



Quarter Highlights

“Building Two Mines in 2010”

Hanlong Investment Completes

- US\$200 million equity and debt injection from Hanlong.
- Hanlong controlling shareholder with 56.9% of Moly Mines.
- Hanlong announces plans for US\$5 billion investment in Australia’s resources industry.

Spinifex Ridge Molybdenum Project Finance Loan

- Hanlong continuing negotiations with banking syndicate on key terms and conditions for the US\$500 million project loan.

Spinifex Ridge Iron Ore Project

- Infrastructure construction commenced including site civil works, haul roads, ramps and water pipeline.
- Ore Reserve calculation completed.
- Accommodation village contract awarded.
- Crushing, mining and haulage contracts at tender evaluation stage.
- Utah Point port facility at Port Hedland available for receipt of first iron ore on 6 November 2010.
- Offtake negotiations advanced with mills, Hanlong confirmed its desire to participate in iron ore offtake.

Corporate, Finance and Marketing

- Strong balance sheet, A\$57.9 million cash on hand as at 30 June 2010.
- TCW debt repaid in full
- Iron ore pricing and markets remain strong.



On 23 April 2010 Moly Mines welcomed Hanlong Mining Investment Pty Ltd (“**Hanlong**”) as the Company’s controlling shareholder (56.9%) following the settlement of the US\$140 million equity and US\$60 million 10 year Shareholder Loan funding package.

The investment is a company transforming event for Moly Mines. Hanlong’s aim is to build an international mining house in the steel raw materials sector which includes examining investment opportunities in infrastructure to bring raw materials from mine to market and avoiding supply bottlenecks in road, rail and port facilities.



The 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.

On 30 April 2010 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. Moly Mines is the cornerstone investment for their growth plans.

Moly Mines and Hanlong have been examining opportunities in the iron ore sector both within Australia and internationally that would benefit from the application of the funds being made available to the Hanlong Group.

Moly Mines’ immediate aim is to bring the Spinifex Ridge Iron Ore Project into production during Q4 2010 whilst, at the same time, completing the US\$500 million financing for the Spinifex Ridge Molybdenum Project.



Spinifex Ridge Iron Ore Project

Full mining approvals were received in the March 2010 quarter allowing the commencement of ground disturbance activities. Site construction commenced during the quarter with early works including, water pipeline procurement and installation, improvement of road access for haulage activities, civil works for the installation of an accommodation camp, mining and crushing infrastructure and construction of the haul ramp from the iron ore deposits on Spinifex Ridge to the crushing facilities, run-of-mine pad and stockpile areas.



Water pipeline construction to the De-Grey borefield – June 2010



Haulage ramp from mining to crushing areas at Spinifex Ridge – June 2010

IPS Group have been appointed project and procurement managers for the construction of the project. In the September 2010 quarter, major contracts for mining, crushing and haulage will be awarded to facilitate the commencement of mining activities in September, crushing activities in October and haulage to Utah Point in November 2010.



Haulage road works at Spinifex Ridge – June 2010



During the quarter SRK Consulting prepared the initial mining feasibility study to produce an overall mine design, mining schedule and Reserve Statement compliant with JORC and NI43-101 standards. Moly Mines provided SRK with a resource block model detailing the attributes of the material, mineralization type, iron and impurities grades as well as a basis-of-design parameters including slope angles, dilution, recovery, operating costs and cut-off grade. A series of optimizations using Whittle™ software were run to finalize pit designs for ore scheduling. The following mining reserve has been estimated:

	Ore Tonnes	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	LOI (%)	P (%)	S (ppm)
Probable Reserve	4,334,000	59.2	1.8	8.0	4.9	0.13	122

Key outcomes of the mining feasibility study are:

	Base Case
Mining and processing rate	1.0MT/A
Ore tonnes mined	4.3M
Waste tonnes mined	13.8M
Strip ratio	3.2
Average Fe grade	59.2

Open pit mining operations will be undertaken by contract miners providing drill and blast, and load and haul services. Ore will be delivered to a conventional semi-mobile crushing and screening plant which will initially produce one Fines Ore product. This approach will make optimal use of the stockpile areas awarded to Moly Mines at the Utah Point bulk commodity export terminal. Contract road haulers using quad trailer "road trains" will transport the final product to Port Hedland to be shipped to customers. The Ore Reserve confirms an initial mine life of approximately 4.5 years.

The Ore Reserve is a subset of the following Indicated Mineral Resource:

	Ore Tonnes	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	LOI (%)	P (%)	S (ppm)
Indicated Resource	5,310,000	58.4	1.6	9.3	4.7	0.145	112.7



In addition, the project has a further 2.3 million tonnes of Inferred Resources located at depth below the Gallifrey, Auton and Dalek deposits, unable to be aggregated to Indicated Resources due to paucity of drilling information. As mining progresses and access becomes easier, this material will be subject to more detailed drilling.

