.35 and expiring two years from the date of issue. At the time of settlement Moly Mines had an undiluted 19% interest in Cortona.

A further 8 million options exercisable at A$0.50 were also granted (these options do not vest until either the successful delineation of a total of 1 million ounces of measured and/or indicated resource from the New South Wales gold assets or a decision to mine is made on any of the New South Wales gold assets. In addition, on achievement of either of these milestones, Moly Mines will receive a A$4 million cash payment).

The sale of the Gold Assets has unlocked substantial value for Moly Mines shareholders. Sitting within Moly Mines these assets had been significantly over-shadowed by Spinifex Ridge.

Financing on TSX

In April the Company completed an underwritten private placement of Special Warrants to raise gross proceeds of C$22,500,000 with a syndicate of underwriters led by Paradigm Capital Inc. and including Haywood Securities Inc., GMP Securities LP and Wellington West Capital Markets Inc, all of Toronto, Canada.

7,500,000 special warrants ("Special Warrants") were issued at a price of C$3.00 per Special Warrant. Each Special Warrant entitled the holder to acquire one ordinary share of Moly Mines for no further consideration. The Underwriter received a commission payment equal to 5% of the gross proceeds from the offering.

Exercise of Options

During the quarter, 3,000,000 options in the Company were exercised raising proceeds of $600,000.
# Moly Mines Limited – Corporate Directory

## Board of Directors
- **Paul Willis**  Non Executive Chairman
- **Derek Fisher**  Managing Director
- **David Constable**  Non Executive Director
- **Peter Thomas**  Non Executive Director

## Officers
- **Andrew Worland**  Company Secretary
- **Collis Thorp**  General Manager
- **John McEvoy**  Chief Financial Officer

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