

General Moly, Inc
Form 10QSB/A
November 15, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 10-QSB/A
Amendment #2**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

General Moly, Inc.

(Name of small business issuer in its charter)

| | | |
|---|--|--|
| DELAWARE (State or other jurisdiction of incorporation or organization) | 001-32986 Commission File Number | 91-0232000 (I.R.S. Employer) |
|---|--|--|

**1726 Cole Blvd., Suite 115
Lakewood, CO 80401
Telephone: (303) 928-8599**

(Address and telephone number of principal executive offices)

Idaho General Mines, Inc.
10 North Post St., Suite 610
Spokane, WA 99201

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. **YES x NO o**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO x

The number of shares outstanding of registrant's common stock as of May 10, 2007 was 54,363,631.

Transitional Small Business Disclosure Format (check one): **YES o NO x**

EXPLANATORY NOTE

This Amendment No. 2 on Form 10-QSB/A (this “Amendment”) amends and restates items identified below with respect to the Form 10-QSB and Amendment No. 1 on Form 10-QSB/A filed by General Moly, Inc. (formerly “Idaho General Mines, Inc.”) (“we” or the “Company”) for the period ended March 31, 2007 with the Securities and Exchange Commission (the “SEC”) on May 16, 2007 and June 5, 2007, respectively (the “Original Filing”). The purpose of this Amendment is to amend and restate the previously issued financial statements included in the Original Filing for the reasons described in Note 2 to the financial statements included in Item 1 (Financial Statements) herein. Other than as set forth below, the items of the Original Filing continue to speak as of the date of the original filing date thereof, and the disclosure relating to such items is not being updated.

This Amendment amends and restates the information in Item 1 (Financial Statements) and Item 2 (Management’s Discussion and Analysis of Operation) of the Original Filing. Except for the foregoing amended and restated information and the information set forth below under the heading “Subsequent Event,” this Amendment continues to describe conditions as of the date of the Original Filing, and the disclosures contained herein have not been updated to reflect events, results or developments that have occurred after the date of the Original Filing, or to modify or update those disclosures affected by subsequent events. Among other things, forward-looking statements made in the Original Filing have not been revised to reflect events, results or developments that have occurred or facts that have become known to us after the date of the Original Filing, and such forward-looking statements should be read in their historical context. This Amendment should be read in conjunction with the Company’s filings made with the SEC subsequent to the Original Filing, including any amendments to those filings.

Subsequent Event

On October 8, 2007, we reincorporated the Company in the State of Delaware (the “Reincorporation”) through a merger involving Idaho General Mines, Inc. and General Moly, Inc., a newly-formed Delaware corporation that was a wholly owned subsidiary of Idaho General Mines, Inc. The Reincorporation was effected by merging Idaho General Mines, Inc. with and into General Moly, with General Moly being the surviving entity. In connection with the Reincorporation, all of the outstanding securities of Idaho General Mines, Inc. were converted into securities of General Moly on a one-for-one basis. For purposes of the Company’s reporting status with the Securities and Exchange Commission, General Moly is deemed a successor to Idaho General Mines, Inc.

PART 1 - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

GENERAL MOLY, INC.
(AN EXPLORATION STAGE COMPANY)
Consolidated BALANCE SHEETS
(Unaudited - Dollars in thousands, except per share amounts)
(Restated - Note 2)

| | March 31, | December 31 |
|--|------------------|--------------------|
| | 2007 | 2006 |
| ASSETS: | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 24,023 | \$ 17,883 |
| Other Receivables | 2 | — |
| Deposits | 310 | 146 |
| Prepaid expense | 28 | 46 |
| Total Current Assets | 24,363 | 18,075 |
| PROPERTY AND EQUIPMENT, net | 535 | 431 |
| RECLAMATION BOND | 490 | — |
| LAND AND MINING CLAIMS | 13,324 | 8,598 |
| TOTAL ASSETS | \$ 38,712 | \$ 27,104 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 2,296 | \$ 1,076 |
| Provision for post closure monitoring costs | 212 | — |
| Current portion of long term debt | 29 | 19 |
| Total Current Liabilities | 2,537 | 1,095 |
| Provision for post closure monitoring cost, net of current portion | 502 | — |
| Long term debt, net of current portion | 73 | 58 |
| Total Liabilities | 3,112 | 1,153 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, Series A, \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding | — | — |
| Common stock, \$0.001 par value; 200,000,000 shares authorized, 44,205,545 and 43,397,540 shares issued and outstanding, respectively | 44 | 43 |
| Additional paid-in capital | 50,397 | 46,017 |
| Common stock issuable | 14,341 | — |
| Accumulated deficit before exploration stage | (213) | (213) |
| Accumulated deficit during exploration stage | (28,969) | (19,896) |
| Total Stockholders' Equity | 35,600 | 25,951 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 38,712 | \$ 27,104 |

The accompanying condensed notes are an integral part of these financial statements.

GENERAL MOLY, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited - In thousands except per share amounts)
(Restated - Note 2)

| | Three Months Ended | | January 1, 2002 |
|---|--------------------|-------------------|--|
| | March 31, 2007 | March 31, 2006 | Inception of Exploration Stage) to March 31, 2007 |
| REVENUES | \$ — | \$ — | \$ — |
| OPERATING EXPENSES: | | | |
| Property research, exploration and development | 3,842 | 1,270 | 14,194 |
| General and administrative expense | 5,399 | 1,062 | 15,944 |
| TOTAL OPERATING EXPENSES | 9,241 | 2,332 | 30,138 |
| LOSS FROM OPERATIONS | (9,241) | (2,332) | (30,138) |
| OTHER INCOME | | | |
| Interest and dividend income | 168 | 144 | 1,103 |
| Realized gain on marketable securities | — | — | 5 |
| Income from timber sales | — | — | 60 |
| TOTAL OTHER INCOME | 168 | 144 | 1,168 |
| LOSS BEFORE TAXES | (9,073) | (2,188) | (28,970) |
| INCOME TAXES | — | — | — |
| NET LOSS | \$ (9,073) | \$ (2,188) | \$ (28,970) |
| BASIC AND DILUTED NET LOSS PER SHARE OF COMMON STOCK | \$ (0.21) | \$ (0.07) | |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED | 43,746 | 30,910 | |

The accompanying condensed notes are an integral part of these interim financial statements.