	Ore Tonnes	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	LOI (%)	P (%)	S (ppm)
Inferred Resource	2,330,000	57.9	0.8	13.4	2.8	0.114	52.3

The Indicated Resource estimate of 5.3 million tonnes above has decreased from the previous estimate announced in June 2009 of 6.1 million tonnes grading 58.9% Fe, 1.7% Al₂O₃, 8.5% SiO₂ and 0.15% P, reflecting a revision in the estimated density of the ore.

Metallurgical test work continued during the quarter with a focus on completing marketing testwork for a fines product.

The new Utah Point bulk commodity export terminal in Port Hedland is scheduled for commissioning in late September 2010. Moly Mines has been notified that its allocated stockpile area will be ready to accept ore from Spinifex Ridge on 6 November 2010, allowing first shipment during December 2010.

Moly Mines is currently reviewing iron ore sales offers from a number of mills. In addition Hanlong have expressed a strong desire to utilize their marketing expertise and Chinese industrial contacts to directly purchase iron ore from the project at market rates. A sales agreement with Hanlong will require shareholder approval.

Spinifex Ridge Molybdenum Project

In the period since the Completion of the Hanlong Subscription Agreement, Hanlong have been leading the banking process for the provision of the US\$500 Project Finance Loan Facility for the development of the Spinifex Ridge Molybdenum Project.

Under the terms of the Subscription Agreement between Hanlong and Moly Mines, Hanlong is required to procure the Project Finance Loan Facility so that any conditions precedent to the initial draw down are satisfied or waived by 30 September 2010. If initial draw down is not available until after 30 September 2010, Hanlong will face a



penalty that includes forgiveness of approximately US\$44.7 million of the US\$60 million Shareholder Loan and cancellation of their Project Finance Options.

In May 2010, members of Hanlong and Moly Mines met with prospective banking syndicate members to advance the initial credit and commitment process.

The National Development Reform Commission (“NDRC”) approval process for the Project Finance Loan Facility is underway, following completion and submission of technical reports on the project by Chinese engineering groups.

Moly Mines is advised that following NDRC approval, the banking syndicate will be formalized, term sheets for the Project Finance Loan Facility agreed upon and preparation of full loan documentation will commence.

During the quarter, the Company finalized the sale of certain items of plant and equipment that are either surplus to the 10 million tonne per annum Spinifex Ridge Molybdenum Project or no longer on the critical path list for the development and can be re-purchased subsequent to achieving full project funding. Completed sales have included 2 Secondary Crushers and 1 High Pressure Grinding Roll for total proceeds of A\$24.7 million.

Corporate, Finance & Marketing

The Completion of the Hanlong Subscription Agreement on 23 April 2010 resulted in the TCW Interim Finance Facility being repaid in full, including an early repayment fee. At 30 June 2010, the Company had cash of A\$57.8 million, with no debt other than the 10 year, US\$60 million Shareholder Loan.

Securities on Issue

On 23 April 2010, the Company issued 207,135,646 shares and 35,500,000 project finance options to Hanlong and 100,000 shares upon exercise of options.



	Balance 01/04/10	Issued	Cancelled / Exercised	Balance 30/06/10
Ordinary shares	156,680,677	207,235,646	-	363,916,323
Options				
- \$1.40, 31/12/2010	4,065,000	-	-	4,065,000
- \$0.40, 31/12/2010	1,906,000	-	(100,000)	1,806,000
- C\$1.00, 3 year Project Finance Options	-	35,500,000	-	35,500,000
Total	5,971,000	35,500,000	(100,000)	41,371,000
TCW Warrants	23,832,157	-	-	23,832,157
Institution Warrants	14,000,000	-	-	14,000,000
Total	37,832,157	-	-	37,832,157
DILUTED TOTAL	200,483,834	242,735,646	(100,000)	443,119,480

Board of Directors

Following the Completion of the Hanlong Subscription Agreement on 23 April 2010, the Moly Mines Board was expanded. Full details were provided in the March 2010 quarterly report.

