



## Quarter Highlights

### “Building Two Mines in 2010”

#### Hanlong Deal Completes

- Moly Mines becomes cornerstone for Hanlong’s \$5 billion investment plans for Australia.
- US\$200 million equity and debt injection from Hanlong.
- US\$500 million Project Finance Loan Facility negotiations advanced with Chinese banks.



The new Moly Mines Board of Directors (from left to right): Mr Andy Zhmurovsky, Dr Steven Xiao, Dr Derek Fisher (CEO and Managing Director), Mr Liu Han, Mr David Craig (Chairman), Mr Sun Xiaodong, Mr Nelson Chen (Alternate for Mr Liu), Mr Mike Senft and Mr David Nixon.

#### Spinifex Ridge Molybdenum Project

- Detailed engineering design work for the 10Mt/a mine progressing.
- Early works construction activities to commence.
- Full construction activities schedule to commence on drawdown of US\$500 million Project Finance Facility.



### Quarter Highlights continued...

#### Spinifex Ridge Iron Ore Project

- Pre-construction site activities commenced.
- Mining, crushing and haulage services tendering in progress.
- Full mining approvals received.
- Utah Point port facility at Port Hedland on track for Q4 completion 2010.
- Offtake negotiations being advanced with mills, with assistance from Hanlong.
- Strengthening iron ore market – spot price China US\$180 per tonne (CIF) fines (63% Fe).

#### Corporate

- Hanlong now controlling shareholder with 55% of Moly Mines.
- Four new directors appointed, three from Hanlong.
- TCW debt facility repaid in full.



### **Hanlong Mining Investment Pty Ltd ("Hanlong")**

On 23 April 2010 Moly Mines welcomed Hanlong as the Company's controlling shareholder (55%) following the settlement of the US\$200 million equity and debt funding package.

The investment is a company transforming event for Moly Mines.

Hanlong's investment was celebrated at a function at the Bennelong Restaurant at the Sydney Opera House on 30 April at which Hanlong announced their intention to invest up to US\$5 billion in Australian enterprises within the next 5 years, with a particular focus on the resources industry. Their aim is to build an international mining house in the steel raw materials sector.

In addition Hanlong is examining investing in related infrastructure to bring raw materials from mine to market, to avoid supply bottlenecks in road, rail and port facilities.

Moly Mines is the cornerstone investment for their growth plans.

*Attached to this Quarterly Report is the Hanlong Media Statement released last Friday 30 April 2010.*

This is Hanlong's first significant investment in Australian resources and the biggest investment ever by a private Chinese organization in the Australian resources industry. Hanlong currently have twenty five mining projects in China covering gold, rare earths, tantalum, iron ore, copper and molybdenum. They have created for themselves a presence in Hong Kong, Canada, the USA and have built a considerable technical and corporate team in Sydney.

In addition to resources, Hanlong's business portfolio includes natural gas, hydro power, property and food and beverage, and employ over 12,000 people, generating sales revenues of over 16 billion RMB (approximately US\$2.5 billion) with total assets exceeding 20 million RMB (approximately US\$3 billion).

### **Spinifex Ridge Molybdenum/Copper Project**

Hanlong's commitment to procure a US\$500 million Project Finance Loan Facility for the development of the Spinifex Ridge Molybdenum Project by 30 September 2010 provides the platform to launch the world's first major molybdenum project in over 25 years.

Hanlong are well advanced with their negotiations with several Chinese financial institutions and are being assisted by Moly Mines. In May a team from Hanlong and Moly Mines will undertake the final negotiations with these financiers which will be followed by a documentation period. Moly Mines and Hanlong are confident the Project Finance Loan Facility will be available for drawdown by 30 September 2010.



Hanlong identified Moly Mines as managing the world's most advanced molybdenum project. The funding provided by Hanlong allows the re-commencement of development activities at Spinifex Ridge which will coincide with the launch of the Spinifex Ridge Iron Ore Project. Those activities include the completion of final engineering and design activities for the 10Mt/a mine. Various early works activities will also commence on site including the installation of water pipelines from the De-Grey borefield for the provision of water and camp expansions that will benefit both the molybdenum and iron ore projects. Planning for the execution and implementation of the 10Mt/a mine will continue in the next Quarter.

The Company remains committed to the sale of surplus equipment to the 10Mt/a mine.

#### **Spinifex Ridge Iron Ore Project**

The development of the Spinifex Ridge Iron Ore Project is fully funded. The Company is finalizing mineral reserves, mine planning, scheduling, and process design.

