General Moly, Inc
Form 10-K
March 11, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-32986

GENERAL MOLY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	91-0232000 (I.R.S. Employer Identification No.)

(State or Other Jurisdiction of Incorporation or Organization)

1726 Cole Blvd.,

Suite 115

Lakewood, CO	80401
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (303) 928-8599

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $0.001 per share	NYSE MKT and Toronto Stock Exchange
(Title of Each Class)	(Name of each Exchange on Which Registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and

post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

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

As of June 30, 2015, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $47,079,075 based on the closing price as reported on the NYSE MKT.

As of March 3, 2016, 110,562,277 shares of the registrant's common stock, par value of $0.001 per share, were outstanding.

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DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be used in connection with its Annual Meeting of Stockholders and to be filed within 120 days of December 31, 2015 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

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PART I

ITEMS 1. & 2.BUSINESS AND PROPERTIES

The Company

References made in this Annual Report on Form 10-K to “we,” “our,” “us,” and the “Company” refer to General Moly, Inc. and its consolidated subsidiary Eureka Moly, LLC.

We are in the business of the exploration, development and mining of properties primarily containing molybdenum. Our primary asset is an 80% interest in the Mt. Hope Project (“Mt. Hope Project”), a primary molybdenum property, located in Eureka County, Nevada. The Mt. Hope Project contains proven and probable molybdenum reserves totaling 1.4 billion pounds (1.1 billion pounds owned by us) of which 1.2 billion pounds (1.0 billion pounds owned by us) are estimated to be recoverable. We received federal and state of Nevada regulatory approvals in November 2012. In 2006, we acquired a second significant molybdenum and copper project, the Liberty Project (“Liberty Project”), located in Nye County, Nevada, which we wholly own. The Liberty Project is anticipated to become our second molybdenum and copper operation, after commencement of commercial production at the Mt. Hope Project, with initial production dependent on market conditions.

Mt. Hope Project

In August, 2007, we completed a Bankable Feasibility Study (“Bankable Feasibility Study” or “BFS”) that provided data on the viability, expected economics, and production and cost estimates of the project. Since publication of the BFS, we have revised several estimates, based primarily on engineering progress, which remains approximately 65% complete at December 31, 2015. Our current estimates for the Mt. Hope Project capital cost requirements are referred to as the “Project Capital Estimate” and our current estimates for the Mt. Hope Project operating costs are referred to as the “Project Operating Cost Estimate”. On January 16, 2014, we filed a technical report (the “January 2014 Technical Report”) prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administration (“NI 43-101”) for the Mt. Hope Project. The NI 43-101 is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. The completed report estimates molybdenum reserves and resources, production, capital and operating cost parameters, along with project economics, as discussed in “— Reserves and Mineralized Material” below. There have been no subsequent updates to the January 2014 Technical Report.

Project Ownership

From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project, into Eureka Moly, LLC ("the LLC"), and in February 2008 entered into an agreement ("LLC Agreement") for the development and operation of the Mt. Hope Project with POS-Minerals Corporation ("POS-Minerals") an affiliate of POSCO, a public company based in the Republic of Korea and one of the world's largest producers of steel. POSCO was ranked the 162nd largest corporation by revenues in the world in the Fortune Global 500 for 2015. Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada Moly, LLC ("Nevada Moly"), a wholly-owned subsidiary, owns an 80% interest. In this report, POS-Minerals and Nevada Moly are also referred to as the "members." The ownership interests and/or required capital contributions under the LLC Agreement can change as discussed below.

Pursuant to the terms of the LLC Agreement, POS-Minerals made its first and second capital contributions to the LLC totaling $100.0 million during the year ended December 31, 2008 ("Initial Contributions"). Additional amounts of $100.7 million were received from POS-Minerals in December 2012, following receipt of major operating permits for the Mt. Hope Project, including the Record of Decision ("ROD") from the U.S. Bureau of Land Management ("BLM").

In addition, under the terms of the original LLC Agreement, since commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals $36.0 million, since reduced to $33.9 million as discussed below, of its capital contributions ("Return of Contributions"), with no corresponding reduction in POS-Minerals' ownership percentage. Effective January 1, 2015, as part of a comprehensive

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agreement concerning the release of the reserve account described below, Nevada Moly and POS-Minerals agreed that the Return of Contributions will be due to POS-Minerals on December 31, 2020; provided that, at any time on or before November 30, 2020, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2021; and if the due date has been so extended, at any time on or before November 30, 2021, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2022. If the repayment date is extended, the unpaid amount will bear interest at a rate per annum of LIBOR plus 5%, which interest shall compound quarterly, commencing on December 31, 2020 through the date of payment in full. Payments of accrued but unpaid interest, if any, shall be made on the repayment date. Nevada Moly may elect, on behalf of the Company, to cause the Company to prepay, in whole or in part, the Return of Contributions at any time, without premium or penalty, along with accrued and unpaid interest, if any.

The original Return of Contributions amount of $36.0 million due to POS-Minerals is reduced, dollar for dollar, by the amount of capital contributions for equipment payments required from POS-Minerals under approved budgets of the LLC, as discussed further below. As of December 31, 2015, this amount has been reduced by $2.1 million, consisting of 20% of an $8.4 million principal payment made on milling equipment in March 2015 and a $2.2 million principal payment made on electrical transformers in April 2015, such that the remaining amount due to POS-Minerals is $33.9 million. If Nevada Moly does not fund its additional capital contribution in order for the LLC to make the required return to POS-Minerals set forth above, POS-Minerals has an election to either make a secured loan to the LLC to fund the Return of Contributions, or receive an additional interest in the LLC, from Nevada Moly, estimated to be 5%. In the latter case, Nevada Moly's interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid Return of Contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC ("Dilution Formula"). At December 31, 2015, the aggregate amount of deemed capital contributions of both members was $1,078.3 million.

Furthermore, the LLC Agreement authorizes POS-Minerals to put/sell its interest in the LLC to Nevada Moly after a change of control of Nevada Moly or the Company, as defined in the LLC Agreement, followed by a failure by us or our successor company to use standard mining industry practice in connection with the development and operation of the Mt. Hope Project as contemplated by the parties for a period of twelve (12) consecutive months. If POS-Minerals exercises its option to put or sell its interest, Nevada Moly or its transferee or surviving entity would be required to purchase the interest for 120% of POS-Minerals' total contributions to the LLC, which, if not paid timely, would be subject to 10% interest per annum.

In November 2012, the Company and POS-Minerals began making monthly pro rata capital contributions to the LLC to fund costs incurred as required by the LLC Agreement. The interest of a party in the LLC that does not make its monthly pro rata capital contributions to fund costs incurred is subject to dilution based on the Dilution Formula. The Company and POS-Minerals consented, effective July 1, 2013, to Nevada Moly accepting financial responsibility for POS-Minerals' 20% interest in costs related to Nevada Moly's compensation and reimbursement as Manager of the LLC, and certain owners' costs associated with Nevada Moly's ongoing progress to complete project financing for its 80% interest, resulting in $2.9 million paid by Nevada Moly on behalf of POS-Minerals during the term of the consensual agreement, which ended on June 30, 2014. From July 1, 2014 to December 31, 2014, POS-Minerals once again contributed its 20% interest in all costs incurred by the LLC. Subject to the terms above, all required monthly contributions have been made by both parties.

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which $36.0 million held by the LLC in a reserve account established in December 2012 is being released for the mutual benefit of both members related to the jointly approved Mt. Hope Project expenses through 2020. In January 2015, the reserve account funded a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of $0.7 million to POS-Minerals and $2.7 million to Nevada Moly. The remaining funds are now being used to pay ongoing expenses of the LLC until the Company obtains full financing for its portion of the Mt. Hope Project construction cost, or until the reserve account is exhausted. Any remaining funds after financing is obtained will be returned to Nevada Moly/the Company. The balance of the reserve account at December 31, 2015 was $16.6 million.

Permitting Completion and Water Rights Considerations

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. On April 23, 2015, the BLM issued a Finding of No Significant Impact ("FONSI"), approving an amendment to the Plan of Operations ("PoO"). The ROD and FONSI approve the PoO and amended PoO, respectively, for construction and

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operation of the mining and processing facilities and also grant the Right-of-Way, and amended Right-of-Way, respectively, for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD and FONSI, developed in collaboration with the regulatory agencies involved throughout the permitting process, will avoid, minimize, and mitigate environmental impacts, and reflect the Company's commitment to operate the Mt. Hope Project to the highest environmental standards.

On February 15, 2013, Great Basin Resource Watch and the Western Shoshone Defense Project ("Plaintiffs") filed a Complaint against the U.S. Department of the Interior and the BLM (the "Defendants") in the U.S. District Court ("District Court"), District of Nevada, seeking relief under the National Environmental Policy Act ("NEPA") and other federal laws challenging the BLM's issuance of the ROD for the Mt. Hope Project, and on February 20, 2013 filed a Motion for Preliminary Injunction. The District Court allowed the LLC to intervene in the matter.

On August 22, 2013, the District Court denied, without prejudice, Plaintiffs' Motion for Preliminary Injunction based on a Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the District Court that as a result of economic conditions, including the Company's ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project.

On July 23, 2014, the U.S. District Court denied Plaintiffs' motion for summary judgment in its entirety and on August 1, 2014 the Court entered judgment in favor of the Defendants and the LLC, and against Plaintiffs regarding all claims raised in the Complaint.

On September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit ("Ninth Circuit") of the U.S. District Court's dismissal. Both parties completed their respective briefing to the Ninth Circuit on May 1, 2015. The ROD remains in effect as we await a decision from the Ninth Circuit. The Company is confident in the BLM's process and will continue to vigorously defend this subsequent appeal of the ROD.

On June 17, 2014, the LLC submitted an amendment to the approved PoO to reflect minor design changes that were identified during continued engineering and the initial phases of construction, and on November 6, 2014, submitted minor revisions to the amendment. The BLM determined that an Environmental Assessment ("EA") was required under the NEPA to analyze and disclose environmental impacts associated with these changes. After review and public comment, the BLM issued a FONSI on April 23, 2015. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

The State of Nevada Division of Environmental Protection ("NDEP") issued a Reclamation Permit for the Mt. Hope Project on November 19, 2012, which authorizes surface disturbance and construction of facilities. The Reclamation Permit originally approved the Phase 1 reclamation cost estimate of approximately $75.1 million. As a result of delays in financing for the construction of the Mt. Hope Project, we submitted a revised proposal to NDEP to reduce

our reclamation liability to current surface disturbance estimates. In December 2015, NDEP and the BLM accepted our revised estimates approving a reduction of the reclamation estimate to approximately $2.8 million. We worked with the LLC's reclamation surety underwriters to satisfy the reduced $2.8 million financial guarantee requirements under the ROD for the Mt. Hope Project. As of early 2016, the surety bond program is funded with a cash collateral payment of $0.3 million, a reduction from the $4.6 million established in November 2014, resulting in a $4.3 million return of collateral received in February 2016.

In July 2011 and June 2012, respectively, the Nevada State Engineer ("State Engineer") granted all water permits and approved a Monitoring, Management and Mitigation Plan ("3M Plan") for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of water rights holders in Diamond Valley and Kobeh Valley appealed the State Engineer's decision granting the water permits to the Nevada State District Court ("District Court") and then filed a further appeal to the Nevada Supreme Court challenging the District Court's decision affirming the State Engineer's decision to grant the water permits. In June 2013, the appeal was consolidated by the Nevada Supreme Court with an appeal of the State Engineer's approval of the 3M Plan filed by two water rights holders. The District Court previously upheld the State Engineer's approval of the 3M Plan and the two parties subsequently appealed the District Court's decision to the Nevada Supreme Court. While the appeals were pending, the 3M Plan had been implemented to collect information on background conditions and aquifer responses to the Mt. Hope Project's pumping, as well as to address mitigation measures for impacted third-party water rights.