GENERAL MOLY, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - In thousands)
(Restated - Note 2)

| | Three Months Ended March 31, 2007 | Three Months Ended March 31, 2006 | January 1, 2002 (Inception of Exploration Stage to March 31, 2007 |
|---|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | \$ (9,073) | \$ (2,188) | \$ (28,970) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | |
| Services and expenses paid with common stock | 304 | 308 | 1,991 |
| Depreciation and amortization | 33 | 5 | 106 |
| Gain on sale of investments | — | — | (9) |
| Unrealized loss on securities | — | — | 4 |
| Adjustment to equity | — | — | (8) |
| Equity compensation management and directors | 3,131 | 108 | 6,441 |
| Decrease (increase) in employee advances | — | 9 | — |
| Decrease (increase) in prepaid expenses and deposits | (146) | 32 | (368) |
| Decrease (increase) in accounts payable and accrued expenses | 1,166 | (385) | 2,272 |
| Net cash used by operating activities | (4,585) | (2,111) | (18,541) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Payments for the purchase of equipment | (104) | (39) | (482) |
| Purchase of securities | — | — | (458) |
| Cash provided from the purchase of mining property, claims | 1,279 | — | 1,279 |
| Purchase of mining property, claims, options | (5,339) | (4,460) | (12,805) |
| Payments on capital leases | (6) | — | (6) |
| Cash provided by sale of marketable securities | — | — | 247 |
| Net cash provided (used) by investing activities | (4,170) | (4,499) | (12,225) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Cash received for common stock issuable | 14,341 | — | 14,341 |
| Proceeds from issuance of stock | 554 | 32,214 | 40,402 |
| Net cash provided by financing activities: | 14,895 | 32,214 | 54,743 |
| Net increase (decrease) in cash and cash equivalents | 6,140 | 25,604 | 23,977 |
| Cash and cash equivalents, beginning of period | 17,883 | 257 | 44 |
| Cash and cash equivalents, end of period | \$ 24,023 | \$ 25,861 | \$ 24,021 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Income taxes paid | \$ — | \$ — | \$ — |
| Interest paid | \$ — | \$ — | \$ — |

NON-CASH INVESTING AND FINANCING
ACTIVITIES:

| | | | | | | |
|--|----|-----|----|----|----|-------|
| Common stock issued for equipment | \$ | — | \$ | 11 | \$ | 11 |
| Common stock and warrants issued for property | \$ | 420 | \$ | — | \$ | 1,169 |
| Reclamation bond acquired from Equatorial | \$ | 491 | \$ | — | \$ | 491 |
| Post closure monitoring cost acquired from Equatorial | \$ | 751 | \$ | — | \$ | 751 |
| Accounts payable and accrued expenses acquired from Equatorial | \$ | 54 | \$ | — | \$ | 54 |

The accompanying condensed notes are an integral part of these interim financial statements.

-5-

GENERAL MOLY, INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1—DESCRIPTION OF BUSINESS

General Moly, Inc. (the “Company” or “GMO”) is a Delaware corporation originally incorporated as General Mines Corporation on November 23, 1925. In 1966, the Company amended its articles of incorporation to change its name to Idaho General Petroleum and Mines Corporation, and amended its articles again in 1967 changing its name to Idaho General Mines, Inc. On October 8, 2007, the Company reincorporated in the State of Delaware (the “Reincorporation”) through a merger involving Idaho General Mines, Inc. and General Moly, Inc., a newly-formed Delaware corporation that was a wholly owned subsidiary of Idaho General Mines, Inc. The Reincorporation was effected by merging Idaho General Mines, Inc. with and into GMO, with GMO being the surviving entity. For purposes of the Company’s reporting status with the Securities and Exchange Commission, GMO is deemed a successor to Idaho General Mines, Inc.

The Company’s historic activities have principally consisted of the exploration for nonferrous and precious metals in and around Shoshone County, Idaho. The Company entered a new exploration stage in early January 2002 when it shifted its focus to minerals exploration. In May 2004, the Company began a search for substantive mineral properties with a focus on metals such as copper, zinc, silver, gold and specialty metals. GMO entered into an option to lease the Mount Hope molybdenum property located in Nevada in November 2004 and exercised that option in October 2005 after several phases of feasibility studies and project design studies which indicated the attractiveness of the project. GMO similarly optioned the Hall Tonopah molybdenum-copper property, also in Nevada, in 2005 and exercised that option to purchase the Hall Tonopah property in March 2006 with the intent of assessing economic feasibility by exploring and assessing the property’s potential. Accordingly, GMO has assumed the role of exploring, and as warranted, developing major mineral deposits which are at a relatively advanced stage and are worthy of economic consideration.

The interim Condensed Consolidated Financial Statements of the Company and its subsidiaries are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. All such adjustments are, in the opinion of management, of a normal and recurring nature. The results reported in these interim Condensed Consolidated Financial Statements are not necessarily indicative of the results that may be reported for the entire year. These interim Condensed Consolidated Financial Statements should be read in conjunction with GMO’s Consolidated Financial Statements included in its Annual Report on Form 10-KSB/A for the year ended December 31, 2006.

On January 30, 2007, the Company completed the acquisition of all of the issued and outstanding shares of a corporation that owned a royalty interest in our Hall-Tonopah Property (see note 6). Upon its acquisition, the corporation was consolidated as a wholly owned subsidiary of the Company.

NOTE 2—RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

The Company has corrected its accounting treatment for certain non-cash adjustments primarily related to the calculation of and recognition of compensation expense and the valuation of warrants to purchase common shares of the Company under FASB Statement 123 - *Accounting for Stock-Based Compensation*, FASB Statement 123(R) - *Share Based Payment* and EITF 96-18 - *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Connection with Selling Goods and Services*. The Company had utilized volatility assumptions which were too low in determining the value of certain equity instruments issued during the periods and failed to attribute value to certain warrants included as consideration in transactions with third parties. This resulted in the

Company valuing equity instruments granted and/or issued at too low of a value and, accordingly, the amounts recorded for these non-cash transactions were understated.

Additionally during the periods, the Company did not account for forfeitures of employee options which occurred prior to vesting, resulting in an overstatement of non-cash compensation expense, and allocated stock-related compensation costs to the incorrect service periods. Furthermore, in the year ended December 31, 2006, the Company incorrectly allocated a portion of the cash consideration paid for water rights to non marketable securities and subsequently impaired such securities, rather than allocating this portion of the consideration to the purchase of such water rights.

-6-

In addition, the Company has corrected certain other immaterial errors. At March 31, 2007 the cumulative effect of all changes was an increase to the cost of our land and mining claims of \$713,000, an increase in property research, exploration and development expense of \$268,000 an increase in general and administration expense of \$186,000, a decrease in realized loss on marketable securities of \$ 321,000, and an increase to our net equity of \$588,000.

The impact of these errors on each of the Company's previously issued financial statements, are set forth in the table below (in thousands except per share amounts).

| | As Originally Reported | As Restated | Impact of the Error Increase (Decrease) |
|---|---------------------------|----------------|---|
| Income Statement for the three months ended March 31, 2006 | | | |
| Property research, exploration and development expenses | \$ 1,145 | 1,270 | 125 |
| General and administrative expenses | 1,068 | 1,062 | (6) |
| Net loss | 2,070 | 2,188 | 118 |
| Basic and fully diluted loss per share | .07 | .07 | - |
| Income Statement for the three months ended March 31, 2007 | | | |
| Property research, exploration and development expenses | 3,912 | 3,842 | (70) |
| General and administrative expenses | 5,403 | 5,399 | (4) |
| Net loss | 9,147 | 9,073 | (74) |
| Basic and fully diluted loss per share | .21 | .21 | - |
| Balance Sheet at December 31, 2006 | | | |
| Land and Mining Claims | 7,885 | 8,598 | 713 |
| Total Assets | 26,391 | 27,104 | 713 |
| Accrued Liabilities | 970 | 1,095 | 125 |
| Additional Paid in Capital | 45,221 | 46,017 | 796 |
| Accumulated Deficit | (19,902) | (20,109) | (207) |
| Total Stockholders' Equity | 25,362 | 25,951 | 589 |
| Balance Sheet at March 31, 2007 | | | |
| Land and Mining Claims | 12,611 | 13,324 | 713 |
| Total Assets | 37,999 | 38,712 | 713 |
| Additional Paid in Capital | 49,676 | 50,397 | 721 |
| Accumulated Deficit | (29,049) | (29,182) | (133) |
| Total Stockholders' Equity | 35,012 | 35,600 | 588 |

NOTE 3—LIQUIDITY AND CAPITAL REQUIREMENTS (AND SUBSEQUENT EVENT)

On October 4, 2007 the Company's Board of Directors approved the development of the Mount Hope Project as contemplated in the Bankable Feasibility Study. The development of the Mount Hope Project has an estimated total capital requirement of approximately \$1 billion comprised of initial construction cost in excess of \$850 million; \$50 to \$70 million in cash bonding requirements; \$27 million in advance royalty payments; and amounts necessary for financing costs and working capital. Such capital requirements are management's best estimates based on the Bankable Feasibility Study and other available information, and are subject to change, which changes could be material. The Company will also require additional capital to continue the exploration and evaluation of Hall-Tonopah, as well as continue payment of ongoing general, administrative and operations costs associated with supporting its planned operations, the amounts of which are presently unknown.