During the Quarter, the Company received final approvals for the commencement of mining activities on site. Annual production rates will be in the order of 0.8Mt to 1Mt of direct shipping hematite iron ore to match the initial 0.8Mt/a iron ore stock-pile and shipping capacity at the Utah Point port. Port completion is expected in October 2010 allowing Moly Mines to target first ore-on-ship in Q4 2010.

Tenders are being progressively finalised and site development activities are planned to commence in May.

Hanlong's strong marketing team and Chinese industrial contacts are being used to finalise competitive iron ore sales contracts for the Spinifex iron ore.

#### **Finance**

The Completion of the Hanlong Subscription Agreement resulted in the TCW Interim Finance Facility being repaid in full, including an early repayment fee. That finance facility was put in place in very difficult financial circumstances in 2008 to bridge the period until project finance and/or equity capital was available to build the molybdenum mine.

At the signing of the Hanlong Subscription Agreement on 19 October 2009, it was anticipated the transaction would have closed by 15 February 2010. A series of delays to final regulatory approvals caused a slippage in the timetable that resulted in the issue of additional Warrants to TCW on 15 February 2010 in accordance with the TCW Restructure Agreement.

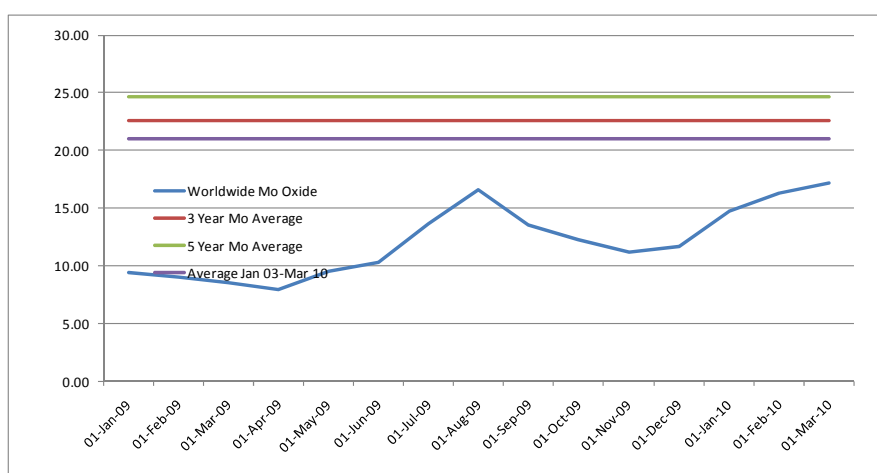
#### **Commodity Markets**

The London Metal Exchange (LME) commenced trading in molybdenum contracts during February. These contracts are seen as a major positive for the industry and as these contracts mature and trading increases it is likely to lead to further transparency in pricing.



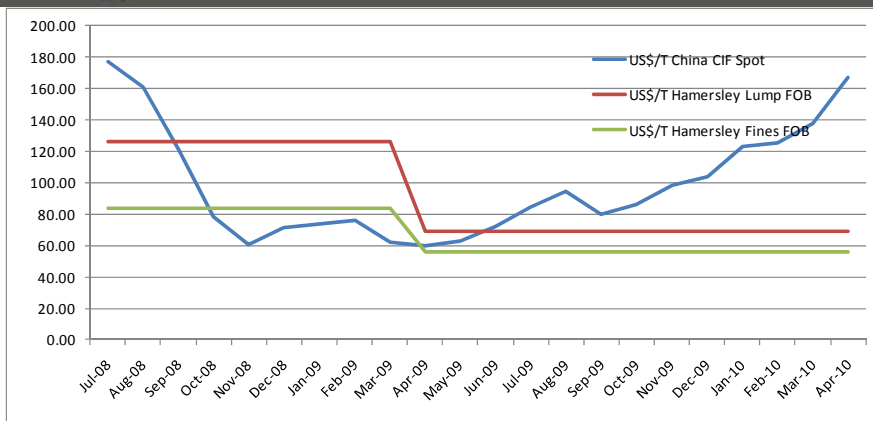
Molybdenum prices rose 45% between 31 December 2009 and 31 March 2010, with molybdenum oxide trading launching on the London Metals Exchange during February. Molybdenum oxide has traded in the range of US\$17/lb-US18/lb during March and April 2010.

