

# Quarterly Activities Report

## March 2013



### Moly Mines Limited

*Mine Operator & Developer*

Spinifex Ridge, Western Australia



ASX \ TSX Code: MOL

#### Principal & Registered Office

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#### Issued Capital

Ordinary Shares: 384,893,989

Warrants / Options: 34,010,491

#### Board of Directors

Michael Braham - Chairman

David Craig

David Nixon

Liu Han

Andy Zhmurovsky

Kang Huan Jun

Nelson Chen – Alternate for Liu Han

Peter Mansell – Alternate for Kang Huan Jun

#### Officers

Collis Thorp – Acting CEO

John McEvoy - CFO

Martijn Bosboom - Company Secretary

#### Investor Relations

Natalie Frame (Canada):

+1 416 777 1801

#### Share Register

Computershare

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### HIGHLIGHTS FOR THE MARCH 2013 QUARTER (all dollar amounts are in A\$ unless otherwise stated)

#### Mine Performance (unaudited)

- March shipment delayed until early April due to Port shutdowns. Accordingly, only there were only 2 shipments in the Quarter instead of the normal 3 shipments.
- 177,121 wet ore tonnes mined for the Quarter, down 4% from previous Quarter
- 169,850 wet ore tonnes shipped (sold) for the Quarter, down 35% from previous Quarter
- 58.7% Fe average grade of ore shipped
- Gross sales revenue:
  - March Quarter: \$20.3M, down 13% from previous Quarter
  - Realised CFR price of \$120/t, up 29% from previous Quarter
- Operating cash costs / tonne of ore shipped: \$64.7/t
- Mine EBITDA: \$6.2M for the Quarter
- Ore stocks on hand at end of Quarter: 131,100 tonnes (excluding 650,000 tonnes of low grade)

#### Operations

- Port allocation increased to 1Mtpa

#### Finance (unaudited)

- Cash on hand at end of Quarter: \$50.4M, up from \$41.1M at end of previous Quarter
- Short term iron ore hedging initiated to take advantage of price strength in January 2013

#### Corporate

- Future Board changes announced

### Exploration

- No exploration activity

### Operations

In early April 2013, agreement was reached with the Port Hedland Port Authority to increase the Company's allocation from 800,000 tonnes of iron ore to 1,000,000 tonnes a year. The Company has been shipping around 1,000,000 tonnes a year, partly on a spot allocation basis. By firming this up the allocation has increased certainty.

Due to Port shutdowns for cyclonic events and other reasons, the shipment planned for late March 2013 left the Port in early April. As a result, product sales were effectively reduced by shipping timing by 35% from the December 2012 Quarter. Product sales for the Quarter totalled 169,850 **wet metric tonnes** from 2 vessels.

Free-on-board (FOB) operating costs (unaudited) for the Quarter averaged \$64.7/t ore shipped.

#### Iron Ore Mine Statistics (unaudited)

	December 2012 Quarter	March 2013 Quarter
Ore mined – tonnes	185,315	<b>177,121</b>
Ore crushed – tonnes	220,768	<b>199,402</b>
Ore shipped (sold) – tonnes	261,893	<b>169,850</b>
Average Fe Grade shipped	59.0%	<b>58.7%</b>
Number of shipments	3	<b>2</b>
FOB cost per tonne <sup>(1)</sup> of ore shipped - A\$/t	68.9	<b>64.7</b>

(1)

Costs exclude freight, commissions and government royalties and corporate head office overhead.

Ore stocks on hand at Quarter end totalled 131,100 tonnes (excluding low grade stocks).

Since the commencement of operations in September 2010, approximately 650,000 tonnes of lower grade iron ore (grading 50%-55% iron) have been stockpiled for future blending and processing. These stocks have not been valued for the purposes of the Company's financial statements.

Negotiations regarding the future of the iron ore off-take agreement between Moly Metals Australia Pty Ltd and Hanlong Metals Limited are ongoing.

### Spinifex Ridge Molybdenum / Copper Project

The development of the Spinifex Ridge Molybdenum / Copper Project was deferred in December 2011 and will remain on care and maintenance with tenement and permitting obligations being met.

### Future Board changes

In early April 2013, Moly Mines Limited (**Moly Mines** or **Company**) announced that agreement had been reached with its major shareholder Hanlong Mining Investment Pty Ltd (**Hanlong**) to a progressive replacement of the Company's three independent directors with three new independent directors. The new directors are planned to be appointed during the six months' period following the

Company's AGM on 31 May 2013. An international recruitment firm has been engaged to nominate candidates for selection by the full Board. Mr. David Nixon will retire at the AGM.

Also at the AGM it will be proposed that Hanlong nominee Mr. Liu Han be replaced with his current alternate Mr. Nelson Chen.

### Corporate and Finance

At Quarter end Moly Mines had \$61.7 million of net current assets on its balance sheet including cash of \$50.4 million.

The Company continues to consider the potential to divest the iron ore mine.

The Company's acquisition strategy's focus remains on near term production assets.

Hanlong has advised the Company that although it is unlikely that Hanlong will be in a position to directly financially support an acquisition and project development in the near future, it maintains its support for the Company's acquisition strategy and it will seek to assist the Company to secure finance from Chinese banks and other sources.

### Hedging Program

In January 2013, the Company took advantage of stronger iron ore prices to enter into the following iron ore hedges:

- US\$135/tonne flat forward on 160,000 tonnes of 62% iron ore for the period February to September 2013 (equivalent to 20,000 tonnes per month).
- Put at US\$120/tonne and call at US\$146/tonne on 160,000 tonnes of 62% iron ore for the period February to September 2013 (equivalent to 20,000 tonnes per month)

The February and March hedges have been settled.

### Securities on Issue

During the Quarter there was no change in the Company's securities on issue.

	Balance 31 March 2013
Ordinary shares	384,893,989
Options	
- EIG Warrants	4,832,157
- Employee options	10,516,663
<b>Total</b>	<b>15,348,820</b>
<b>Diluted Total</b>	<b>400,242,809</b>

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### Finance - unaudited

Gross sales revenue earned on the two shipments for the Quarter averaged a price of **A\$120/t** (dry metric tonnes) and totalled **\$20.3 million**. Net revenue, (being gross revenue less freight, commissions and royalties), earned for the Quarter was **\$17.2 million**. Mine earnings before interest, depreciation and amortization charges for the Quarter totalled **\$6.2 million**.

Iron Ore Mine Financials (unaudited)		December	March
		2012 Quarter	2013 Quarter
Sales price achieved	A\$/dmt	92.9	<b>126.0</b>
Gross sales revenue	A\$'000	23,397	<b>20,343</b>
Net sales revenue	A\$'000	18,904	<b>17,198</b>
EBITDA	A\$'000	880	<b>6,203</b>
Cash receipts from sales	A\$'000	13,719	<b>26,862</b>

A reconciliation of Spinifex Ridge Iron Ore Mine EBITDA and net corporate cashflows for the Quarter ended 31 March 2013 is shown below – A\$'M (unaudited):