The capital will be required through the commencement of Mount Hope production estimated to be in the second half of 2010. Our ability to develop the project on time and on budget is dependent on, among other things, our ability to raise the necessary capital to fund the Mount Hope Project both in sufficient quantity of capital and at the time such capital is needed. Additionally, if the estimated costs of the Mount Hope Project are exceeded we will need to raise additional capital to fund such overruns.

The Company does not currently have the capital necessary to complete the Mount Hope Project and, accordingly, plans to raise the capital on an ongoing basis when needed. Our current business plan and project time schedule will require the Company to raise approximately \$200 million in capital from now through December 31, 2008 with \$10 to \$20 million of such amount required by December 31, 2007. If the Company is unable to raise sufficient quantities of capital when needed, it will be necessary to develop alternative plans that would likely delay the development and completion of the Mount Hope Project. There is no assurance that we will be able to obtain the necessary financing for the Mt. Hope Project on customary terms, or at all.

NOTE 4—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Method

The Company's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Pronouncements—Recent

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159. "The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This statement is expected to expand the use of fair value measurement, which is consistent with the Board's long term measurement objective for accounting for financial instruments. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, although earlier adoption is permitted. Management has not determined the effect that adopting this statement would have on the Company's financial condition or results of operation.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosure about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements. This statement does not require any new fair value measurements, but for some entities, the application of this statement may change current practice. The adoption of this statement had no immediate material effect on the Company's financial condition or results of operations.

-8-

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No 109" (hereinafter "FIN 48"), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company's adoption of FIN 48 did not have any impact on the Company's previously reported financial position as it has no uncertain tax positions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Exploration Stage Activities

The Company has been in the exploration stage since January 2002 and has not realized any revenue from operations. It will be primarily engaged in minerals exploration until it enters a development or operations stage.

Fair Value of Financial Instruments

The Company's financial instruments as defined by Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," include cash, accounts payable and accrued liabilities. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at March 31, 2007 and December 31, 2006.

Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Diluted net loss per share for GMO is the same as basic net loss per share, as the inclusion of common stock equivalents would be antidilutive.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no minable ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Mining Claims and Land

Costs of acquiring and developing mineral properties are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (hereinafter "SFAS No. 109"). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

Reclamation and Remediation

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures resulting from the remediation of existing conditions caused by past operations that do not contribute to future revenue generations are expensed. Liabilities are recognized when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated.

Estimates of such liabilities are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also reflect prior experience in remediating contaminated sites, other companies' clean-up experience and data released by The Environmental Protection Agency or other organizations. Such estimates are by their nature imprecise and can be expected to be revised over time because of changes in government regulations, operations, technology and inflation. Recoveries are evaluated separately from the liability and, when recovery is assured, the Company records and reports an asset separately from the associated liability. At March 31, 2007 and December 31, 2006, the Company had accrued liabilities for compliance with environmental regulations of \$714,134 and \$0, respectively.

Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation. This reclassification has resulted in no changes to the Company's accumulated deficit or net losses presented. Previously, directors' fees paid by issuing common stock were not disclosed separately in the Company's statement of cash flows. These fees were part of services and expenses paid with common stock.

NOTE 5—LAND, MINING CLAIMS, PROPERTY, AND EQUIPMENT

During the three months ended March 31, 2007 the Company purchased vehicles for \$34,206, field equipment for \$45,173, and office and computers and related equipment for \$57,366. The vehicles, equipment and computers will be depreciated over useful lives of three to seven years using straight line depreciation. Depreciation expense for the three months ended March 31, 2007 is \$32,840.

During the year ended December 31, 2006 the Company purchased vehicles for \$164,575, field equipment for \$10,116, and office and computers and related equipment and improvements for \$260,194. The vehicles, equipment and computers will be depreciated over useful lives of three to seven years using straight line depreciation. Depreciation expense for the year ended December 31, 2006 is \$57,578.

On November 12, 2004, GMO entered into an option to lease all property and assets of the Mount Hope Molybdenum Property from Mt. Hope Mines, Inc. Exercise of the option in October 2005 allows GMO to proceed for the next 30 years with permitting, developing and mining the deposit and for so long thereafter as GMO maintains an active operation. At December 31, 2004, the Company had paid \$186,044 cash and issued 500,000 shares of common stock with warrants to purchase 500,000 shares of common stock to Mt. Hope Mines, Inc. for the Mount Hope option.

Pursuant to the terms of the lease, the underlying total royalty on production payable to Mt. Hope Mines, Inc., less certain deductions, is 3 percent for a molybdenum price up to \$12 per pound, 4 percent for a molybdenum price up to \$15 per pound, and 5 percent for a molybdenum price above \$15 per pound. GMO is subject to certain periodic payments totaling \$1,550,000 to be paid as per schedule between January 2006 and October 2010. GMO has a best efforts obligation, by the third anniversary of the lease, to pay Mt. Hope Mines, Inc. a recoverable periodic payment (advance royalty) of 3 percent of the estimated capital cost of the project. This obligation to pay 3 percent of the construction capital is subject to certain extension provisions through October 2013. Minimum royalty payment after the mine commences operations is \$0.27 a pound of molybdenum if produced or \$500,000 per year if the plant is idle. Additionally, GMO is obligated to pay Exxon Mineral Company a one percent net smelter royalty on all production

During the year ended December 31, 2005 the Company entered into an option agreement with High Desert Winds LLC (“High Desert”) for High Desert’s approximately ten square mile property in Nye County, Nevada, including water rights, mineral and surface rights, buildings and certain equipment (the “Hall Tonopah Property”). Pursuant to the terms of this agreement, the Company was granted a nine-month option to purchase the Hall Tonopah Property. The Company extended the option agreement with High Desert with payments of \$75,000 in June 2005 and \$100,000 in August 2005. The option to purchase the Hall Tonopah Property was subsequently extended to March 17, 2006 with an \$80,000 payment on January 17, 2006. On March 17, 2006, the Company entered into a purchase agreement with High Desert whereby it purchased a substantial portion of the Hall Tonopah Property. At closing, the Company paid High Desert a cash payment of approximately \$4.5 million for the portion of the Hall Tonopah Property that it purchased and made a deferred payment of \$989,789 in November of 2006 for the purchase of the remaining portion of this property for the total purchase price of \$5,449,616 including \$32,698 in buildings and equipment at the Hall Tonopah site. The primary purpose of the Hall Tonopah purchase was to further the Company’s strategy of exploring and developing potential molybdenum properties. The buildings and improvements to the property were valued at \$32,698 based on a previous recent transaction at the property, and the remaining amount was allocated to the land. At December 31, 2006 the Hall Tonopah property was subject to a 12 percent royalty payable with respect to the net revenues generated from molybdenum or copper minerals removed from the properties purchased.