Source: Ryans Notes		March Qtr Averages		December 2009 Qtr Average
		2010	2009	
Mo oxide	US\$/lb	16.1	9.0	11.8
Western Fe-Mo	US\$/kg	38.0	21.7	27.0



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 rose 33% during the Quarter and have traded up to US\$180/t CIF China during April. This compares to various iron ore prices adopted in the Company's pre-feasibility study of August 2009 of between US\$45/t and US\$66/t and Quarter 3 2009 spot iron ore prices of approximately US\$85/t.



**Corporate**

**Securities on Issue**

The following table reconciles the Company’s securities on issue at Quarter end and the effect of Completion of the Hanlong Subscription Agreement on the Company’s capital structure.

	Balance 31/12/09	Issued	Balance 31/03/10	Issued 23/04/10	Balance 30/04/10
<b>Ordinary shares</b>	<b>156,680,677</b>	-	<b>156,680,677</b>	<b>207,135,646</b>	<b>363,816,323</b>
Options					
- \$1.40, 31/12/2010	4,065,000	-	4,065,000	-	4,065,000
- \$0.40, 31/12/2010	1,906,000	-	1,906,000	-	1,906,000
- C\$1.00, 3 year Project Finance Options	-	-	-	35,500,000	35,500,000
<b>Total</b>	<b>5,971,000</b>	-	<b>5,971,000</b>	<b>35,500,000</b>	<b>41,471,000</b>
TCW Warrants	17,874,118	5,958,039	23,832,157	-	23,832,157
Institution Warrants	14,000,000	-	14,000,000	-	14,000,000
<b>Total</b>	<b>31,874,118</b>	<b>5,958,039</b>	<b>37,832,157</b>	-	<b>37,832,157</b>
<b>TOTAL</b>	<b>194,525,795</b>	<b>5,958,039</b>	<b>200,483,834</b>	<b>242,635,646</b>	<b>443,119,480</b>

**Board of Directors**

On 23 April 2010, the Moly Mines Board was expanded with the addition of nominees of Hanlong bringing to the Board a wealth of business development, finance and marketing experience.



Mr Liu Han is an economist with an MA. He is Chairman of Hanlong, and is the founder and the CEO of the Sichuan-based, Hanlong Group; CEO of Guanghan Pingyuan Development Company;; the deputy CEO of Sichuan Hongda Company (publicly listed) and the CEO of Sichuan Jinlu Company (publicly listed).

Mr Sun Xiaodong is chairman of the board of Hanlong Group and one of China's most experienced senior executives with responsibility for a broad portfolio of companies including mining, infrastructure, LPG, pharmaceuticals and property development. He has been with Hanlong Group for over thirteen years.

Dr Steven Xiao has a PhD in Economics and has been appointed as Executive Director, responsible for business development, project finance and mineral product marketing strategies of the Company. Dr Xiao has more than 15 years of experience in finance and investment working for globally recognised investment banks and financial organizations. He has led many significant M&A projects in the mining and resources sector in China, Australia, the United States, Canada and Mongolia.

Mr Liu Han has appointed Mr Nelson Chen as his alternate director. Mr Chen is Investment Director of Hanlong.. Educated in both China and Australia, Mr Chen holds postgraduate degrees in finance and accounting and is fully bilingual. He spent over 11 years with PricewaterhouseCoopers, Sydney office, in their audit and M&A advisory practices prior to joining the Hanlong Group.

Also joining the Board is Mr Andy Zhmurovsky, a nominee of TCW. Mr Zhmurovsky has a Bachelor of Business Administration with Honours from the University of Texas at Austin.

Mr David Constable resigned from the board on 23 April 2010. Mr Constable was the Company's longest serving non-executive director having joined the Board in December 2006 soon after the Company listed on the Toronto Stock Exchange. His strong Canadian mining and markets experience have been invaluable to the Company's management and successful listing in North America. Mr Constable's resignation reflects his increasing commitments to FNX Mining. The Board of Directors, on behalf of all shareholders, reiterates its strong appreciation of his efforts during his term.