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On September 18, 2015, the Nevada Supreme Court issued an Order that reversed and remanded the cases to the District Court for further proceedings consistent with the Order. On October 29, 2015, the Nevada Supreme Court issued the Order as a published Opinion. The Nevada Supreme Court ruled that the State Engineer did not have sufficient evidence in the record at the time he granted the water permits to demonstrate that successful mitigation may be undertaken so as to dispel the threat to existing water rights holders.

On November 23, 2015, the Nevada Supreme Court issued its Remittitur to the District Court for the County of Eureka to remand the matter to the State Engineer for further proceedings consistent with its Opinion. The Company will move forward as expeditiously as possible to reobtain its water permits, following the remand by the District Court to the State Engineer. The Company expects to comply with the Supreme Court Opinion and provide additional evidence of its ability to successfully mitigate any potential impacts to water rights in Kobeh Valley that could result from the Mt. Hope Project's water use.

On May 29, 2012, NDEP issued a Class II Air Quality Operating Permit for the Mt. Hope Project. This permit establishes operating restrictions and monitoring requirements associated with specific air emission points and remains in effect.

On November 26, 2012, NDEP issued a Water Pollution Control Permit ("WPC") for the Mt. Hope Project. The WPC also approves the operational and closure plans for the Mt. Hope Project, establishes monitoring requirements, and remains in effect.

The LLC initiated cultural clearance activities at the Mt. Hope Project in early December 2012 upon receipt of an Archaeological Resource Protection Act Permit issued by the State Archeologist at the Nevada State Office of the BLM. Cultural clearance is an important component of the LLC's commitment to environmental protection and will be completed before major earthworks are done in any of the construction areas. The LLC has cleared priority areas for initial construction and will continue mitigation throughout the disturbance footprint. Use of this phased approach is intended to allow the LLC to maintain uninterrupted construction progress once construction resumes.

On January 2, 2013, the Public Utilities Commission of Nevada ("PUCN") issued the LLC a permit to construct a 230kV power line that interconnects with Nevada Energy's transmission system at the existing Machacek Substation located near the town of Eureka, Nevada and extend it approximately 25 miles to the planned Mt. Hope Substation. In addition, the BLM approved the LLC's surety bonds for reclamation of disturbance associated with construction of the 230kV power transmission line. The PUCN permit and approved bond allows the LLC to build the transmission infrastructure in a timely manner and provide the necessary capacity to power construction activities and Mt. Hope Project operations. Construction of the transmission line will also include upgrades to the existing Machacek Substation near Eureka that will improve the reliability of electrical power to the community. At full production the Mt. Hope Project will have a total electrical demand load of approximately 75 megawatts. Transmission capacity will be secured using a network services agreement and the LLC will negotiate for generating capacity prior to Mt. Hope Project commissioning activities, which will be available once the power line is constructed and energized.

The LLC initiated preliminary construction activities on the Mt. Hope Project in early January 2013 during a period in which market conditions were conducive to construction financing, including early wellfield development and clearing and grubbing of terrain. Completion of the wellfield and water distribution systems are key items necessary to begin major construction activities. Preliminary work also included clearing the open pit minesite, millsite, tailings dam and administrative office areas. All preliminary construction activity was halted in the spring of 2013 and remains suspended as a result of the current molybdenum market, which along with the October 2015 decision of the Nevada Supreme Court, has affected our ability to obtain financing for construction of the Mt. Hope Project.

Capital & Operating Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of $1,312 million, which includes development costs of approximately $1,245 million and $67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and remains currently designed at approximately 65% engineering completion, with solid scope definition. The pricing associated with this estimate remains subject to escalation associated with equipment, construction labor and commodity price increases, and project

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delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as financing activities for construction of the Mt. Hope Project are delayed, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2015, the LLC spent approximately $282.2 million of the estimated $1,312 million on development of the Mt. Hope Project.

The LLC's Project Operating Cost Estimate forecasts molybdenum production of approximately 40 million pounds per year for the first five years of operations at estimated average direct operating costs of $6.28 per pound based on $90 per barrel oil equivalent energy prices. The Costs Applicable to Sales ("CAS") per pound, including anticipated royalties calculated at a market price of $15 per pound molybdenum, are anticipated to average $7.00 per pound for the first 5 years. For a reconciliation of direct operating costs, a non-GAAP measure, to CAS, see "—Description of the Mt. Hope Project—Reserves and Mineralized Material—Production and Operating Cost Estimates" below. These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation, including the impact of prevailing oil equivalent energy prices. The Company will update the operating cost projections with new commodity pricing adjustments at the time of project construction restart.

Equipment and Supply Procurement

Through December 31, 2015, the LLC has made deposits and/or final payments of $85.7 million on equipment orders, has spent approximately $196.5 million for the development of the Mt. Hope Project, for a total Mt. Hope Project inception-to-date spend of $282.2 million.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of $1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During January 2016, the LLC renegotiated the timelines for truck delivery and delayed deliveries into December 2016. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of $0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In the fourth quarter of 2015, the LLC accepted a change order which delayed delivery into December 2016. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC's contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the

expired contract, less a special discount in the amount of $3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In January 2016, the parties agreed to extend the letter of intent through December 30, 2016.

Based on our current forecast, the Company does not anticipate taking delivery of the haul trucks, drills, and electric shovels in 2016 and will work with the respective vendors to extend these agreements annually until we obtain financing for construction of the Mt. Hope Project.

Termination of Agreements with Hanlong (USA) Mining Investment Inc.

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. (“Hanlong”), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a $745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements resulted in the sale to Hanlong of 11.8 million shares of our common stock for a purchase price of $40 million, with additional potential equity issuances conditioned on Hanlong procuring a project financing Term Loan from a Chinese bank. The agreements also provided for Hanlong representation on our Board, limitations on how Hanlong would vote its shares of the Company and on its ability to purchase or dispose of our securities, and included a $10.0 million Bridge Loan to the Company to preserve liquidity until availability of the Term Loan.

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Most of the provisions of the agreements with Hanlong were terminated in 2013 because no project financing occurred, including repayment of the $10.0 million Bridge Loan which the parties agreed to offset against the $10.0 million termination break fee owed to the Company by Hanlong. However, Hanlong remains the owner of approximately 11% of our outstanding common stock and their representative continues as an elected member of our Board as of December 31, 2015. In February 2016, the Governance and Nominating Committee of the Company's Board of Directors determined it would not renominate the Hanlong representative, Nelson F. Chen, to the Board, as Hanlong's beneficial ownership of the Company's common stock on a fully diluted basis has fallen below 10%. Mr. Chen's term as a director will expire at the 2016 Annual Meeting of Stockholders.

Agreement with AMER International Group ("AMER")

Private Placement

In April 2015, the Company and AMER entered into a private placement for 40.0 million shares of the Company's common stock and warrants to purchase 80 million shares of the Company's common stock, priced using the trailing 90-day volume weighted average price ("VWAP") of $0.50 on April 17, 2015, the date the investment agreement was signed. General Moly received stockholder approval of the transaction on June 30, 2015.

On November 2, 2015, the Company and AMER entered into an amendment to the Investment and Securities Purchase Agreement, thereby creating a three-tranche investment strategy that creates a strategic partnership to assist the Company in obtaining full financing for the Mt. Hope Project. The first tranche of the amended investment agreement closed on November 24, 2015 for a $4.0 million private placement representing 13.3 million shares, priced at $0.30 per share, and warrants to purchase 80.0 million shares of common stock at $0.50 per share, which will become exercisable upon availability of an approximately $700.0 million senior secured loan ("Bank Loan"). The $4.0 million private placement has been divided evenly between general corporate purposes and an expense reimbursement account available to both AMER and the Company to cover anticipated Mt. Hope financing costs and other jointly sourced business development opportunities. In addition, AMER and General Moly entered into a Stockholder Agreement allowing AMER to nominate a director to a now seven member General Moly Board of Directors, additional directors following the close of Tranche 3, discussed below, and drawdown of the Bank Loan. The Stockholder Agreement also governs amer's acquisition and transfer of General Moly shares. The parties agreed to eliminate the condition to closing the investment agreement requiring a letter of intent from a Prime Chinese Bank endorsing the Bank Loan as a result of the current molybdenum market price and recent water rights decision from the Nevada Supreme Court. The parties also agreed to eliminate the requirement of the Company to obtain consent from APERAM, as Tranche 1 was issued at $0.30 per share, which is above the October 30, 2015, closing price of $0.29 per share.

Tranche 2 of the amended investment agreement will include a $6.0 million private placement representing 12.0 million shares, priced at $0.50 per share. $5.0 million of the $6.0 million will be used for general corporate purposes and $1.0 million will be set aside for the expense reimbursement account discussed above. Closing of the second tranche is contingent on the Nevada State Engineer restoring permits for the Mt. Hope Project's water rights and for the price of molybdenum to average in excess of $8/lb for a 30 consecutive calendar day period.

Tranche 3 of the amended investment agreement will include a $10.0 million private placement representing 14.7 million shares, priced at $0.68 per share. Execution of the third tranche is contingent on a final adjudication of the Mt. Hope Project's water rights through courts or settlement, if further protests and appeals result from the issuance of the water permits, and for the price of molybdenum to average in excess of $12/lb for a 30 consecutive calendar day period. After Tranche 3 of the agreement is executed, AMER will nominate a second director to General Moly’s then eight member Board of Directors.

The second and third tranches of the investment agreement may be subject to General Moly stockholder approval.

Term Loan

AMER has agreed to work cooperatively with the Company upon the return of improved molybdenum prices to procure and support a Bank Loan of approximately $700 million from a major Chinese bank or banks for development of

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the Mt. Hope Project. AMER will guarantee the Bank Loan, which is anticipated to have normal and customary covenants and security arrangements.

When documentation is complete and drawdown of the approximately $700 million Bank Loan becomes available, 80.0 million warrants to purchase common shares of General Moly will become exercisable by AMER at $0.50. After drawdown of the Bank Loan, AMER will nominate a third Director to General Moly's Board of Directors. All conditions to complete the warrants transaction must be completed no later than April 17, 2017.

Molybdenum Supply Agreement

The Company and AMER have agreed on the substantive terms of a definitive agreement that would provide a one-time option exercisable simultaneously with Bank Loan execution to purchase the balance of the Company's share of Mt. Hope molybdenum production, estimated to be approximately 16.5 million pounds annually, for the first five years of production, and 70% of the Company's annual share of Mt. Hope molybdenum production thereafter at a cost of spot price less a slight discount.

Liberty Project

In March 2006, we purchased the Liberty Project in Nye County, Nevada, including water rights, mineral and surface rights, buildings and certain equipment, from High Desert Winds LLC. The Liberty Project includes the former Hall molybdenum and copper deposit that was mined by open pit methods between 1982 and 1985 by the Anaconda Minerals Company ("Anaconda") and, between 1988 and 1991, by Cyprus Metals Company ("Cyprus"). In addition, Equatorial Tonopah, Inc. mined copper from 1999 to 2000 on this property, although their operations were in a separate open pit. Much of the molybdenum deposit was drilled but not developed or mined by these previous owners.