On January 30, 2007, the Company completed the acquisition of all of the issued and outstanding shares of Equatorial Mining North America, Inc., a Delaware corporation (“Equatorial”), from Equatorial Mining Limited (“Equatorial Mining Limited”). Equatorial holds the 12 percent net smelter royalty interest in the mineral rights of the Hall Tonopah property and as a result of this purchase, the Company now owns the Hall-Tonopah property and all associated mineral rights without future royalty obligations. As set forth in the Purchase Agreement, the Company paid to

Equatorial Mining Limited approximately \$4.9 million in cash at closing. At first commercial production of the property, the Company has agreed to pay an additional \$6.0 million. Because the Company cannot determine beyond a reasonable doubt that the mine will attain commercial production the Company has chosen not to recognize the \$6.0 million liability in its financial statements. By purchasing Equatorial, the Company also assumed an approximate \$460,000 cash reclamation bond which will continue to be held by the Nevada Department of Environmental Protection and the Bureau of Land Management and acquired cash of approximately \$1.3 million.

-11-

In July 2006, the Company purchased 1,503 acres of deeded land which includes 70,000 acres of BLM grazing rights and certain water rights known as the Gale Ranch for \$1,869,373. This ranch is located near the Mount Hope mine site. The primary reason for the purchase of this asset was to acquire the water rights of 1,200 acre feet for use by the Mount Hope operations. The Company paid \$54,982 for the water rights and the remaining amount was used to purchase the land and the grazing rights.

In November 2006, the Company purchased from Atlas Precious Metals, Inc. patented millsite claims for \$32,090, water rights for \$363,687 and fee land in Eureka, Nevada for \$26,740 with improvements of \$5,350. The primary purpose of this purchase was to acquire the water rights of 1,448 acre feet for the Mount Hope operation.

On March 2, 2007, the Company purchased the Florence patented lode mining claim for \$175,000 cash. This claim is adjacent to the Hall Tonopah property and is included in the total Hall Tonopah Property amount.

On March 23, 2007, the Company completed the purchase of certain patented lode mining claims referred to as the Liberty Claims on property adjacent to Hall Tonopah property for cash of \$75,000 and 150,000 shares of restricted common stock valued at \$420,000.

The Company's mining claims and land purchased prior to 2006 consist in part of (a) approximately 107 acres of fee simple land in the Pine Creek area of Shoshone County, Idaho, (b) six patented mining claims known as Chicago-London group, located near the town of Murray in Shoshone County, Idaho, (c) 265 acres of private land with three unpatented claims in Josephine County, Oregon, known as the Turner Gold project.

Capital assets are recorded at cost. Depreciation is calculated using the straight-line method over three to twenty years. The following is a summary of property, equipment, and accumulated depreciation at March 31, 2007 and December 31, 2006 (in thousands):

| | Cost | Accumulated Depreciation | Net Book Value at Mar. 31, 2007 | Net Book Value at Dec. 31, 2006 |
|--------------------------------|-----------|-----------------------------|---------------------------------------|---------------------------------------|
| Property and Equipment: | | | | |
| Field Equipment | \$ 61 | \$ 6 | \$ 55 | \$ 14 |
| Vehicles | 220 | 44 | 176 | 154 |
| Office Furniture | 46 | 10 | 36 | 24 |
| Computer Equipment | 248 | 40 | 208 | 185 |
| Leasehold Improvements | 28 | 3 | 25 | 19 |
| Imp. to Fee Land in Eureka | 5 | | 5 | 5 |
| Bldg & Equip Hall Tonopah | 32 | 3 | 29 | 30 |
| Total Property and Equipment | 640 | 106 | 534 | 431 |
| Land and Mining Claims: | | | | |
| Pine Creek Land | 1 | — | 1 | 1 |
| Chicago-London Group | 80 | — | 80 | 80 |
| Liberty Claims | 495 | — | 495 | — |
| Turner Gold Land | 808 | — | 808 | 808 |
| Hall Tonopah Property | 9,648 | — | 9,648 | 5,417 |
| Real Estate and Water Rights | 2,292 | — | 2,292 | 2,292 |
| Total Land and Mining Claims | 13,324 | — | 13,324 | 8,598 |
| Total Capital Assets | \$ 13,643 | \$ 106 | \$ 13,537 | \$ 9,029 |

NOTE 6—RELATED PARTY TRANSACTIONS

On January 30, 2007 the Company entered into an employment agreement with a son of the Company's Chairman for services as Director of Projects and Operations. Under this agreement, the Company granted a stock option to purchase 140,000 shares at \$2.78 per share, the closing price of the Company's stock on January 30, 2007.

Additional related party transactions are included as part of Note 8.

NOTE 7—COMMON STOCK UNITS, COMMON STOCK AND COMMON STOCK WARRANTS

During the three months ended March 31, 2007, the Company issued 30,000 shares of stock for an option exercised in 2006. Warrants and options in the amount of 479,053 and 100,000 were exercised for cash in the amount of \$524,394 and \$30,000 respectively, less brokerage fees of \$30,592 on the warrants. The Company issued 150,000 shares of restricted common stock in the completion of the Liberty Claims purchase in the amount of \$420,000 and issued 75,000 shares of restricted common stock in exchange for services valued at \$303,750. The Company issued 500,000 shares of restricted stock to officers of the Company. During the first three months of 2007, shareholders returned to the Company 38,998 shares of common stock due to a stock option exercise pricing error in 2006. At the end of March, the Company was in the process of a private placement offering and had received \$14,000,000 in exchange for 4,117,647 common shares. This transaction has been classified as common stock issuable on the Company's financial statements.

During the year ended December 31, 2006 the Company had two private placements of Common Stock Units. In the first private placement, the Company sold 3,021,936 common stock units for \$1.10 per unit. The Company received cash of \$3,324,130 less cash placement agent and finder's fees of \$157,699 and issued 170,550 Common Stock Units for finder's fees valued at \$1.80 per unit for a total value of \$307,511. Each unit consisted of one of share of common stock with warrants to purchase one-half share of common stock at a price of \$1.75 for each whole share for a period of two years. In the second private placement, the Company sold 15,000,000 common stock units for \$2.00 per unit. Each unit consisted of one of share of common stock with warrants to purchase one-half share of common stock at a price of \$3.75 for each whole share for a period of five years. The Company received cash of \$30,000,000 less cash placement agent and finder's fees of \$2,125,000 and issued 800,000 warrants to purchase shares of common stock at a price of \$3.75 for each whole share for a period of five years for finder's fees valued at \$2.17 per warrant for a total value of \$1,735,214.