## Corporate Directory

### Board of Directors

Mr David Craig	Chairman
Dr Derek Fisher	Chief Executive Officer / Managing Director
Mr Michael Senft	Non Executive Director
Mr David Nixon	Non Executive Director
Mr Sun Xiaodong	Non Executive Director
Mr Liu Han	Non Executive Director
Dr Steven Xiao	Non Executive Director
Mr Andy Zhmurovsky	Non Executive Director
Mr Nelson Chen	Alternate Director for Mr Liu

### Officers

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

### Principal & Registered Office - Perth

46-50 Kings Park Road	PO Box 8215
West Perth, WA 6005	Subiaco East, WA 6008
Telephone:	+61 8 9429 3300
Fax:	+61 8 9429 3399

### Toronto, Canada – Investor Relations

Natalie Frame	
Telephone:	+416 777 1801
Fax:	+416 777 1802

### Stock Exchange Listing

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

### Share Registers

#### Australia

Computershare Investor Services Pty Ltd  
Level 2 / 45 St Georges Terrace  
Perth, WA, 6000

Telephone	+61 8 9323 2000
Fax	+61 8 9323 2033
Web:	www.computershare.com

#### Canada

Computershare  
1500 University St, Suite 700  
Montreal, Quebec H3A 358 Email:

Telephone:	+514 982 7888
Fax:	+514 982 7635
	www.computershare.com



29/F, 9 Castlereagh Street  
Sydney, NSW 2000  
T +61 2 9235 2386  
F +61 2 9235 2482  
info@hanlong.com.au  
www.hanlong.com.au

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## Media Statement

### **Hanlong Mining announces multi-billion-dollar investment strategy for Australia**

Hanlong Mining, a privately-owned Chinese mining house, has announced a strategic plan to invest up to AUD\$5 billion in Australian steel-related raw materials and agriculture and renewable energy projects.

At a business luncheon in Sydney to celebrate Hanlong Mining becoming the majority shareholder in dual-listed Moly Mines Limited, Hanlong Group majority shareholder Liu Han (Mr Liu) said the company would look to fund and develop other world-class mineral assets such as the Moly Mines Spinifex Ridge Molybdenum Project.

To an audience including representatives of major Chinese banks, Mr Liu outlined the strategy to build a \$3-\$5 billion major mining house to develop Australian steel-related resources and alloying agents including iron ore, molybdenum, manganese and chrome.

In addition, Hanlong Mining is examining investing in related infrastructure to bring raw materials from mine to market, to avoid supply bottlenecks in road, rail and port facilities.

Mr Liu said Hanlong has received significant support from banks for its expansion plan and is well placed to develop large-scale projects over the coming years.

Hanlong would use Australian expertise to develop projects in Australia and worldwide.

Hanlong Mining is part of Sichuan Hanlong Group, which over the past two decades has become one of the biggest private companies in China's Sichuan Province. The company has more than 12,000 staff worldwide, with interests in mining, electricity, infrastructure, pharmaceuticals, real estate, tourism and environmental technology.

Mr Liu said Hanlong Mining was borne out of the obvious need to create truly world-class mining companies that can secure reliable and high quality mineral resources

to satisfy China's growth and demand for infrastructure and consumer products.

Mr Liu said Hanlong Mining was looking to build on its Spinifex Ridge acquisition and to significantly increase investment in Australia. The company has developed an investment strategy and commenced discussions into acquiring and developing a number of Australian mining projects.

Hanlong was also pursuing investment opportunities in Australian agriculture, solar and clean energy projects. A large-scale investment fund was being set aside for renewable energy investment. Hanlong has a strong track record of investments in solar technologies in China and plans to build on this experience with vigour in Australia.

Mr Liu said Hanlong saw that it had a responsibility to invest in technologies to create a sustainable future, to create jobs and wealth, and be at the cutting edge of new technology and be a model corporate citizen.

Hanlong Mining last week completed the settlement of a US\$200 million equity and debt funding agreement with Moly Mines and both parties now look forward to working with the current Moly Mines board to develop the mine at Spinifex Ridge into a world-class asset.

In May, detailed negotiations for the US\$500 million finance loan facility are expected to be completed and should be available for drawdown by 30 September 2010.

A month ago, Hanlong Mining received its final approval from China Development Bank to purchase a 55.3% stake in Moly Mines Ltd.

The Moly Mines investment adds to Hanlong Mining's plans to become a 25% shareholder in US-based General Moly Inc.

The purchase is awaiting approval from General Moly's shareholders. General Moly has an 80% stake in the world's biggest molybdenum resource, whose reserves in Mountain Hope, Eureka, Nevada, total 1.3 billion pounds. The remaining 20% is owned by Pohang Iron and Steel Co or POSCO, a firm based in Pohang, South Korea.

General Moly also owns a molybdenum deposit in Central Nevada that has molybdenum reserves of around 500 million pounds.

At the event, the staff of Hanlong Mining Pty Ltd presented a charity donation of A\$ 100,000 to the Chinese consulate for the Yushu Earthquake Disaster Relief Fund.

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