In January 2007, we purchased the corporation that owned a 12% net smelter royalty on the Liberty Project, effectively eliminating all third party royalties on the property. Additionally in 2007, we purchased all outstanding mineral claims associated with this property that were not previously owned by us, thus giving us control over all mineral rights within the boundary of the Liberty Project.

Since purchasing the Liberty Project, we have completed two drilling programs that, combined with previous evaluation work performed by former owners, identified mineralization. In April 2008 we completed a pre-feasibility study that detailed initial capital and operating costs, anticipated mining and milling rates and permitting requirements. In 2011, the Company released an updated NI 43-101 compliant resource estimate. Later the same

year, a pre-feasibility study detailing updated resource estimates and project economics was released. Metallurgical and environmental work were advanced in 2013 with dedicated internal resources and $0.2 million in external costs. In 2014, the Company more closely examined the use of existing infrastructure and the copper potential of the property. This work resulted in an updated NI 43-101 compliant pre-feasibility study, released in July 2014 which developed a statement of mineral reserves under the Canadian definitions. Those definitions are not consistent with U.S. definitions. Under United States Securities and Exchange Commission Industry Guide 7, Description of property by issuers engaged or to be engaged in significant mining operations ("Industry Guide 7"), the Liberty Project deposit contains 309.2 million tons of mineralized material with a total molybdenum grade of 0.078% and a total copper grade of 0.098%. The Liberty Project is considered to be a follow-on project to the Mt. Hope Project that the Company intends to actively pursue following development of the Mt. Hope Project, dependent on market conditions at that time.

Other Mining Properties

We also have mining claims and land purchased prior to 2006 which consist in part of (a) approximately 107 acres of fee simple land in the Little Pine Creek area of Shoshone County, Idaho, (b) six patented mining claims known as the Chicago-London group, located near the town of Murray in Shoshone County, Idaho, (c) 34 unpatented mining claims in Marion County, Oregon, known as the Detroit property, and (d) 83 unpatented mining claims in Sanders and Madison County, Montana. Our efforts at these properties are minimal and consume no significant financial resources. The total book value of these properties is approximately $0.1 million and the Company has retained production royalties of 1.5% of all net smelter returns on future production from two undeveloped properties in Skamania County, Washington and Josephine County, Oregon, which were sold in 2012 and 2013, respectively.

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Corporate Information

The Company was initially incorporated in Idaho under the name "General Mines Corporation" in 1925. We have gone through several name changes and on October 5, 2007, we reincorporated the Company in the State of Delaware ("Reincorporation") through a merger of Idaho General Mines, Inc. with and into General Moly, Inc., a Delaware corporation that was a wholly-owned subsidiary of Idaho General Mines, Inc. with General Moly, Inc. 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, Inc. on a one-for-one basis. For purposes of the Company's reporting status with the U.S. Securities and Exchange Commission ("SEC"), General Moly, Inc. is deemed a successor to Idaho General Mines, Inc. Our common stock is traded on the NYSE MKT under the symbol "GMO" and, in February 2008, the Company began trading on the Toronto Stock Exchange ("TSX") under the same symbol. Our registered and principal executive office is located at 1726 Cole Blvd., Suite 115, Lakewood, Colorado 80401 and the phone number for that office is (303) 928-8599.

We maintain a website at www.generalmoly.com, on which we post free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, Extensible Business Reporting Language ("XBRL") documents, and any amendments to these reports under the heading "Investors" as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also routinely post important information about the Company on our website under the heading "Investors." We do not incorporate the information on our website into this document and you should not consider any information on, or that can be accessed through, our website as part of this document. You may read and copy any materials we file with the SEC at the Securities and Exchange Commission Public Reference Room at 100 F Street NE Washington, DC 20549. Information regarding the operation of the Public Reading Room may be obtained by calling the SEC at 1.800.732.0330. The SEC also maintains a website that contains our reports and other information at www.sec.gov.

Corporate Strategy and Objective

Our corporate strategy has been to acquire and develop highly profitable advanced stage mineral deposits. Our corporate objective is to profitably develop and operate the Mt. Hope Project and to complete our evaluation and commence development of the Liberty Project. We are focused on obtaining financing required to complete the development of the Mt. Hope Project, while at the same time conserving our cash resources until such financing is received. In addition, we continue to evaluate potential value-accretive acquisition opportunities jointly with AMER.

We believe we have the following business strengths that will enable us to achieve our objectives:

- We have retained a strong, proven management team with experience in mine development, project financing, and operations.

- The Mt. Hope Project, of which we own 80%, has received its federal and State of Nevada operational permits. We are working with the Nevada State Engineer to re-obtain our water permits following the October 2015 Nevada Supreme Court decision reversing the issuance of our permits. It is anticipated to be one of the largest and lowest cost primary molybdenum projects in the world, driven, in part, by high ore grades that will be processed early in the mine life.

- Our Liberty Project has the potential to become a second, significant, molybdenum and copper operation and is wholly-owned by the Company and royalty-free.

- The Mt. Hope Project and the Liberty Project are located in Nevada, which has a long and ongoing history of large-scale, open pit mining operations.

- Both the Mt. Hope Project and the Liberty Project have near-by infrastructure for power, access roads, and water and have an environmentally sound design.

- We have strong international support from the steel industry as evidenced by the strategic partnerships and off-take agreements we have in place with several of the world's largest steel companies.

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- We anticipate favorable long-term market fundamentals for molybdenum and copper based on historical price ranges and the industry cost structure and believe that the price has a better probability of appreciating than depreciating further.

Products

We do not currently produce any products. When the Mt. Hope Project is developed, the LLC expects production of 40 million pounds of molybdenum per year over the first five years on average and approximately 1.2 billion pounds of molybdenum over the expected 41-year life of the project. The Mt. Hope Project will primarily focus on producing Technical Grade Molybdenum Oxide ("TMO"), which is widely utilized by the steel industry. In the future, we may also consider producing ferromolybdenum ("FeMo"), which is also used by the steel industry and would make the Company an integrated supplier to the steel industry, and have designed the Mt. Hope Project plant to accommodate this process.

Molybdenum is a refractory metal with very unique properties. Approximately 70% to 80% of molybdenum applications are in steel making. Molybdenum, when added to plain carbon and low alloy steels, increases strength, corrosion resistance and high temperature properties of the alloy. The major applications of molybdenum containing plain and low alloy steels are automotive body panels, construction steel and oil and gas pipelines. When added to stainless steels, molybdenum imparts specialized corrosion resistance in severe corrosive environments while improving strength. The major applications of stainless steels are in industrial chemical process plants, desalinization plants, nuclear reactor cooling systems and environmental pollution abatement. When added to super alloy steels, such as those used in jet turbine blades and other advanced aerospace engine components, molybdenum dramatically improves high temperature strength, thermal expansion and contraction resistance and resistance to oxidation. The effects of molybdenum additions to steels are not readily duplicated by other elements and as such are not significantly impacted by substitution of other materials.

Other significant molybdenum applications include lubrication, catalytic sulfur reduction in petrochemicals, lighting, LCD activation screens, x-ray generation, high temperature heat dissipation and high temperature conductivity. These areas represent the highest technical and value-added applications of molybdenum.

Competitive Conditions

Molybdenum exploration, development and production is a competitive business. We anticipate competing worldwide with numerous molybdenum suppliers once the Mt. Hope Project achieves production.

The supply of molybdenum comes from both primary molybdenum mines which represents approximately 40% of the molybdenum produced annually, such as our proposed Mt. Hope Project, and as a byproduct of porphyry copper production, which represents approximately 60% of the annual production, as estimated by CPM Group in February 2016. Annual molybdenum production is estimated by CPM Group to be 516 million pounds in 2016 and then 536 million pounds in 2017. Although many companies produce molybdenum, some of which also mine other minerals, approximately two-thirds of global production is concentrated among ten companies.

When and if we develop either or both our Mt. Hope Project and/or Liberty Project and commence production, our competitive position will be based on the quality and grade of our ore bodies and our ability to manage costs compared with other producers.

Employees

The Company had a total of 17 employees, including 16 exempt and 1 hourly employee, as of December 31, 2015.

Description of the Mt. Hope Project

Overview

The discussion in this section is based on the entire Mt. Hope Project, of which we own an 80% interest. The LLC is responsible for the development of the Mt. Hope Project. The Mt. Hope Project will include the development of

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an open pit mine, construction of a concentrator and a roaster, and construction of all related infrastructure to produce TMO, the most widely used molybdenum product.

From November 2004 through August 2007 we conducted numerous exploration, drilling and evaluation studies, culminating in the BFS for the Mt. Hope Project. In 2005, we initiated the baseline studies necessary for development of an Environmental Impact Statement ("EIS"). We completed an initial PoO, which the BLM accepted in September 2006. In December 2006, the BLM selected an environmental firm to complete the EIS for the Mt. Hope Project. The Company worked diligently with the environmental firm to complete the EIS, resulting in the ROD becoming effective on November 16, 2012. On January 16, 2014, we filed a technical report (the "January 2014 Technical Report") prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administration ("NI 43-101") for the Mt. Hope Project, estimating molybdenum reserves and resources, production, capital and operating cost parameters and project economics.

The Mt. Hope Project — the Mt. Hope Lease

The Mt. Hope Project is owned/leased and will be operated by the LLC under the LLC Agreement. The LLC currently has a lease ("Mt. Hope Lease") with Mount Hope Mines, Inc. ("MHMI") for the Mt. Hope Project for a period of 30 years from October 19, 2005 and for so long thereafter as operations are being conducted on the property. The lease may be terminated earlier at the election of the LLC, or upon a material breach of the lease and failure to cure such breach. If the LLC terminates the lease, termination is effective 30 days after receipt by MHMI of written notice to terminate the Mt. Hope Lease and no further payments would be due to MHMI. If MHMI terminates the lease, termination is effective upon receipt of a notice of termination of a material breach, representation, warranty, covenant or term contained in the Mt. Hope Lease and followed by failure to cure such breach within 90 days of receipt of a notice of default. MHMI may also elect to terminate the Mt. Hope Lease if the LLC has not cured the non-payment of obligations under the lease within 10 days of receipt of a notice of default.

Located in Eureka County, Nevada, the Mt. Hope Project consists of 13 patented lode claims and one millsite claim, which are owned by MHMI and leased to the LLC, and 1,521 unpatented lode claims, including 109 unpatented lode claims owned by MHMI and leased to the LLC and 1,412 unpatented lode claims owned by the LLC. Patented claims are owned real property and unpatented claims are held subject to the paramount title of the United States of America ("U.S.") and remain valid for as long as the claim contains a discovery of valuable minerals as defined by law and the holder pays the applicable fees.

The Mt. Hope Lease is subject to the payment of certain royalties. See "Business—Description of the Mt. Hope Project—Royalties, Agreement and Encumbrances" below. In addition to the royalty payments, the LLC is obligated to maintain the property and the Mt. Hope Project's associated water rights, including the payment of all property taxes and claim maintenance fees. The LLC must also indemnify MHMI against any and all losses incurred as a result of any breach or failure to satisfy any of the terms of the Mt. Hope Lease or any activities or operations on the Mt. Hope property.