Also in the year ended December 31, 2006, the Company issued 1,482,147 shares of common stock for the cashless exercise of warrants and 1,008,837 shares of common stock for the cashless exercise of stock options. Warrants and options in the amount of 5,838,055 and 340,000 were exercised for cash in the amount of \$4,476,927 and \$60,670 respectively, less combined brokerage fees of \$230,684. The Company issued 50,000 shares of common stock for services valued at \$112,566. The Company issued 75,000 warrants to purchase shares of common stock at a price of \$2.10 for a period of two years in exchange for services valued at \$1.07 per warrant for a total value of \$79,946.

During 2004, the board of directors and shareholders adopted amended and restated articles of incorporation, which authorized the Company's issuance of 200,000,000 shares of common stock with a \$0.001 par value. Prior to 2004, the Company was authorized to issue 25,000,000 shares of common stock with a par value of \$0.10.

The Company is authorized to issue 200,000,000 shares of common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

NOTE 8—PREFERRED STOCK

On October 28, 2004, shareholders of the Company authorized 10,000,000 shares of no par value preferred stock. The authorized but unissued shares of preferred stock may be issued in designated series from time to time by one or more resolutions adopted by the board of directors. The directors have the power to determine the preferences, limitations and relative rights of each series of preferred stock.

-13-

On November 16, 2004, the board of directors unanimously consented to amend the articles of incorporation of the Company. The amendment reclassified 10,000,000 shares of the Company's no par value preferred stock into 10,000,000 shares of \$0.001 par value Series A preferred stock. At December 31, 2005 and 2006, no shares of \$0.001 par value Series A preferred stock were issued or outstanding.

NOTE 9—STOCK BASED COMPENSATION

Stock Options

During the three months ending March 31, 2007 the Company issued 1,120,000 options within the 2006 Plan with an exercise price ranging from \$2.41 to \$2.78 with vesting at various dates through 2009. These options were granted to members of the board of directors, officers, employees and consultants of the Company. The fair value of each option is estimated on the issue date using the Black-Scholes Option Price Calculation. The following assumptions were made in estimating the fair value: risk free interest of 4.58% to 4.94%; volatility of .9142 to .9228; dividend rate of 0%; and expected life of 2.0 years. The total value of options awarded during the first three months of 2007 was calculated at \$1,606,619. Expense was recorded of \$1,814,650 for the options which vested in 2007.

During 2006, the board of directors and shareholders adopted the 2006 Equity Incentive Plan of the Company (the "2006 Plan"). During 2004, the board of directors and shareholders adopted the Company 2003 Stock Option Plan (the "2003 Plan" and together with the 2006 Plan, the "Plans"). The purpose of the Plans is to give the Company greater ability to attract, retain, and motivate its officers and key employees. The Plans are intended to provide the Company with ability to provide incentives more directly linked to the success of the Company's business and increases in shareholder value.

Under the 2006 Plan, the board of directors is authorized to grant incentive stock options ("ISOs") to employees (pursuant to Internal Revenue Code 422), non-statutory stock options, restricted stock awards, restricted stock units and stock appreciation rights. The aggregate number of shares of common stock that may be issued pursuant to awards granted under the 2006 Plan will not exceed 3,500,000 plus the number of shares that are ungranted and those that are subject to reversion under the 2003 Plan. As of March 31, 2007, the maximum number of shares available for issuance under the 2003 Plan was 360,000 shares.

Shares under the 2003 Plan that become eligible for awards under the 2006 Plan may not be granted again under the 2003 Plan.

During the year ended December 31, 2006, the Company granted 1,665,000 non-qualified stock options outside of the Plans prior to our AMEX listing with an exercise price ranging from \$2.25 to \$3.68 with vesting at various dates through 2008. These options were granted to members of the board of directors, officers, and employees of the Company. No options or stock grants were made under the 2006 Plan during the year ended December 31, 2006. The Company issued 60,000 of ISOs within the 2003 Plan with an exercise price of \$2.10 with vesting at various dates through 2008. The fair value of each option is estimated on the issue date using the Black-Scholes Option Price Calculation. The following assumptions were made in estimating the fair value: risk free interest of 5%; volatility of 101%; dividend rate of 0% and expected life of 2.4 years. The total value of options awarded during 2006 was calculated at \$3,346,975. Expense was recorded of \$2,325,500 for the options which vested in 2006.

Restricted Stock

During the three months ending March 31, 2007 the Company issued 500,000 shares of restricted stock to officers of the Company that will vest based on certain performance based milestones established for each officer. The total value of restricted stock awarded and expensed during the first three months of 2007 was calculated at \$1,390,000.

The following is a summary of the Company's stock option plans as of March 31, 2007:

| | Number of securities to be issued upon exercise of outstanding options | Weighted average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans |
|--|--|--|--|
| Equity compensation plans not approved by security holders | 2,863,333 | \$ 1.66 | n/a |
| Equity compensation plans approved by security holders: | | | |
| 2006 Plan | 1,120,000 | \$ 2.77 | 1,880,000 (1) |
| 2003 Plan | 540,000 | 0.59 | 360,000 |
| Total | 4,523,333 | \$ 1.81 | 2,240,000 |

(1) The aggregate number of shares of common stock that may be issued pursuant to awards granted under the 2006 Equity Incentive Plan will not exceed 3,500,000 plus the number of shares that are ungranted and those that are subject to reversion under 2003 Stock Plan. Shares under the 2003 Plan that becomes eligible for awards under the 2006 Plan may not be granted again under the 2003 Plan.

The following is a summary of stock option activity in 2006 and 2007:

| | Number of Shares Under Options | Weighted Average Exercise Price |
|--|--------------------------------|---------------------------------|
| Outstanding January 1, 2006 | 4,020,000 | \$ 0.43 |
| Granted | 1,725,000 | 3.01 |
| Exercised | 1,615,000 | 0.49 |
| Forfeited | 480,000 | — |
| Expired | — | — |
| Outstanding at December 31, 2006 | 3,650,000 | \$ 1.48 |
| Options exercisable at December 31, 2006 | 2,705,000 | |
| Weighted average fair value of options granted during 2006 | \$ 3.10 | |
| Outstanding January 1, 2007 | 3,650,000 | \$ 1.48 |
| Granted | 1,120,000 | 2.77 |
| Exercised | 130,000 | 0.26 |
| Forfeited | 116,667 | |
| Expired | — | |
| Outstanding March 31, 2007 | 4,523,333 | \$ 1.81 |
| Exercisable at March 31, 2007 | 3,941,666 | |
| Weighted Average Fair Value Granted During 2007 | \$ 1.43 | |

NOTE 10—INCOME TAXES

Edgar Filing: General Moly, Inc - Form 10QSB/A

At March 31, 2007 and December 31, 2006 the Company had deferred tax assets principally arising from the net operating loss carry forwards for income tax purposes multiplied by an expected rate of 34%. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the deferred tax assets, a valuation allowance equal to the deferred tax asset has been established at March 31, 2007 and December 31, 2006. The significant components of the deferred tax asset at March 31, 2007 and December 31, 2006 were as follows (in thousands):

-15-

| | March 31, 2007 | December 31, 2006 |
|--|---------------------------|------------------------------|
| Net operating loss carry forward | \$ 11,420 | \$ 8,425 |
| Deferred tax asset | \$ 3,883 | \$ 2,865 |
| Deferred tax asset valuation allowance | \$ (3,883) | \$ (2,865) |
| Net deferred tax asset | \$ — | \$ — |

At March 31, 2007 and December 31, 2006 the Company had a net operating loss carry forward of approximately \$11,420,000 and \$8,425,000 respectively, which expire in the years 2022 through 2027. The change in the allowance account from December 31, 2006 to March 31, 2007 was \$1,010,000.