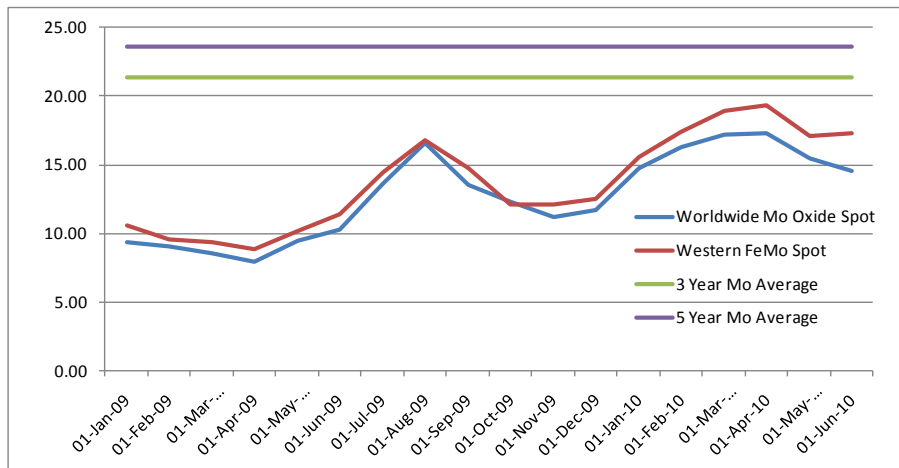
Commodity Markets

The London Metal Exchange commenced trading in molybdenum contracts during February 2010, however the market has not yet seen significant liquidity with 1,000 tonnes of molybdenum oxide reported to have been traded through June 2010. Nevertheless, as the market trading post matures, greater pricing transparency is anticipated.

Molybdenum oxide prices softened in the latter half of the quarter averaging US\$14.7/lb for the month of June.

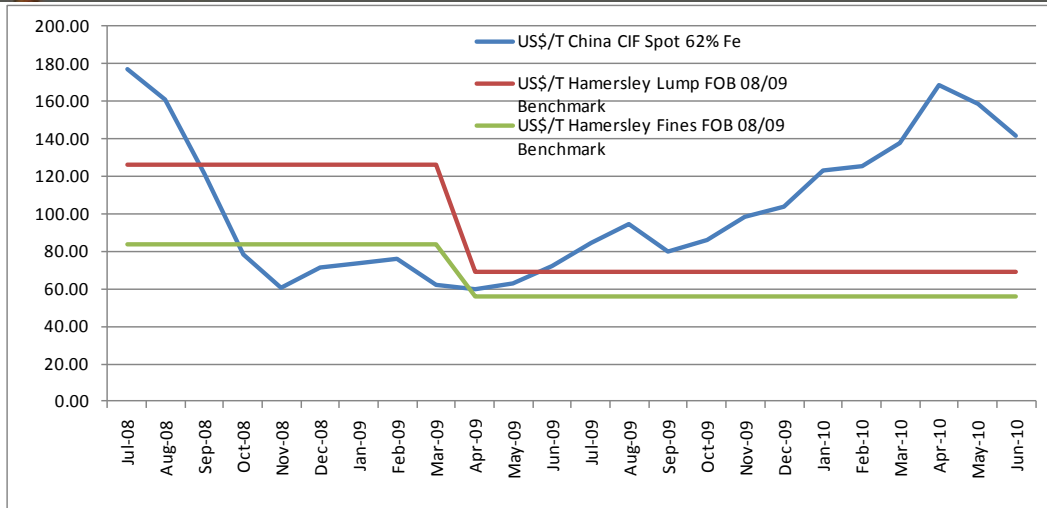


Source: Ryans Notes		June 2010 Qtr Averages		March 2010 Qtr Average
		2010	2009	
Mo oxide	US\$/lb	15.8	9.2	16.1
Western Fe-Mo	US\$/kg	39.4	22.3	38.0



In the 5 and 3 year period to the end of June 2010, the average price for molybdenum oxide was US\$23.6/lb and US\$21.4/lb respectively.

Spot iron ore prices recorded another strong quarter with 62% Fe CIF/CFR China averaging over US\$155/t for the quarter, up from US\$129/t in the March 2010 quarter. Prices spiked in late April 2010 at around US\$180/t before subsiding in the range of US\$130-US\$150/t for the balance of the quarter.



Hanlong

Hanlong’s investment is their first significant investment in Australian resources and the biggest investment ever by a private Chinese organization in the Australian resources industry. Hanlong currently have interests in 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 billion RMB (approximately US\$3 billion).



The information in this report that relates to drill data and geological interpretation is based on information compiled by Mr Ben Cairns who is a Member of the Australian Institute of Geoscientists. The information in this report that relates to Mineral Resources is based on information compiled by Mr Clay Gordon who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Cairns is a full-time employee of the company and Mr Gordon is employed by Mining Assets Pty Ltd.

Both Mr Cairns and Mr Gordon have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Cairns and Mr Gordon are Qualified Persons within the meaning of such term under National Instrument 43-101. Mr Cairns and Mr Gordon consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information contained in this report that relates to Mineral Reserves is based on information compiled and verified under the supervision of Mr Roger Pooley who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Pooley is a Senior Mining Consultant with SRK Consulting (Australasia) Pty Ltd, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Qualified Person within the meaning of such term under National Instrument 43-101 and as a Competent Person as defined in the 2004 edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves under JORC.

Mr Pooley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears in this document.



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	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

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