The LLC is not permitted to assign or otherwise convey its obligations under the Mt. Hope Lease to a third party without the prior written consent of MHMI, which consent may be withheld at its sole discretion. If, however, the assignment takes the form of a pledge of our interest in the Mt. Hope Project for the purpose of obtaining project financing, MHMI's consent may not be unreasonably withheld. The Mt. Hope Lease further requires the LLC to keep the property free and clear of all liens, encumbrances, claims, charges and burdens on production except as allowed for project financing.

The Mt. Hope Lease requires that the terms of any project financing must provide that: (i) any principal amount of debt can only be repaid after payment of the periodic payments as set out in the Mt. Hope Lease; (ii) the lenders may not prohibit or interfere with any advance royalty payments due to MHMI under the Mt. Hope Lease; and (iii) no cash sweeps or payments of excess cash flow may be made to the lenders in priority of such advance royalty payments, as discussed in " — Royalties, Agreements and Encumbrances" below.

The Mt. Hope Lease also contains an after acquired property clause, which requires that any property acquired by the LLC within two miles of the boundary of the Mt. Hope Project be conveyed to MHMI if requested within a certain time period following notification of such acquisition. MHMI has requested that we maintain ownership of all new claims filed by the LLC, which now includes 1,412 unpatented lode claims.

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Property Description and Location

The Mt. Hope Project is located on the eastern flank of Mt. Hope approximately 21 miles north of Eureka, Nevada. The Mt. Hope Project is located at the southern end of the northwest-trending Battle Mountain-Eureka mineral belt. Mt. Hope is approximately 2.6 miles due west of Nevada State Route 278 ("Route 278"), and the Mt. Hope Project centers in sections 1 and 12, T22N-R51E and sections 12 and 13, T22N-R51½E.

Royalties, Agreements and Encumbrances

Advance Royalty

The Mt. Hope Lease requires a royalty advance ("Construction Royalty Advance") of 3% of certain construction capital costs, as defined in the Mt. Hope Lease. The LLC is obligated to pay a portion of the Construction Royalty Advance each time capital is raised for the Mt. Hope Project based on 3% of the expected capital to be used for those certain construction capital costs defined in the Mt. Hope Lease. Through December 31, 2015, we have paid $24.1 million of the total Construction Royalty Advance. Based on our Mt. Hope Project capital budget we estimate that a final reconciliation payment on the Capital Construction Cost Estimate (the "Estimate") will be due following the commencement of commercial production, after as-built costs are definitively determined. The Company estimates, based on the revised capital estimate discussed above and the current timeline for the commencement of commercial production, that an additional $4.2 million will be due approximately 24 months after the commencement of construction. This amount was accrued as of December 31, 2015. The capital estimates will be subject to escalation as the Company experiences continued delays associated with current market conditions and its ability to seek and obtain full financing for the Mt. Hope Project.

The LLC is also obligated to make a minimum annual advance royalty payment ("Annual Advance Royalty") of $0.5 million each October 19 for any year wherein commercial production has not been achieved or the MHMI Production Royalty (as hereinafter defined) is less than $0.5 million. As commercial production is not anticipated to commence until early 2019, the Company has accrued $1.5 million in Annual Advance Royalty payments which will be due in three $0.5 million installments in October 2016, 2017 and 2018, respectively. An additional installment of $0.5 million was paid in October 2015. The Estimate and the Annual Advance Royalty are collectively referred to as the "Advance Royalties." All Advance Royalties are credited against the MHMI Production Royalties once the mine has achieved commercial production. After the mine begins production, the LLC estimates that the MHMI Production

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Royalties will be in excess of the Annual Advance Royalties for the life of the Mt. Hope Project. Until the advance royalties are fully credited, the LLC will pay one half of the calculated Production Royalty annually. Assuming a realized $12 molybdenum price, the Annual Advance Royalties will be consumed within the first five years of commercial production.

Production Royalty

Following commencement of commercial production, the LLC will be required to pay a production royalty to MHMI and Exxon Corporation ("Exxon") as follows:

(a) MHMI Production Royalty

After commencement of commercial production at the Mt. Hope Project, the LLC will be required to pay to MHMI a production royalty equal to the greater of: (i) $0.25 per pound of molybdenum metal (or the equivalent of some other product) sold or deemed to be sold from the Mt. Hope Project; or (ii) 3.5% of net returns ("Base Percentage"), if the average gross value of products sold is equal or lower than $12.00 per pound, or the Base Percentage plus 1% of net returns if the average gross value of products sold is higher than $12.00 per pound but equal or lower than $15.00 per pound, or the Base Percentage plus 1.5% of net returns if the average gross value of products sold is higher than $15.00 per pound ("MHMI Production Royalties"). As used in this paragraph, the term "products" refers to ores, concentrates, minerals or other material removed and sold (or deemed to be sold) from the Mt. Hope Project; the term "gross value" refers generally to proceeds received by us or our affiliates for the products sold (or deemed to be sold); and the term "net returns" refers to the gross value of all products, less certain direct out of pocket costs, charges and expenses actually paid or incurred by us in producing the products.

(b) Exxon Production Royalty

Exxon will receive a perpetual 1% royalty interest in and to all ores, metals, minerals and metallic substances mineable or recoverable from the Mt. Hope Project in kind at the mine or may elect to receive cash payment equal to 1% of the total amount of gross payments received from the purchaser of ores mined/removed/sold from property net of certain deductions.

Environmental Regulations and Permits

The Mt. Hope Project is subject to numerous state of Nevada and federal environmental regulations and permits. See "—Applicable Mining Laws" and "—Permitting" below for a detailed description of these requirements.

Accessibility, Climate, Local Resources, Infrastructure, and Physiography

Access

The Mt. Hope Project has year-round access from Route 278. The land package includes the land between the project site and Route 278 making the project accessible from existing roads.

Climate

Climate in the area is moderate, with average highs in July of about 85 degrees Fahrenheit and lows in January of about 17 degrees Fahrenheit. Precipitation in the area is relatively low with annual precipitation averages of about 12 inches. Operations at the site are planned to continue year-round.

Local Resources and Infrastructure

The town of Eureka, Nevada is approximately 21 miles to the south of the Mt. Hope Project, via Route 278. The infrastructure requirements to support the mine and mill concentrator consist of bringing power and water to the property, commensurate with the operational requirements, including developing a water wellfield within the Kobeh Valley water basin, constructing site access roads, constructing maintenance shops for the mine and plant administrative offices, constructing a potable water supply system, constructing septic leachfield systems, installing emergency power

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generators and propane gas tanks, and installing facilities for project communications. A 230kV power line is expected to be developed from the Machacek substation near Eureka to the minesite.

Water Rights and Surface Rights

Planned water wells, located approximately 6 miles to the southwest of the planned operating facilities, are anticipated to supply approximately 7,000 gallons per minute to the Mt. Hope Project. Exploration for water is sufficiently advanced to identify the source of water that will be used for all project water needs, with final fresh water development to occur during the construction of the project. (See "—Permitting — Mt. Hope Permitting Requirements — Water Appropriation Permits—Nevada Division of Water Resources" below for a discussion of the current status of our applications for water rights for use in the Mt. Hope Project).

Surface rights on the Mt. Hope Project include BLM open range grazing rights; water rights are located in the vicinity of the Project. Two power line easements cross within the property boundaries. An existing easement for a 345kV transmission line runs north-south on the western edge of the property and the other existing easement is a medium-voltage power line that runs east along the existing main access road that connects to Route 278 to the eastern property boundary. The LLC also has a right-of-way from the BLM for a microwave relay that provides network communications and voice radio capability for the minesite and will provide improved cellular service to the surrounding community.

Physiography

The Mt. Hope area lies within an area of north-south trending mountains separated by alluvial valleys. The primary mountain ranges in the Mt. Hope area include the Roberts Mountains, Sulphur Spring Range, Diamond Mountains, Simpson Park Range, and the Cortez Mountains. Elevations of the mountains range from approximately 6,800 feet for the crests of the Sulphur Spring range to over 10,000 feet for the Roberts Mountains.

The major valleys in the Mt. Hope region are Diamond Valley to the east, Pine Valley to the north, and Kobeh Valley to the west and southwest of the Mt. Hope Project. Diamond and Pine Valleys are elongated in a north-south direction.

Valleys are typically underlain by up to several thousand feet of unconsolidated to poorly consolidated alluvium. Mountains are characterized by extensive bedrock exposures. Soils are typically thin and poorly developed.

Generally, groundwater in the mountains is hosted in fracture-controlled aquifers, while groundwater in the valleys is in porosity-controlled aquifers.

The upper portions of the valleys are similar in nature and are characterized by slightly incised stream channels with no significant associated floodplain. The uplands and mountains have slopes ranging from moderate to steep (over 30 percent) with shallow to deep, moderately alkaline to medium acidic soils. Bedrock is often within 0.5 meters of the surface, particularly on the steep upland slopes.

Lake sediments make up the largest areas in the valleys. The slopes range from smooth to rolling (0 to 15 percent) and the soils vary from shallow to deep and mildly to strongly alkaline. The surface textures range from silty clay loams to gravelly sandy loams and local sand. The permeability of these soils ranges from slow to rapid.

The natural vegetation of the region consists of pinion juniper and sagebrush with grass. The pinion juniper occupies the higher elevations of the mountain slopes, with the lower areas in the valley covered predominantly with sagebrush, shrubs, and perennial bunchgrasses.

Mt. Hope, located in the lower foothills of the southeast flank of the Roberts Mountains, stands approximately 8,400 feet in elevation. Areas to the east and southeast of the Mt. Hope Project slope gently to elevations from 6,400 to 7,900 feet. Diamond Valley, situated to the south and east, is approximately 6,000 feet in elevation.

These physiographic attributes are typical of other major mines in Nevada.

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History

Prior Ownership and Results of Exploration Work

Lead-zinc ores were discovered at Mt. Hope in 1870, and small-scale mining was carried out sporadically until the 1970s. Zinc and adjacent copper mineralization were the focus of drilling activities by Phillips Petroleum in the early 1970s and by ASARCO and Gulf ("ASARCO") in the mid-1970s, which outlined further zinc mineralization. The last drill hole of this series encountered significant molybdenum mineralization at depth west of the zinc deposits. The significance of this mineralization was first recognized by ASARCO in 1976, but ASARCO did not reach an agreement with MHMI to test this potential.

Exxon recognized molybdenum potential at Mt. Hope in 1978 and acquired an option on the property from MHMI. By 1982, Exxon had completed 69 drill holes, which partially defined a major molybdenum deposit underlying the east flank of the Mt. Hope property. Exxon conducted a +/-25% feasibility study of the Mt. Hope project in 1982. A draft EIS was completed on the project and public hearings were held in early 1985. Exxon drilled an additional 60 holes on the property between 1983 and 1988 but did not update their deposit block model with data from the post-1982 holes. Cyprus drilled four holes on the property in 1989-90 under an agreement with Exxon but did not pursue the project.

We established an agreement with MHMI in 2004 pursuant to which we obtained access to the work completed by previous companies that had evaluated the property, including drill core and drill data. We used this data as the basis for developing an evaluation of the Mt. Hope deposit. The evaluation provided the basic engineering, plant design and other aspects of analysis of the Mt. Hope Project and outlined a positive operating process, waste disposal, mine design and plan, preliminary Environmental Assessment ("EA"), permitting plan, operating and capital cost estimates, and the corresponding estimates of mineralized material.

Geology

Mt. Hope is located in north-central Nevada on the eastern edge of a mineral belt linking ore deposits of diverse ages. The Battle Mountain-Eureka mineral belt, a northwest-southeast trending corridor about 250 miles long, has localized major deposits of gold, silver, copper, and molybdenum.