NOTE 11—COMMITMENTS AND CONTINGENCIES

In January 2007, the Company entered into a note to purchase a 2007 1 ton pickup for \$30,451 at an implied interest rate of 7.2% and with a term of three years.

In December 2006, the Company entered into two five year capital leases for office equipment. The Company in December 2006 also entered into a note to purchase a 2007 1 ton pickup for \$33,571 at an interest rate of 0.9% and with a term of three years. The table below shows these obligations over the next five years (in thousands).

| Year | Lease Payment | | Interest on Leases | | Note Payment | | Note Interest | |
|--------------------------|--------------------------|----|-------------------------------|---|-------------------------|----|--------------------------|---|
| 2007 (Remaining portion) | \$ | 8 | \$ | 2 | \$ | 17 | \$ | 2 |
| 2008 | | 10 | | 2 | | 23 | | 1 |
| 2009 | | 10 | | 1 | | 23 | | 1 |
| 2010 | | 10 | | 1 | | 1 | | |
| 2011 | | 10 | | | | — | | — |
| Total | \$ | 48 | \$ | 6 | \$ | 64 | \$ | 4 |

The Mount Hope Lease may be terminated upon the expiration of its 30-year term, earlier at our election, or upon our material breach and failure to cure such breach. If we terminate the lease, termination is effective 30 days after receipt by MHMI of our written notice to terminate the Mount Hope Lease. In order to maintain the lease, the Company must pay certain deferral fees and advance royalties as discussed below.

Contractual Obligations for Future Payments under Mount Hope Lease

| Date | Fixed Payment | Project Financing Received by Date Indicated | Project Financing Not Received and Deferral Elected |
|------------------|----------------------|---|---|
| April 19, 2007 | \$ 125 | | |
| October 19, 2007 | \$ 350 | | |
| October 19, 2008 | | Greater of 3% of Construction Capital Cost Estimate or \$2,500(1)(3)(4) | \$ 350 |
| October 19, 2009 | | Greater of 3% of Construction Capital Cost Estimate or \$2,500(1)(3)(4) | \$ 350 |
| October 19, 2010 | | \$2,500(3) | Greater of \$2,500 or 3% of Construction Capital Cost Estimate(3)(4) |
| October 19, 2011 | | 3% of Construction Capital Cost Estimate(3)(4) | Greater of (a) \$2,500 or (b), if 3% of Construction Capital Cost Estimate is greater than \$2,500 then 50% of the difference between 3% and \$2,500(3)(4) |
| October 19, 2012 | | 3% of Construction Capital Cost Estimate(3)(4) | Greater of (a) \$2,500 or (b), if 3% of Construction Capital Cost Estimate is greater than \$2,500,000, then 50% of the difference between 3% and \$2,500(3)(4) |

October 19, 2013 and
each year thereafter(3) \$ 500(3)

- (1) If Project Financing is not received by October 19 of the year shown in the left column, then the Company may elect to defer this payment and proceed to make the payments under the column labeled “Project Financing Not Received and Deferral Elected.” If prior to making all of the payments under the column “Project Financing Not Received and Deferral Elected” the Company obtains project financing, the Company would be required to make this payment and to pay \$500,000 each year thereafter.
- (2) In addition to the payments above, the Company is required to pay to MHMI a production royalty after the commencement of Commercial Production of the greater of (i) \$.20/lb of molybdenum metal (or the equivalent thereof if another Product is sold) sold from the property (not to exceed the amount of Net Returns we receive for those products) or (ii) 3% of the Net Returns, subject to certain adjustments as set forth in the lease.
- (3) To be offset from the production royalty described in (3) above. The Company may recover the aggregate of these payments by retaining 50% of each production royalty payment due to MHMI.
- (4) “Construction Capital Cost Estimate” means the Company’s projected costs plus 10% to put the Mount Hope property into commercial production.

On January 30, 2007, the Company completed its previously announced acquisition of all of the issued and outstanding shares of Equatorial Mining North America, Inc., a Delaware corporation (“Equatorial”), from Equatorial Mining Limited (“Equatorial Mining Limited”). Equatorial holds a 12 percent net smelter royalty interest in the mineral rights of the Company’s Hall Tonopah molybdenum-copper property in Nye County, Nevada. The Company now owns the Hall-Tonopah property and all associated mineral rights without future royalty obligations. As set forth in the Purchase Agreement, the Company paid to Equatorial Mining Limited approximately \$4.9 million in cash at closing. At first commercial production of the property, the Company has agreed to pay an additional \$6.0 million.

Environmental Considerations:

The Company owns and has owned mineral property interests on certain public and private lands in Shoshone County, Idaho. The Company's mineral property holdings include lands contained in mining districts that have been designated as "Superfund" sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act. The Company and its properties have been and are subject to a variety of federal and state regulations governing land use and environmental matters. The Company believes it has been in substantial compliance with all such regulations, and is unaware of any pending action or proceeding action relating to regulatory matters that would affect the financial position of the Company. At March 31, 2007, the Company had accrued liabilities for compliance with environmental regulations of \$714,134. The Company's management acknowledges, however, that the possibility exists that the Company may be subject to further environmental liabilities associated with its properties in the future, and that the amount and nature of any liabilities the Company may be held responsible for is impossible to estimate.

NOTE 12—SUBSEQUENT EVENTS

In April 2007, the Company purchased 1,675 acres of land known as the Bobcat Ranch including all water rights and various personal property for \$3,000,000 plus another \$200,500 earnest money which was deposited in escrow on March 8, 2007 and is recorded in the deposits account as of March 31, 2007. This ranch is located near the Mount Hope mine site.

On March 29, 2007, the Company announced the private placement of units for gross proceeds of \$25,000,000, with net proceeds to the Company of approximately \$23.5 million before legal and other related expenses. In the aggregate, the Company agreed to issue 7.35 million units at a price of \$3.40 per unit. Each unit will consist of one share of common stock and a warrant to purchase one half of one share of common stock. Each warrant will be exercisable at a price of \$5.20 per whole share for a period of one year from the date of closing. As of March 31, 2007 the Company had issued 4,117,647 shares and warrants to purchase 2,058,824 shares pursuant to this private placement and had received \$14,000,000 and has been classified as Common stock issuable on our financial statements. The Units were offered and sold pursuant to exemptions from registration under Regulation S of the Securities Act of 1933, as amended (the "Securities Act"), for offers and sales occurring outside the United States, and Rule 506 of Regulation D and Section 4(2) of the Securities Act, as a transaction not involving any public offering. The Company plans to use net proceeds from the financing to continue the permitting and development of the Company's Mount Hope molybdenum project, for drilling and evaluation work on the Hall-Tonopah molybdenum project, and for general corporate purposes.

On May 9, 2007, the Company purchased water rights known as the Risi Ranch water rights for cash of \$1,371,429 and 17,000 shares of GMO restricted stock. The Company has deposited \$40,000 in escrow on this transaction.

