

Quarterly Activities Report September 2011



Moly Mines Limited

Mine Operator & Developer
Spinifex Ridge, Western Australia



ASX \ TSX Code: MOL

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Issued Capital

Ordinary Shares: 384,893,989
Warrants / Options: 54,160,491

Board of Directors

Michael Braham - Chairman
David Craig - Deputy Chairman
Derek Fisher - CEO/MD
David Nixon
Liu Han
Andy Zhmurovsky
Bob Prosser
Nelson Chen – Alternate

Officers

Andrew Worland - Company Secretary
Collis Thorp - COO
John McEvoy - CFO

Investor Relations

Andrew Worland
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Share Register

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HIGHLIGHTS

Spinifex Ridge Iron Ore Mine

- Mine continues to out-perform expectations.
- 3 shipments for quarter: 257,267 tonnes, up 20%.
- Projected to exceed 1 million tonnes by year-end, 25% above budget.
- Net sales revenue: A\$29.5M, up 27%.
- Operating costs: A\$61.8/t.
- Stocks on hand: 166,000 tonnes.

Spinifex Ridge Molybdenum / Copper Project - Financing

- Completion of US\$494 million of finance debt facilities with China Development Bank.

Corporate & Finance

- Cash on hand: A\$50.3M.



Spinifex Ridge Iron Ore Mine

Operations

The September 2011 quarter was another strong period for the mine highlighted by record product shipments and the continued excellent mining and crushing performance. **The mine is expecting to achieve the shipment of the first 1 million tonnes of iron ore fines in December 2011, 25% above budget forecasts.**

Ore mined for the quarter was **283,804 tonnes**, marginally above the June 2011 quarter. Ore crushed for the quarter was **303,711 tonnes**, a **7% increase** on the June 2011 quarter. The mine achieved steady state production levels during the June 2011 quarter.

Product sales have exceeded budget with three shipments completed for the quarter for a total of **257,267 tonnes**, a **20% increase** on the June 2011 quarter. A further four shipments are scheduled for the December 2011 quarter which should result in total shipments for the calendar year approaching 1 million wet metric tonnes.

Free-on-board (FOB) operating costs were up 5% on the previous quarter to \$61.8t ore shipped, due to increased port charges.

	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter	Year to Date
Ore mined – tonnes	283,804	277,665	192,937	754,406
Ore crushed - tonnes	303,711	285,143	173,016	761,870
Ore shipped (sold) - tonnes	257,267	214,247	134,674	606,188
Average Fe Grade shipped	58.5%	58.5%	59.6%	58.8%
Number of shipments	3	3	2	8
Cost per tonne of ore shipped - A\$/t	61.8	58.4	80.0	64.5

Ore stocks on hand at quarter end totalled 166,000, an increase of 24% from the June 2011 quarter.

Since the commencement of operations, approximately 262,000 tonnes of lower quality iron ore grading 50%-56% iron have been stockpiled for future blending and processing. These stocks have not been valued.

Financials

Gross sales revenue earned on the three shipments for the September 2011 quarter averaged **A\$146/t** (dry metric tonnes), an increase of A\$7/t over the June 2011 quarter due to improved indexed pricing. Gross revenue earned totalled **A\$35.9 million**, a **26%** increase on the previous quarter due mainly to the 20% increase in tonnes shipped.

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Net revenue, (being gross revenue less freight, commissions and royalties), earned was **A\$29.5 million**.

Earnings before interest, depreciation and amortization charges for the quarter totalled **A\$13.6 million**, for year to date earnings of **\$30.4 million**.

		September 2011 Quarter	June 2011 Quarter	March 2011 Quarter	Year to Date
Sales price achieved	A\$/dmt	146.1	139.1	158.7	146.5
Gross sales revenue	A\$'000	35,991	28,527	20,348	84,866
Net sales revenue	A\$'000	29,485	23,128	16,941	69,554
EBITDA	A\$'000	13,584	10,222	6,623	30,429
Cash receipts from sales	A\$'000	34,398	37,981	16,570	88,949

Spinifex Ridge Molybdenum / Copper Project Financing

In June 2011 the Company signed documentation for US\$494 million in debt facilities with China Development Bank Corporation, for the development and construction of the Spinifex Ridge Molybdenum / Copper Project. Weak global molybdenum prices and the strength of the Australian dollar against the US dollar in 2010 and 2011 continue to delay a development decision for the Project.

The volatility of the world capital markets has also impacted on the Company's ability to fill the existing full funding shortfall of approximately US\$300 million before a final investment decision can be made for the project.

Spot molybdenum prices at the end of the quarter were US\$14.10/lb and have trended down slightly during October.

The debt facilities with China Development Bank Corporation will expire if conditions precedent to drawdown are not satisfied or waived on or by 12 May 2012.

Corporate and Finance

During the quarter Mr Steven Xiao resigned from the board of directors.

Securities on Issue

No changes during the quarter.

	Balance 30 June 2011	Issued	Cancelled / Exercised	Balance 30 September 2011
Ordinary shares	384,893,989	-	-	384,893,989

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	Balance 30 June 2011	Issued	Cancelled / Exercised	Balance 30 September 2011
Options				
- C\$1.00, 3 year Project Finance Options	35,500,000	-	-	35,500,000
- TCW Warrants	4,832,157	-	-	4,832,157
- Institution Warrants	13,828,334	-	-	13,828,334
Total	54,160,491	-	-	54,160,491
Diluted Total	439,054,480	-	-	439,054,480

Finance

Cash on hand at quarter end totalled A\$50.3 million, an increase of A\$19.1 million from the previous quarter. Key cashflows for the quarter were as follows:

- Net iron ore operating cash surplus: \$10.0 million.
- Sale of plant and equipment surplus to the development case for the Spinifex Ridge Molybdenum / Copper Project: \$18 million.
- Corporate and administration expenses: \$1.7 million.
- Development expenditure incurred on the Spinifex Ridge Iron Ore Mine and Spinifex Ridge Molybdenum / Copper Project: \$3.6 million.
- Establishment and financing fees upon execution of the US\$494 million debt finance facilities for the Spinifex Ridge Molybdenum / Copper Project: A\$5 million.

Commodity Markets

Spot iron ore prices were stable over the quarter as a whole with The Steel Index quoting 62% Fe CFR China averaging US\$175.9/t and 58% Fe CFR China averaging US\$153.6/t. Prices have softened in October to approximately US\$130.0/t and US\$110/t for 62% and 58% iron ore respectively, levels which will impact on the December quarters iron ore shipments.

Molybdenum oxide prices averaged US\$14.4/lb for the quarter.

Source: Ryan's Notes		September Quarter 2011	June Quarter 2011
Mo oxide	US\$/lb	14.4	16.3
Western Fe-Mo	US\$/kg	16.1	17.6

In the five and three year periods to the end of September, the average price for molybdenum oxide was US\$20.9/lb and US\$14.3/lb respectively.

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