The Mt. Hope molybdenum ore deposit occurs in an area of about two square miles of elevated igneous rocks. The mineralized complex includes a variety of igneous rocks derived from a common volcanic source. Quartz porphyry, the primary molybdenum host rock, is commonly veined with molybdenite. Subordinate molybdenum mineralization

also occurs in hornfels. The known orebody occurs in two zones of the quartz porphyry stock and hornfels wallrocks.

The ore deposit is a molybdenum porphyry, which is classified as a “Climax-type” deposit. This type of deposit has well zoned molybdenum mineralization. The molybdenum mineral content, termed grade zoning, surrounds the central area of the deposit and forms geometries that are circular in plan and arch shaped in section. Mt. Hope has two of these mineralized systems adjacent to each other. The mineral zones or “shells” consist of quartz porphyry and hornfels cross-cut by quartz stockwork veining containing molybdenite.

Mineralization

The main form of molybdenum mineralization that occurs within the orebody is molybdenite (MoS2 - molybdenum disulfide). Much of the known molybdenite is distributed around two lobes and offshoots of the main quartz porphyry stock and within two separate mineralized zones. A concentration of higher-grade mineralization is present between the eastern and western mineral zones. This overlap mineralization lies beneath the Mt. Hope Fault, and the upper, eastern edge is truncated by the fault surface. The overlap zone is interpreted as a rock volume that was mineralized by both mineral systems in sequence, contributing to a greater intensity of stock work veining and additive molybdenum grades. Referred to as the Mt. Hope Fault Zone, this area is approximately 1,300 feet in diameter and varies from 325 to 985 feet deep. This zone will be the target of open pit mining in the first 7 years of the project. During the 34 years of active mining, lower grade ore will be mined and stockpiled for processing during 8 years following the completion of mining.

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Exploration

The majority of the exploration activities were completed prior to leasing the property from MHMI. However, since acquiring access to the Mt. Hope Project, we have completed additional exploration drilling for molybdenum for the purposes of supporting our BFS and subsequent January 2014 Technical Report and obtaining engineering information for items such as geotechnical design, hydrology, and condemnation for waste dumps and tailing ponds as well as infill drilling for ore calculation purposes.

All core and assay results from the extensive drilling campaigns are available to the Company. Accordingly, this data has been incorporated into a high quality database and has been used to analyze and quantify the mineral resource. The drilling at the Mt. Hope Project has been predominately performed by utilizing diamond core methods, and some reverse circulation ("RC") in areas of condemnation and water well drilling. The drill hole database used in the current mineral resource estimate includes 267 holes drilled for a total of 324,634 feet of drilling; 247,893 feet of which is core and RC collar/core finish, the remaining 76,741 feet is RC.

Ore to Be Mined

The table below summarizes the ore grades we expect to mill under our January 2014 Technical Report prepared in accordance with NI 43-101 guidelines for the Mt. Hope Project:

Mill Feed Ore Statistics

Category	Ktons	Average Grade Sulfide Mo%	Mo Recovery %
Ore in Years 1-5	122,000	0.092	89.8
Ore in Years 1-10	244,000	0.086	89.5
Ore Life of Mine	985,000	0.07	88.8

The modeled pit, including the above mineralized material and waste, contains an estimated 2.7 billion tons of total material. Based on these estimates, from the inception of production through year 34, the mill will process 820 million tons of ore at an average ore grade of 0.076% Sulfide Molybdenum ("Sulfide Mo"). During this time period low-grade ore totaling 165 million tons with an average ore grade of 0.039% Sulfide Mo will be stockpiled for later feed into the mill from years 34 through 41. Waste material totaling 1.7 million tons will also be mined and disposed of on site. The total production is based on estimated life of mine and has a 0.034% Sulfide Mo cutoff grade.

In February 2014, we announced the results of an internal study for operating the Mt. Hope Project in later years in a sustained lower molybdenum price environment. The study considered an optional scenario which would provide ore for 24 years of mining and 30 years of milling, compared with the base plan discussed above (34 years of mining and 41 years of milling). The optional scenario provides the LLC with flexibility to respond to a sustained lower molybdenum price environment in later years, after the Mt. Hope Project is developed and operating. During the first nine years of production in the pit, there would be no meaningful change between the base and optional scenario developed by the study. The divergence would come in later years when the optional scenario could be implemented if lower molybdenum prices are sustained long-term.

Mining

The Mt. Hope Project is planned for production by conventional large-scale, hardrock, open-pit mining methods. The current mine plan provides for primary loading with a fleet of two electric cable shovels, one hydraulic shovel, and one front-end loader. The mine fleet is expected to include 24 240-ton trucks by the end of the first full year of production. Once construction commences, the LLC anticipates engaging a contractor to perform approximately 10 months of pre-production stripping concurrent with the initial phases of construction of the Mt. Hope Project.

Ore will be hauled directly to the crusher at the southeast side of the pit. Waste will be delivered to one of four waste sites located around the mine. One low grade stockpile will be located to the east of the pit. The low-grade material will be re-handled and processed through the plant following the initial 34 years of mining. The planned storage of low-grade ores is 165 million tons at a grade of 0.039% Mo.

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Process Overview

The process circuit will include:

· Primary Crusher & Coarse Ore Stockpile—The primary crusher will be located adjacent to the pit and crushed ore will be fed to a 70,000 ton live capacity stockpile.

· Semi-Autogenous Grinding ("SAG") & Ball Mill Circuit—Ore will be reclaimed from the stockpile from up to four feeders and fed by conveyor to the SAG mill. The design will allow for the addition of a pebble crusher. Following the SAG mill, the ore will be ground to 80% passing 150 micrometers in the two ball mills at an average daily processing rate of 66,688 tons.

· Flotation Circuit—Following the grinding circuit, the ore will be processed in a conventional flotation plant. The molybdenum ore will be treated through two banks of rougher/scavenger flotation, one stage of first cleaners followed by regrind, and six additional stages of cleaner flotation. Some molybdenum concentrates with higher levels of included metals will be treated through a concentrate leach facility to produce the cleaned, final molybdenum concentrate. Metallurgical results have indicated that an estimated mill recovery of approximately 89% is achievable across grades ranging from 0.04% through 0.1% molybdenum ("Mo") with final concentrate grades of approximately 54% to 56% Mo.

· Roaster Circuit—Molybdenum concentrate will be further processed in two multi-hearth roasters to produce technical grade molybdenum trioxide product. The roasting facility will provide a fully integrated process.

Tailing Facility

The proposed mining and processing operation is expected to produce approximately 24 million tons of tailing (including sulfur dioxide scrubber residue) per year. Approximately 990 million tons of tailing will be produced over the life of the project. The tailing storage facility layout provides for the construction of one tailing impoundment that will contain approximately 30 years of operations. A second facility is planned for the remaining years. Both tailing impoundments will be constructed with plastic liners to provide for groundwater protection.

Reserves and Mineralized Material

Our January 2014 Technical Report, which contained an updated statement of reserves and mineralized material, revised the previous proven and probable estimates supported by the 2007 BFS. The new statement establishes

proven reserves totaling 320,473 thousand tons of ore at an average grade of 0.084% molybdenum and probable reserves totaling 664,129 thousand tons of ore at an average grade of 0.063% molybdenum, summarized as follows:

Statement of Reserves and Mineralized Material

Units = Short Tons

Reserves

Cutoff Grade	Proven Reserves		Probable Reserves		Proven+Probable Reserves	
		Grade		Grade		Grade
Sulfide Mo	Ktons	Sulfide Mo	Ktons	Sulfide Mo	Ktons	Sulfide Mo
0.034 %	320,473	0.084 %	664,129	0.063 %	984,602	0.07 %

Additional Mineralized Material

Cutoff Grade	Mineralized Material	
		Grade
Sulfide Mo	Ktons	Sulfide Mo
0.025–0.034	65,243	0.033 %

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Footnotes to Statements of Reserves and Mineralized Material

Reserve tons are tabulated at the cutoff grade of 0.034% Sulfide Mo. The final reserve pit design completed in early 2014 was based on a molybdenum price of $12/lb molybdenum in the saleable form of molybdenum tri-oxide. As of December 31, 2015, the approximate three-year backward average price for molybdenum was $9.56/lb, according to Ryan's Notes, a ferro-alloy industry news and pricing publication (and the spot price for molybdenum on the same date was approximately $5.20/lb).

The reserve at the Mt. Hope Project is based on a detailed mine plan and production schedule that was reported in the January 2014 Technical Report. If the current three-year backward average price for molybdenum is applied to the estimated mineral sales from that mine plan and schedule, the total of the non-discounted forward-looking cash flows is positive. On that basis, the stated reserve is not impaired.

The three-year backward average price of molybdenum will continue to decline if the current trend in molybdenum prices does not improve. As a result, the Company has developed alternative mine plans based on lower mineral prices to evaluate the economic sensitivity of the Mt. Hope Project. An alternative mine plan has been developed based on a $10/lb molybdenum price as compared to the current price of $12/lb. The resulting mine plan produces combined proven and probable reserves of approximately 738 million tons of ore at 0.072% molybdenum. This alternative plan would result in 24 years of mining and 30 years of milling at the Mt. Hope Project compared to the stated reserve life of 34 years of mining and 41 years of milling. If the alternative scenario were to be implemented in the future, the Mt. Hope Project would produce 933 million pounds of molybdenum, reducing salable molybdenum by 278 pounds of higher cost production.

The reserve at the Mt. Hope Project is based on a block model that utilized the statistical process of Indicator and Ordinary Linear Kriging constrained by appropriate rock type and grade boundaries. Floating cone pit design algorithms were used to establish the guidelines to design eight phases and the reserve pit. Mine planning utilized conventional mine equipment to prepare detailed mine cost estimates.

Mineralized material is tabulated within the same reserve pit outline at the cutoff grade of 0.025 — 0.034% Sulfide Mo.

The metallurgical recovery applied to the financial models used in the determination of reserves was variable by grade, with 89.8% for the first five years of mining, 89.5% for the first ten years, and 88.8% for the life of mine. The molybdenum roaster recovery was held constant at 99.2%.

The base case financial model used a molybdenum price of $15/lb in the salable form of molybdenum tri-oxide.

Capital Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of $1,312 million, which includes development costs of approximately $1,245 million and $67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and remains currently designed at approximately 65% engineering completion, with solid scope definition. The pricing associated with the estimate remains subject to escalation associated with equipment, construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as the Company experiences delays in obtaining its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2015, the LLC spent approximately $282.2 million of the estimated $1,312 million on development of the Mt. Hope Project.

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The anticipated capital requirements of the Mt. Hope Project are divided into cost categories in the following table:

	Millions $US	
Category	2012 Estimate	2013 Revised Estimate
Mining equipment	$ 150	$ 149
Construction, materials & plant facilities	583	595
Owners cost, pre-stripping, camp	245	265
Taxes, freight, commissioning, spares	73	74
Equipment suspension costs	11	11
Engineering, Procurement, & Construction Mgmt	70	70
Contingency	70	59
Escalation	—	22
Total Capital	$ 1,202	1,245
Bonding and pre-paid items	67	67
Total Capital Requirement	$ 1,269	1,312

Furthermore, ongoing replacement and sustaining mine equipment and process plant capital over the expected 41-year operating life is currently estimated to be approximately $786 million (in 2013 dollars). These amounts do not include financing costs, amounts necessary to fund operating working capital, or reclamation. We expect that these cost estimates will continue to evolve over time based on changes in the industry-wide cost structure as well as changes in our operating strategies and initiatives for the project.