We completed our Phase 1 drilling program at our Hall-Tonopah project located in Nye County, Nevada. The drilling program was designed to validate and confirm the continuity of mineralization indicated in the previous results of drilling by Anaconda and Cyprus. The new drilling has confirmed previous drill results for the upper ore body, and has indicated near surface high grade mineralization greater than 0.10 % on the east side of the existing molybdenum pit.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of our financial condition and plan of operations constitutes management's review of the factors that affected our financial and operating performance for the three months ended March 31, 2007 and 2006. This discussion should be read in conjunction with the financial statements and notes thereto contained elsewhere in this report and in our Form 10-KSB/A, for the year ended December 31, 2006.

Overview

We are in the business of the exploration, development and, if warranted, the mining of properties containing molybdenum, as well as silver, gold, base metals and other specialty metals. We currently have a 30-year renewable lease for the lands related to, possess surface rights for, and own patented and unpatented claims to, the Mount Hope Project, a primary molybdenum property, located in Eureka County, Nevada. In 2006, we acquired a second significant molybdenum project, the Hall-Tonopah project, located in Nye County, Nevada. We also own other properties and mineral rights on which we intend to conduct mineral exploration and evaluation for determining economic viability for further development. We continue to identify, investigate, and acquire other potential properties for future development.

Mount Hope. In November 2004, we entered into an option agreement with Mount Hope Mines, Inc., or MHMI, pursuant to which we were granted an exclusive one-year option to enter into a lease agreement for Mount Hope's previously drilled molybdenum deposit consisting of 13 patented claims and 109 unpatented claims in Eureka County, Nevada, for a lease period of 30 years. In April 2005, we completed a Phase 1 Mine Feasibility Study with respect to Mount Hope and began the permitting process for placing into production an open pit molybdenum mine, concentrator and processing facility capable of producing 40,000 tonnes (44,093 tons) of ore per day. In October 2005, we exercised the option and our lease agreement with MHMI became effective.

In December 2005, we completed a Technical Report which evaluated the potential to profitably extract the deeper portion of the Mount Hope deposit and augmented the mine plan contained in the 2005 Phase I Mine Feasibility Study. The augmented mine plan currently allows for the mining and processing of 920 million tonnes (1.0 billion tons) of molybdenum bearing rock over a mine production life of 50 or more years.

We are currently in the process of developing a new bankable feasibility study with respect to the Mount Hope Project, which is scheduled to be completed by July 2007. The bankable feasibility study will include optimized mine and waste rock placement plans as well as revised estimates for capital and operating costs in light of industry wide increases in input commodity, labor and construction costs over the last two years. As we are currently focused primarily on the development of the Mount Hope Project, we do not expect to generate revenues from operations before production of molybdenum begins at the Mount Hope Project.

Hall Tonopah. In March 2006, we purchased from High Desert Winds LLC its approximately ten square mile property in Nye County, Nevada, including water rights, mineral and surface rights, buildings and certain equipment. The property includes the former Hall molybdenum and copper deposit which was mined by open pit methods between 1982 and 1985 by the Anaconda Minerals Company and between 1988 and 1991 by Cyprus Metals Company for molybdenum. Equatorial Tonopah, Inc. mined copper from 1999 to 2000 on this property. Much of the deposit was drilled but not developed or mined.

In January 2007, we purchased 100% of the Stock in Equatorial Mining North America, Inc. and its two subsidiaries, which owned a 12% net smelter returns royalty on the Hall-Tonopah property, from Equatorial Mining Pty. Limited.

In January 2007, we also began a drilling program at Hall-Tonopah on the molybdenum mineralization of the existing molybdenum pit developed by Cyprus and an east extension mineralized area near the top of the east side of the existing pit. \$2.2 million was budgeted for exploratory and mineralization confirmation drilling. This program includes 13 RC drill holes and six diamond drill holes. We expect completion and results of this drilling program in the second quarter of 2007. Assay data will be confirmed through our geological quality control program and then incorporated into a mineralization model.

We also currently own several other properties located in the western United States. These properties include additional advanced-stage molybdenum deposits as well as copper and gold deposits.

Critical Accounting Estimates

Estimates

The process of preparing financial statements in conformity with US GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no mineable orebody is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing mineral deposits, and, in the future, to expand the capacity of operating mines, will be capitalized and amortized on a units of production basis over the economically demonstrated proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. We charge to operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Mining Claims and Land

Costs of acquiring and developing mineral properties are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management does not believe we have met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

Property and Equipment

Property and equipment are being depreciated over useful lives of three to seven years using straight-line depreciation.

Share-Based Compensation

We account for stock-based compensation in accordance with SFAS No. 123(R), *Share-Based Payment*. Under the fair value recognition provisions of this statement, share-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating expected dividends. In addition, judgment is also required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially impacted.

-20-

**Results of Operations for the Three Months Ended March 31, 2007
Compared to Three Months Ended March 31, 2006**

We are classified as an exploration stage company with no producing mines and, accordingly, we do not produce income. Our net loss for the three months ended March 31, 2007 was \$(9,073,000) as compared to a net loss of \$(2,188,000) for the three months ended March 31, 2006. The increase of \$6,885,000 is attributable primarily to increased exploration and documentation studies required to complete our Environmental Impact Statement and our bankable feasibility study at Mount Hope significantly contributed to additional operating expenses. We also incurred higher corporate and administrative costs in a number of areas consistent with our substantially increased activity levels. These costs include employee compensation expenses, expansion of corporate personnel and associated costs, marketing and investor relations expenses, general legal expenses, and accounting and compliance issues reflecting the greater complexity of our operations.

Exploration and development expenditures of \$3,842,000 were incurred at the Mount Hope Project and the Hall Tonopah Project during the three months ended March 31, 2007 as exploration and development activity proceeded at a very aggressive pace. This is consistent with our stated objective to complete our Mount Hope Project plans and to focus on the permitting required to bring the project to commercial production. All of the expenditures during the three months ended March 31, 2007 were related to this objective, and associated feasibility study costs represent the majority of expenditures at the Mount Hope Project.

Liquidity and Capital Resources

We have limited capital resources and thus have to rely upon the sale of equity and debt securities for the cash required for exploration and development purposes, for acquisitions and to fund our administration. Since we do not expect to generate any revenues in the near future, we must continue to rely upon the sale of our equity and debt securities to raise capital. There can be no assurance that financing, whether debt or equity, will always be available to us in the amount required at any particular time or for any period or, if available, that it can be obtained on terms satisfactory to us.

Our cash balance at March 31, 2007 was \$24,023,000 compared to \$25,861,000 at March 31, 2006. Total assets at March 31, 2007 were \$38,712,000 compared to \$30,907,000 at March 31, 2006. The change in these balances reflects the purchase of property and water rights for our Mount Hope project and the purchase of Equatorial Mining North America to secure the royalty at our Hall Tonopah project offset by proceeds received in March, 2007, from a private placement of equity. Liabilities at March 31, 2007 were \$3,112,000 compared to \$305,000 at March 31, 2006. This increase in payables reflects our increased accounts payable due to increased drilling expenses and expenses related to the completion of our bankable feasibility study.

On January 10, 2006, we concluded a private placement of 3,441,936 units at a price of \$1.10 per unit. Each unit consisted of one share of our common stock and one-half of one warrant to purchase one share of our common stock. Each whole warrant is exercisable for 24 months from the date of issuance and carries an exercise price of \$1.75 per whole share. The gross proceeds of this offering were \$3,786,000 and, after payment of sales commissions and finder's fees, we received net proceeds of \$3,621,000.