Pricing

The worldwide molybdenum price fluctuated between $5.33 per pound in 2003 to over $40.00 per pound in 2005 and traded in the mid-$30s per pound prior to October 2008, when prices fell from approximately $33.50 per pound to $7.70 per pound in April 2009 as a result of the global financial crisis. Subsequent to April 2009, prices slowly rose finishing 2009 at $12.00 per pound and further increasing to finish 2010 at $16.40 per pound. By the end of 2011, prices had pulled back to $13.30 per pound, then decreased further to $9.75 per pound at the conclusion of 2013, and fell further to $9.13 per pound by the end of 2014. In 2015, molybdenum traded in a range of $4.53 per pound to $9.40 per pound according to Ryan’s Notes, with performance for the first eight months of the year driven by tighter supply of material and solidifying downstream demand, particularly in the stainless steel, energy infrastructure and transportation industries. Beginning in September 2014, molybdenum price experienced a sharp pullback reflecting softening spot market molybdenum demand and a strengthening U.S. dollar, amongst other factors.

In our BFS and subsequent January 2014 Technical Report and for a portion of our financial evaluations, we use molybdenum prices prepared by an independent commodities research company, CPM Group. Their research is a

comprehensive look at both the supply and demand side of the molybdenum market. Through their research, they forecast global growth rates for molybdenum for both supply and demand. CPM Group continues to forecast prices in excess of current spot prices over the long-term. In February 2016, CPM Group forecast that molybdenum prices would range between $6.60 and $10.90 per pound through 2019, $11.45 in 2020, $12.00 in 2021, $15.20 in 2022, $15.95 in 2023, and $17.15 in 2024.

Production and Operating Cost Estimates

Production over the life of the Mt. Hope Project is estimated to be 1.2 billion pounds of saleable molybdenum on a 100% basis. Average yearly production over the first full five years is estimated at 40 million pounds of molybdenum. Direct operating costs for the Mt. Hope Project over the first full five years of operation are anticipated to average $6.28 per pound, using $90 per barrel oil equivalent energy costs, and CAS per pound over the first full five years of operation, including anticipated royalties calculated at $15 per pound molybdenum, are anticipated to average $7.00 per pound. Life of mine CAS are estimated to be approximately $8.70 per pound of molybdenum at $90 per barrel oil, inclusive of anticipated royalty payments calculated at $15 per pound molybdenum. These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation. The Company will update the operating cost projections with new commodity pricing adjustments at the time of project construction restart.

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Reconciliation between CAS, a measure based on accounting principles generally accepted in the United States of America ("GAAP"), and direct operating costs, a non-GAAP measure, is provided in the table below.

Description	First Five Years	Life of Mine
Direct operating costs	$ 6.28	$ 7.90
Royalty payments (1)	0.72	0.80
Total CAS	$ 7.00	$ 8.70

(1) Royalty payments are a function of assumed molybdenum prices realized. The above calculation assumes a molybdenum price of $15.00 per pound.

Description of the Liberty Project

On March 17, 2006, we purchased the Liberty Project, an approximately ten square mile property in Nye County, Nevada, including water rights, mineral and surface rights, buildings and certain equipment from High Desert Winds LLC ("High Desert"). The property includes the former Hall molybdenum and copper deposit that was mined for molybdenum by open pit methods between 1982 and 1985 by Anaconda and between 1988 and 1991 by Cyprus. Equatorial Tonopah, Inc. mined copper from 1999 to 2000 on this property, although their operations were in a separate open pit also located on the property. Much of the molybdenum deposit was drilled but not developed or mined by these previous owners. At closing, we paid High Desert a cash payment of $4.5 million for a portion of the property, and in November 2006, made an additional payment of $1.0 million for the remainder of the property.

On January 30, 2007, we purchased Equatorial Mining North America, Inc. and its two subsidiaries, which owned a 12% net smelter returns royalty on the Liberty Project, from Equatorial Mining Pty. Limited, effectively eliminating all third party royalties on the property. The consideration paid for the Equatorial acquisition was $4.8 million with an additional deferred payment of $6.0 million, which will be due upon commencement of commercial production at the property. In connection with the transaction, we acquired $1.2 million in cash accounts and assumed all environmental liabilities on the reclaimed site. Additionally in 2007, we purchased all outstanding mineral claims associated with this property that were not previously owned by us thus giving the Company 100% control over all mineral rights within the boundary of the property, as well as claims on BLM property adjacent to the patented grounds.

Since purchasing the Liberty Project, we completed two drilling programs that, combined with previous evaluation work performed by former owners, identified additional mineralization. In April 2008, we completed a pre-feasibility study on the Liberty Project that detailed initial capital and operating costs, anticipated mining and milling rates and permitting requirements. In 2011 the Company released an updated NI 43-101 compliant resource estimate and later the same year a pre-feasibility study detailing updated resource estimates and project economics was released. Metallurgical and environmental work were advanced in 2013 with $0.2 million in external costs and use of dedicated internal resources. In 2014, the Company more closely examined the use of existing infrastructure and

copper potential of the property. This work resulted in an updated NI 43-101 compliant pre-feasibility study released in July 2014 which developed a statement of mineral reserves under Canadian definitions. Those definitions are not consistent with U.S. definitions. Under Industry Guide 7, the Liberty deposit contains 309.2 million tons of mineralized material with a total molybdenum grade of 0.078% and a total copper grade of 0.098%. The Liberty Project is viewed by the Company as a follow-on project to the Mt. Hope Project that we intend to actively pursue following development of the Mt. Hope Project, dependent on market conditions.

History

In 1955, Anaconda leased and optioned the Liberty molybdenum prospect and mine in order to evaluate extensive molybdenum and copper occurrences. From 1956 through 1966, Anaconda explored or delineated molybdenum mineralization over an approximate one square mile area. Drilling indicated extensive mineralization from the surface to a depth of approximately 2,000 feet. Drilling delineated approximately 200 million tons of mineralization grading 0.091 percent sulfide molybdenum, which was included in a long-term mining plan. (Historic references to tonnage and grade are based on available historic records. They may not reflect the current definitions of mineral reserves and mineral resources as defined by the SEC or by Canadian NI 43-101.) Mine construction began in 1979 with production from the Hall Mine starting in 1981. Anaconda ceased operations in 1985 due to low metal prices. Between 1982 and 1991, Anaconda and successor operator Cyprus mined a total of 50 million tons of ore grading 0.11 percent

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molybdenum. No further molybdenum mining took place after 1991, leaving an estimated 150 million tons of un-mined material at a grade of 0.09 percent molybdenum.

Between 1995 and 2002 a copper zone independent of the existing molybdenum pit was the subject of a copper leach operation by Equatorial. Approximately 10 million tons were mined before operations ceased in 2002.

The molybdenum mine open pit remains easily accessible for mining. Various facilities and improvements continue to exist on the property that may be of future use for molybdenum and/or copper operations including a power supply, water rights, water and well system, offices, truck and vehicle shops, thickening tanks, water and fuel tanks, roads and other structures. All of the mobile equipment was removed from the property. Much of the plant area was reclaimed after the 2002 closure with most of the crushing, conveying, grinding, concentrator equipment and other milling equipment being removed from the property.

Geology

The Liberty molybdenum deposit appears to conform to a class of deposit that is generally termed in ore deposit literature as a “Climax-Urad” type, where better-grade molybdenum mineralization in the form of molybdenite (MoS_2) is concentrated in and along the margins of an irregularly-shaped “sleeve” or “shell” around a central lower-grade to nearly barren core of silicic-alkalic intrusive rocks. In some cases, an outer shell of copper-dominant mineralization surrounds the interior molybdenum-dominant shell(s).

The Hall stock (Cretaceous intrusive rocks) intruded the metasedimentary sequence of rocks in the Late Cretaceous Period. It hosts most of the molybdenum mineralization. The 2,500 ft-diameter stock complex consists of two spatially and temporally-distinct bodies — the earlier North stock and the younger South stock, which truncated the molybdenum mineralization hosted by the North stock.

Base metal mineralization in the Liberty deposit consists of molybdenite (MoS_2), chalcopyrite ($CuFeS_2$), chalcocite (Cu_2S), galena (PbS), sphalerite (ZnS), tetrahedrite ($Cu_8Sb_2S_7$), and pyrite (FeS_2). Molybdenite occurs mainly in 0.1” to 1.2”-wide quartz veins and veinlets in amounts that range from 0.1% to more than 40% by volume, typically as a selvage on vein walls. Molybdenite is also found in wider (+1.2”) quartz veins, but these are much less common in occurrence. Chalcopyrite and pyrite also are common but lesser vein/veinlet constituents.

Although chalcopyrite can occur with molybdenite in minor amounts in veins and veinlets within the main body of molybdenum mineralization in the Hall stock, it is much more prevalent in quartz veins in the metasediments on the northeast and east sides of the stock. Here it occurs in the remnant of the copper-dominant shell that originally

surrounded the Hall stock before it was tilted and disrupted by faulting. In addition to chalcopyrite, chalcocite occurs as disseminations and as secondary coatings on pyrite within a roughly horizontal blanket of secondary supergene copper enrichment just below the bottom of oxidation.

The Liberty deposit has been subjected to much folding and faulting. A major anticline located 3,000' to the south of the Hall stock has an axis that trends N20˚W and plunges 50˚ to 70˚ to the northwest. Post-Cretaceous tilting of the northern San Antonio Mountains and other structural disruptions have resulted in the rotation of the Liberty deposit so that it now plunges to the east. This rotation has caused erosion of the deposit along its flank, exposing both the shallow and deep-emplaced portions of the mineralization. The Liberty deposit was segmented by faulting. The Basement Fault bounds the bottom of the deposit while the Liberty Fault truncates the deposit on the west side. In addition to these major structures, a number of N40˚E- to N30˚W-trending normal faults and several east-west-trending normal faults transect the Liberty deposit.

Environmental Investigation - Shoshone County, Idaho

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), imposes strict, joint, and several liability on parties associated with releases or threats of releases of hazardous substances. Liable parties include, among others, the current owners and operators of facilities at which hazardous substances were disposed or released into the environment and past owners and operators of properties who owned such properties at the time of such disposal or release. This liability could include response costs for removing or remediating the release and damages to natural resources. We are unaware of any reason why our undeveloped properties would currently give rise to any potential CERCLA liability. We cannot predict the likelihood of future

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CERCLA liability with respect to our properties, or to surrounding areas that have been affected by historic mining operations.

Our mineral property holdings in Shoshone County, Idaho include lands contained in mining districts that have been designated as a “Superfund Site” pursuant to CERCLA. This “Superfund Site” was established to investigate and remediate primarily the Bunker Hill properties of Smelterville, Idaho, a small portion of Shoshone County where a large smelter was located. However, because of the extent of environmental impact caused by the historical mining in the mining districts, the Superfund Site covers the majority of Shoshone County including our Chicago-London and Little Pine Creek properties as well as many small towns located in Northern Idaho. We have conducted a property environmental investigation of these properties, which revealed no evidence of material adverse environmental effects at either property. We are unaware of any pending action or proceeding relating to any regulatory matters that would affect our financial position due to these inactive mining claims in Shoshone County.

Applicable Mining Laws

Mining in the State of Nevada is subject to federal and state law. Three types of laws are of particular importance to the Mt. Hope Project: those affecting land ownership and mining rights; those regulating mining operations; and those relating to the environment.

The Mt. Hope Project is situated on lands owned by the U.S. (“federal lands”). The LLC, as the owner or leaseholder of the unpatented mining claims, has the right to conduct mining operations on the lands subject to the required operating permits and approvals, compliance with the terms and conditions of the Mt. Hope Lease, and compliance with applicable federal, state, and local laws, regulations and ordinances. On federal lands, mining rights are governed by the General Mining Law of 1872, as amended, 30 U.S.C. UU 21-161 (various sections), which allows for the location of mining claims on certain federal lands upon the discovery of a valuable mineral deposit and on proper compliance with claim location requirements.

The operation of mines is governed by both federal and state regulatory programs. The predominant non-environmental federal regulatory program that will affect future mining operations at the Mt. Hope Project is the mine safety regulations administered by the Mine Safety and Health Administration. Additional federal laws, such as those governing the purchase, transport, storage or usage of explosives, and those governing communications systems, labor and taxes also apply. State non-environmental regulatory programs affecting operations include the permitting programs for drinking water systems, sewage and septic systems, water rights appropriations, Department of Transportation, and dam safety (engineering design and monitoring).

Environmental regulations require various permits or approvals before any mining operations on the Mt. Hope Project can begin. Federal environmental regulations are administered primarily by the BLM. The Environmental Protection

Agency (“EPA”) has delegated authority for the Clean Water Act and Clean Air Act to the State of Nevada. The NDEP, therefore, has primacy for these programs and is responsible for administering the associated permits for the Mt. Hope Project. The Bureau of Mining Regulations and Reclamation (“BMRR”) within NDEP administers the WPC and Reclamation permits. The Bureau of Air Pollution Control (“BAPC”) within NDEP administers the Air Quality Permit. The NDEP also administers the permit program for onsite landfills. The Nevada Division of Wildlife administers the artificial industrial pond permit program. Local laws and ordinances may also apply to such activities as waste disposal, road use and noise levels. Both our Mt. Hope Project and Liberty Project will be subject to these various environmental laws and regulations.

Permitting

Permit Acquisition and Fundamental Environmental Permitting Considerations

We obtained the required principal environmental operating permits for the Mt. Hope Project in November 2012 in anticipation of the commencement of construction and availability of construction financing for the Mt. Hope Project. Baseline studies and data acquisition to support permitting were initiated in the fourth quarter of 2005. Facility designs and operational plans have been refined as data were collected and reviewed to minimize environmental impacts and facilitate the permitting process. The planned mining and processing operations are consistent with numerous other permitted projects in Nevada, in terms of methods, facility design, equipment, and related engineering plans.

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Permitting Process Overview

The development, operation, closure and reclamation of mining projects in the U.S. require numerous notifications, permits, authorizations, and public agency decisions. This section does not attempt to exhaustively identify all of the permits and authorizations that need to be granted, but instead focuses on those that are considered to be critical for Mt. Hope Project and/or Liberty Project start-up.

Environmental Inventories

There are certain environmental evaluations that routinely must be completed in order to provide the information against which project impacts are measured. Both the BLM and the NDEP have requirements to profile existing conditions and to evaluate what effects will result from developing the Mt. Hope Project.

Reports summarizing background information on geology, air quality, soils, biology, water resources, wildlife, vegetation, noise, visual resources, social and economic conditions, and cultural resources have been assembled and have been submitted to the appropriate regulatory agencies. These reports have been approved during the permitting process.

Mt. Hope Permitting Requirements

The Mt. Hope Project requires both federal and state permits before construction and operations can commence. Major permits required for the Mt. Hope Project include the ROD, a BLM issued permit, water appropriation permits from the Nevada Division of Water Resources, the WPC permit and Reclamation Permit from the NDEP—BMRR, received in November 2012, and an Air Quality Permit ("AQP") from the NDEP—BAPC, received in May 2012.

Plan of Operations Approval—Bureau of Land Management

The BLM prepared an EIS analyzing the environmental impacts of the Mt. Hope Project and alternatives in accordance with the NEPA. Upon completion and approval of the EIS, the BLM issued the ROD for the Mt. Hope Project. The ROD became effective on November 16, 2012, the date the BLM recorded its decision to approve the

EIS and PoO for the Mt. Hope Project.

Potential environmental issues associated with the proposed operations have been identified and mitigation measures have been developed to minimize potential impacts. These actions are anticipated to reduce potential environmental liability, and promote good community and social responsibility.

Potential impacts addressed in the ROD are primarily related to geochemistry and the associated potential for acid generation from waste rock, the water quality in the post-mining pit lake, and the potential mobilization of constituents in the tailings. Other significant potential impacts include effects of groundwater pumping on existing water rights and/or surface water flows, air emissions, reduction of wildlife habitat (including a federally listed sensitive species) and the socioeconomic impact to the community of Eureka. Extensive laboratory testing has been conducted to fully evaluate the geochemistry of all material types that will be mined. The waste rock disposal facilities and tailing impoundment designs incorporate components to minimize potential impacts, consistent with accepted and demonstrated industry practices. Hydrological and geochemical computer modeling predicts that the post-mining pit lake water quality will not pose a threat to wildlife and will therefore not require treatment. Air emissions will be reduced by using control technology and leading industry practices. A detailed reclamation plan has been developed to re-establish post-mining land uses, including wildlife habitat. Other resource-specific mitigation plans have been developed, including those for wild horses and burros, bats, cultural resources, the Pony Express Trail, sage grouse habitat, water resources, and fugitive dust.

On June 17, 2014, the LLC submitted an amendment to its approved PoO to reflect minor design changes that were identified during continued engineering and the initial phases of construction, and on November 6, 2014, submitted minor revisions to the amendment. The BLM prepared an Environmental Assessment (“EA”) to evaluate the environmental impacts of the PoO amendment, and on April 23, 2015, issued a Finding of No Significant Impact (“FONSI”) approving the PoO amendment. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

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Water Appropriation Permits—Nevada Division of Water Resources

The Mt. Hope Project is primarily centered between two water basins: the Kobeh Valley Basin and the Diamond Valley Basin. Operation of the Mt. Hope Project is expected to require 7,000 gallons per minute of fresh water that will be sourced from wells located in Kobeh Valley, west of the Mt. Hope Project. The Company has purchased from existing water rights holders essentially all available water rights in the Kobeh Valley Basin, totaling more than 16,000 acre feet annually.

In July 2011 and June 2012, respectively, the Nevada State Engineer ("State Engineer") granted all water permits and approved a Monitoring, Management and Mitigation Plan ("3M Plan") for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of water rights holders in Diamond Valley and Kobeh Valley appealed the State Engineer's decision granting the water permits to the Nevada State District Court ("District Court") and then filed a further appeal to the Nevada Supreme Court challenging the District Court's decision affirming the State Engineer's decision to grant the water permits. In June 2013, the appeal was consolidated by the Nevada Supreme Court with an appeal of the State Engineer's approval of the 3M Plan filed by two water rights holders. The District Court previously upheld the State Engineer's approval of the 3M Plan and the two parties subsequently appealed the District Court's decision to the Nevada Supreme Court. While the appeals were pending, the 3M Plan had been implemented to collect information on background conditions and aquifer responses to the Mt. Hope Project's pumping, as well as to address mitigation measures for impacted third-party water rights.

On September 18, 2015, the Nevada Supreme Court issued an Order that reversed and remanded the cases to the District Court for further proceedings consistent with the Order. On October 29, 2015, the Nevada Supreme Court issued the Order as a published Opinion. The Nevada Supreme Court ruled that the State Engineer did not have sufficient evidence in the record at the time he granted the water permits to demonstrate that successful mitigation may be undertaken so as to dispel the threat to existing water rights holders.

On November 23, 2015, the Nevada Supreme Court issued its Remittitur to the District Court for the County of Eureka to remand the matter to the State Engineer for further proceedings consistent with its Opinion. The Company will move forward as expeditiously as possible to reobtain its water permits, following the remand by the District Court to the State Engineer. The Company expects to comply with the Supreme Court Opinion and provide additional evidence of its ability to successfully mitigate any potential impacts to water rights in Kobeh Valley that could result from the Mt. Hope Project's water use.

Water Pollution Control and Reclamation Permits—Nevada Division of Environmental Protection—Bureau of Mining Regulation and Reclamation

Environmental regulations related to reclamation require that the cost for a third party contractor to perform reclamation activities on the minesite be estimated. The BMRR administers the programs for the WPC Permit and the Reclamation Permit, both of which are required for the Mt. Hope Project. The WPC Permit program specifies design criteria for containment of process fluids and mandates development of monitoring, operational, and closure plans. The Reclamation Permit approves the proposed reclamation methods, specifies reclamation objectives, and requires bonding based on the reclamation cost estimate. We received the WPC Permit and the Reclamation Permit in November 2012.

The original $75.1 million reclamation cost estimate was the basis for the initial 2012 required financial guarantee amount, and represents the reclamation obligation for the first phase (approximately equivalent to the first three years) of operations. The LLC posted a financial instrument held by the BLM to provide a guarantee that this amount would be available to BLM and NDEP for use in conducting reclamation should we become insolvent or default on our reclamation obligations.

Upon submittal to the BLM of the first amendment to the approved PoO, we simultaneously submitted an application to the NDEP-BMRR, for a modification of the reclamation permit, also to address these minor design changes. The revised reclamation permit was issued by NDEP-BMRR on November 17, 2014.

As a result of delays in construction of the Mt. Hope Project, we submitted a second PoO amendment to BLM in October 2015 to reduce our reclamation liability to current surface disturbance. Simultaneously, we submitted an application to NDEP-BMRR to modify the Reclamation permit to reflect this reduced reclamation liability. On October

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26, 2015, NDEP-BMRR approved the proposed permit modification, including the reduced reclamation liability amount. On December 21, 2015, BLM approved the PoO amendment, including the reduction of the reclamation liability to approximately $2.8 million.

We worked with the LLC's reclamation surety underwriters to satisfy the reduced $2.8 million financial guarantee requirements under the ROD for the Mt. Hope Project. As of early 2016, the surety bond program is funded with a cash collateral payment of $0.3 million, a reduction from the $4.6 million established in November 2012 for the initial $75.1 million financial guarantee.

Additionally, through the ROD, the BLM determined that a Long Term Funding Mechanism ("LTFM") is required for post-reclamation obligations, including long-term monitoring and mitigation at the Mt. Hope Project site. The LTFM approximates an undiscounted cost estimate of $83.2 million for mitigation and monitoring for a 500-year period post reclamation. The Company completed preparation of a trust, designating the BLM as beneficiary, initially funded in the amount of $0.3 million to fund this long-term post-reclamation obligation in 2012, and it remains in place.

The BLM also holds a bond of $0.1 million to provide funds to assure reclamation of previously approved exploration disturbance. Additionally, a reclamation cost estimate of $1.3 million was approved to remove and reclaim disturbance associated with the grant of rights-of-way for the 230 kV power transmission line.

Air Quality Permit—Nevada Division of Environmental Protection—Bureau of Air Quality

The Nevada BAPC regulations categorize permit types as Class 1 or Class 2, based on the estimated emissions amounts. The Mt. Hope Project is subject to a Class 2 permit (smaller emissions) based on emissions estimates. The permit application included an emissions inventory and dispersion modeling to demonstrate that emissions from the project will not exceed established air quality standards. Emissions are primarily associated with the crush/grind circuit (particulate matter) and the roaster (sulfur oxides). Roaster emissions will be controlled with a 99.7% estimated removal efficiency for sulfur oxides. We received the Air Quality Permit ("AQP") in May 2012.