On February 15, 2006, we concluded a private placement of 15,000,000 units at a price of \$2.00 per unit. Each unit consisted of one share of our common stock and a warrant to purchase one-half of a share of our common stock. Each whole warrant is exercisable for five years from the date of issuance and carries an exercise price of \$3.75 per whole share. The gross proceeds of this offering were \$30,000,000 and, after payment of cash sales commissions and finder's fees, we received net proceeds of \$27,875,000. In the aggregate, we issued 15 million shares of common stock and warrants to purchase an additional 8.3 million shares, including warrants issued as compensation to the placement agent.

In January 2007, we entered into a note to purchase a 2007 1 ton pickup for \$34,206 at an implied interest rate of 7.2% and with a term of three years.

In December 2006, we entered into two five year capital leases for office equipment. In December 2006 we also entered into a note to purchase a 2007 1 ton pickup for \$34,000 at an interest rate of 0.9% and with a term of three years. The table below shows these obligations over the next five years (in thousands).

| Year | Lease Payment | Interest on Leases | Note Payment | Note Interest |
|--------------------------|---------------|--------------------|--------------|---------------|
| 2007 (Remaining portion) | 8 | 2 | 17 | 2 |
| 2008 | 10 | 2 | 23 | 1 |
| 2009 | 10 | 1 | 23 | 1 |
| 2010 | 10 | 1 | 1 | — |
| 2011 | 10 | — | — | — |
| Total | \$ 48 | \$ 6 | \$ 64 | \$ 4 |

Set forth below is a schedule of our contractual obligations for payments under the Mount Hope lease agreement (in thousands):

| Date | Fixed Payment | Project Financing Received by Date Indicated | Project Financing Not Received and Deferral Elected |
|------------------|---------------|--|---|
| April 19, 2007 | \$ 125 | | |
| October 19, 2007 | \$ 350 | | |
| October 19, 2008 | | Greater of 3% of Construction Capital Cost Estimate or \$2,500 (1)(3)(4) | \$350 |
| October 19, 2009 | | Greater of 3% of Construction Capital Cost Estimate or \$2,500 (1)(3)(4) | \$350 |
| October 19, 2010 | | \$2,500 (3) | Greater of \$2,500 or 3% of Construction Capital Cost Estimate (3)(4) |
| October 19, 2011 | | 3% of Construction Capital Cost Estimate (3)(4) | Greater of (a) \$2,500 or (b) if 3% of Construction Capital Cost Estimate is greater than \$2,500, then 50% of the difference between 3% and 2,500,000 (3)(4) |

Edgar Filing: General Moly, Inc - Form 10QSB/A

| | | |
|------------------|---|---|
| October 19, 2012 | 3% of Construction Capital Cost Estimate (3)(4) | Greater of (a) \$2,500 or (b) if 3% of Construction Capital Cost Estimate is greater than \$2,500, then 50% of the difference between 3% and 2,500 (3)(4) |
|------------------|---|---|

| | |
|---|------------|
| October 19, 2013 and each year thereafter (3) | \$ 500 (3) |
|---|------------|

(1) If Project Financing is not received by October 19, 2008, we may elect to defer this payment and proceed to make the payments under the column labeled "Project Financing Not Received and Deferral Elected." If prior to making all of the payments under the column "Project Financing Not Received and Deferral Elected" we obtain project financing, we would be required to make this payment and to pay \$500,000 each year thereafter.

- (2) In addition to the payments above, we are required to pay to MHMI a production royalty after the commencement of Commercial Production of the greater of (i) \$.20/lb of molybdenum metal (or the equivalent thereof if another Product is sold) sold from the property (not to exceed the amount of Net Returns we receive for those products) or (ii) 3% of the Net Returns, subject to certain adjustments as set forth in the lease.
- (3) To be offset from the production royalty described in (3) above. We may recover the aggregate of these payments by retaining 50% of each production royalty payment due to MHMI.
- (4) "Construction Capital Cost Estimate" means our projected costs plus 10% to put the Mount Hope property into commercial production.

In addition, in connection with our purchase of the Hall Tonopah Property, we agreed to make a deferred payment of up to an additional \$1,000,000 in purchase price which is payable, if at all, on or before March 17, 2008 depending on the outcome of activities at the property.

Changes in Accounting Policies

We did not change our accounting policies during the three months ended March 31, 2007.

Special Note Regarding Forward-Looking Statements

Certain statements in this report may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of our company, the Mount Hope project, Hall Tonopah project and our other projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We use the words "may," "will," "believe," "expect," "anticipate," "intend," "future," "plan," "estimate," "potential" and other similar expressions to identify forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to the following:

- the timing and possible outcome of pending regulatory and permitting matters;
- the parameters and design of our planned initial mining facilities at the Mount Hope Project;
 - future financial or operating performances of our company and our projects;
 - the estimation and realization of mineralization, if any;
- the timing of exploration, development and production activities and estimated future production, if any;
 - estimates related to costs of production, capital, operating and exploration expenditures;
 - requirements for additional capital;
- government regulation of mining operations, environmental conditions and risks, reclamation and rehabilitation expenses;
 - title disputes or claims;
 - limitations of insurance coverage; and
- the future price of molybdenum, gold, silver or other metals.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. These forward-looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including those set forth below. Although we believe that the expectations reflected in these forward-looking statements are reasonable, our actual results could differ materially from those expressed in these forward-looking statements, and any events anticipated in the forward-looking statements may not actually occur. Except as required by law, we undertake no duty to update any forward-looking statements after the date of this report to conform those statements to actual results or to reflect the occurrence of unanticipated events. We qualify all forward-looking statements contained in this report by the foregoing cautionary statements.

ITEM 3. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report on Form 10-QSB/A. Based on the foregoing and in light of the material weakness due to the lack of effective controls over the valuation and accuracy of stock compensation expense and valuation of warrants to purchase common stock (as previously disclosed in our Annual Report on Form 10-KSB/A for the year ended December 31, 2006), our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are not effective, as of the end of the period covered by this report, to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As more fully described in our Annual Report on Form 10-KSB/A for the year ended December 31, 2006, the Company has implemented a number of internal control procedures to remediate the material weakness discussed above. As a result of these internal control improvements, we believe the material weakness that existed at March 31, 2007 has been remediated as of the date of this filing.

The Company intends to continually review and evaluate the design and effectiveness of our disclosure controls and procedures as well as our internal control over financial reporting to improve our controls and procedures over time as the Company's business transitions into mining operations and to correct any deficiencies that we may discover in the future. The Company anticipates that additional changes to our internal control and procedures will be made as we takes steps to become compliant with Section 404 of the Sarbanes-Oxley Act of 2002, which we anticipate will apply for our annual report for the year ended December 31, 2007.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS

| Exhibit Number | Description of Exhibit |
|---------------------------|--|
| 31.1 | Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act |
| 31.2 | Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act |
| 32.1 | Certification of CEO pursuant to 18 U.S.C. Section 1350 |
| 32.2 | Certification of CFO pursuant to 18 U.S.C. Section 1350 |

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 15, 2007.

GENERAL MOLY, INC.

| | |
|--------|--|
| By: | /s/ Bruce D. Hansen |
| Name: | Bruce D. Hansen |
| Title: | Chief Executive Officer (Principal Executive Officer) |

-25-