Minor process changes identified through continued engineering and the preliminary phase of construction, were compiled into an application to amend the AQP, and submitted to Nevada BAPC on December 23, 2013. A revised AQP was issued on July 30, 2014.

Liberty Project Permitting Requirements

The majority of the Liberty Project area is located on fee lands and patented claims owned by the Company. Unpatented claims administered by the BLM are on public ground and largely surround the open pit and waste stockpile areas. BLM approval would be required, which would likely include an EIS under NEPA. A shorter EIS and state permitting process are anticipated for the Liberty Project as compared to the Mt. Hope Project as the project is located largely on privately held property with existing water rights, is located in a previously mined area in a mining friendly jurisdiction, and is sparsely vegetated due to the arid climate.

In addition to land ownership, two other factors distinguish the Liberty Project from the Mt. Hope Project with respect to environmental permitting. First, water consumption is not as significant an issue at Liberty. Unlike the Mt. Hope Project, the areas surrounding Liberty are not extensively irrigated. In addition, we own significant water rights at the Liberty site and have water wells in place. Second, the area has been mined previously which has resulted in significant surface disturbance. By conducting exploration drilling on pre-existing disturbance, to the extent possible, the amount of additional disturbance is greatly reduced, and permitting requirements to support further exploration is likewise reduced. Furthermore, there is extensive environmental information developed to support permitting of the previous mine operation. We anticipate that this information can be used to streamline the permitting process by reducing the amount of baseline studies and other technical information that must be developed by the Company.

Other United States Regulatory Matters

The Resource Conservation and Recovery Act (“RCRA”) and related state laws regulate generation, transportation, treatment, storage, or disposal of hazardous or solid wastes associated with certain mining-related activities. RCRA also includes corrective action provisions and enforcement mechanisms, including inspections and fines for non-compliance.

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Mining operations may produce air emissions, including dust and other air pollutants, from stationary equipment, such as crushers and storage facilities, and from mobile sources such as trucks and heavy construction equipment. All of these sources are subject to review, monitoring, permitting, and/or control requirements under the federal Clean Air Act and related state air quality laws. Air quality permitting rules may impose limitations on our production levels or create additional capital expenditures in order to comply with the permitting conditions.

Under the federal Clean Water Act and delegated state water-quality programs, point-source discharges into "Waters of the State" are regulated by the National Pollution Discharge Elimination System program, while Section 404 of the Clean Water Act regulates the discharge of dredge and fill material into "Waters of the United States," including wetlands. Stormwater discharges also are regulated and permitted under that statute. All of those programs may impose permitting and other requirements on our operations.

The Endangered Species Act ("ESA") is administered by the U.S. Department of Interior's U.S. Fish and Wildlife Service ("USFWS"). The purpose of the ESA is to conserve and recover listed endangered and threatened species and their habitat. Under the ESA, "endangered" means that a species is in danger of extinction throughout all or a significant portion of its range. "Threatened" means that a species is likely to become endangered within the foreseeable future. Under the ESA, it is unlawful to "take" a listed species, which can include harassing or harming members of such species or significantly modifying their habitat. We conduct wildlife and plant inventories required by regulatory agencies prior to initiating exploration or mining project permitting. We currently are unaware of any endangered species issues at any of our projects. A threatened species occurs in limited segments of two creeks approximately 10 miles to the north of the proposed wellfield for the Mt. Hope Project. Although hydrologic modeling predicts no impacts to these stream segments, consultation with the USFWS was required. Future identification of endangered species or habitat in our project areas may delay or adversely affect our operations.

We are committed to fulfilling or exceeding our requirements under applicable environmental laws and regulations. These laws and regulations are continually changing and, as a general matter, are becoming more restrictive. Our policy is to conduct our business in a manner that strives to safeguard public health and mitigates the environmental effects of our business activities. To comply with these laws and regulations, we have made, and in the future may be required to make, capital and operating expenditures.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below and elsewhere in this report, which could materially and adversely affect our business, results of operations or financial condition. If any of the following risks actually occurs, the market price of our common stock would likely decline. The risks and uncertainties we have described below include all of the material risks presently known to us, however, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our operations.

Our investors may lose their entire investment in our securities

An investment in our securities is speculative and the price of our securities has been and will likely continue to be volatile. Only investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in our securities.

We may not be able to obtain, maintain or renew licenses, rights and permits required to develop or operate our mines, or we may encounter environmental conditions or requirements that would adversely affect our business

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. The LLC was required to obtain a ROD from the BLM, authorizing implementation of the Mt. Hope Project PoO. The LLC was also required to obtain various state and federal permits including water protection, air quality, water rights and reclamation permits. The BLM's issuance of the ROD is the subject of an appeal in the U.S. Court of Appeals for the Ninth Circuit, and the Nevada State Engineer's issuance of the water permits and 3M Plan were reversed by the Nevada State Supreme Court in October 2015. We may not be successful in reobtaining our water permits from the Nevada State Engineer or in defending future appeals of the water permits, if reissued, or defending legal challenges to our other permits, which may affect our ability to maintain the permits. In addition to requiring permits for the development of the Mt. Hope Project, we will need to obtain and modify

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various mining and environmental permits during the life of the project. Obtaining, modifying, and renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often requiring public hearings and substantial expenditures. The duration and success of our efforts to obtain, modify or renew permits will be contingent upon many variables, some of which are not within our control. Increased costs or delays could occur, depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. All necessary permits may not be obtained and, if obtained, may not be maintained or renewed, or the costs involved in each case may exceed those that we previously estimated. It is possible that the costs and delays associated with compliance with such standards and regulations could become such that we would not proceed with the financing, development or operation of the Mt. Hope Project.

The development of the Mt. Hope Project may continue to be delayed, which could result in increased costs or an inability to complete its development

The LLC may experience continued delays in developing the Mt. Hope Project. These could increase its development costs, affect its economic viability, or prevent us from completing its development. The timing of development of the Mt. Hope Project depends on many factors, some of which are beyond our and the LLC's control, including:

- Sustained low prices for molybdenum;
- Timely availability of project financing to construct the Mt. Hope Project;
- Timely availability of equipment;
- Inability to reobtain water permits, and successfully defend subsequent appeals;
- Continued appeal or unfavorable order concerning our attempts to reobtain water rights, our 3M plan, or permits, including the ROD;
- Completion of advanced engineering; and
- Timely availability of labor and resources from construction contractors throughout construction of the project.
- Volatility in foreign exchange and/or interest rates

Any delays caused by our inability to raise capital when needed may lead to the cancellation or extension of, or defaults under, agreements with equipment manufacturers or a need to sell equipment already purchased, any of which may adversely impact the Mt. Hope Project timeline. Additionally, delays to the Mt. Hope Project schedule have consequences with regard to our LLC Agreement with POS-Minerals, including potential claims by POS-Minerals, which may serve to increase our capital obligations and further enhance these risks.

Our profitability depends largely on the success of the Mt. Hope Project, the failure of which would have a material adverse effect on our financial condition

We are focused primarily on the ability to develop the Mt. Hope Project and to seek and obtain construction financing upon improvement in current molybdenum market conditions. Accordingly, our profitability depends largely upon the successful financing to continue the development and operation of this project. We are currently incurring losses and we expect to continue to incur losses until sometime after molybdenum production begins at the Mt. Hope Project. The LLC may never achieve production at the Mt. Hope Project and may never be profitable even if production is achieved. The failure to see improvements in the molybdenum market such that we may seek and obtain financing for the construction of the Mt. Hope Project would have a material adverse effect on our financial condition, results of operations and cash flows. Even if the LLC is successful in construction and eventually achieving production, an interruption in operations at the Mt. Hope Project that prevents the LLC from extracting ore from the Mt. Hope Project for any reason would have a material adverse impact on our business.

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If certain conditions are not met under the AMER transaction documents, our ability to begin construction of the Mt. Hope Project could be delayed further

The additional investments by AMER in our common stock and the related financing with a Chinese bank and the molybdenum supply agreement are subject to a number of conditions precedent, including increased molybdenum prices for a sustained period of time, reinstatement, final adjudication or settlement of any further appeal of our water permits by the Nevada State Engineer, and negotiation of acceptable loan terms with a Chinese bank. These conditions may not be met, in which case our ability to begin construction of the Mt. Hope Project could be delayed further.

Past strong demand for molybdenum in China could be affected by future developments in that country

The Company is highly exposed to the Chinese market. China's demand for molybdenum could be substantially affected by an economic slowdown in China, financial or banking market conditions impacting investment, or an accelerated shift from infrastructure-led to service-oriented growth. Any or all of these may adversely affect the Company's ability to obtain financing for construction of the Mt. Hope Project.

We may require and may not be able to obtain substantial financing in order to fund the development and eventual operations of the Company and the LLC and if we are successful in raising additional capital, it may have dilutive and other adverse effects on our stockholders

If the actual costs to obtain financing and complete the development of the Mt. Hope Project are significantly higher than we expect, we may not have enough funds to cover these costs and we may not be able to obtain other sources of financing. The failure to obtain all necessary financing would prevent the LLC from developing and eventually achieving production at the Mt. Hope Project and impede our ability to become profitable. Our financing plan assumes that POS-Minerals will continue to make their required on-going capital contributions after we obtain financing or exhaust the reserve account as outlined in the LLC Agreement. We may not be able to obtain financing necessary for developing and eventually achieving production at the Mt. Hope Project if these contributions are not made.

We continue to review the technical merits of the Liberty Project, which would also require significant additional capital to permit and/or commence mining activities. We may not be able to obtain the financing necessary to develop the Liberty Project should we decide to do so.

If additional financing is not available, or available only on terms that are not acceptable to us, we may be unable to fund the development and expansion of our business, attract and retain qualified personnel, take advantage of business opportunities or respond to competitive pressures. Any of these events may harm our business. Also, if we raise funds by issuing additional shares of our common stock, preferred stock, debt securities convertible into preferred or common stock, or a sale of additional minority interests in our assets, our existing stockholders will experience dilution, which may be significant, to their ownership interest in us or our assets. If we raise funds by issuing shares of a different class of stock other than our common stock or by issuing debt, the holders of such different classes of stock or debt securities may have rights senior to the rights of the holders of our common stock.

The LLC Agreement gives POS-Minerals the right to approve certain major decisions regarding the Mt. Hope Project which could impair our ability to quickly adapt to changing market conditions

The LLC Agreement requires unanimous approval of the members for certain major decisions regarding the Mt. Hope Project. This effectively provides either member with a veto right over the specified decisions. These decisions include:

- Approval of the operations to be conducted and objectives to be accomplished by the Mt. Hope Project ("Program and Budget");

- Approval of the budget for costs to be incurred by the LLC and the schedule of cash capital contributions to be made to the LLC ("Budget");

- Approval of cost overruns in excess of 10% until we obtain financing or exhaust the reserve account balance, and thereafter 15% of the approved Program and Budget;

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- Approval of an expansion or contraction of the average tons per day ("tpd") planned of 20% or more from the relevant tpd throughput schedule in the BFS;

- Approval of the LLC's acquisition or disposition of significant real property, water rights or real estate assets;

- Approval of the incurrence of indebtedness by the LLC that requires (1) an asset of the LLC to be pledged as security, (2) the pledge of a membership interest in the LLC, or (3) a guaranty by either the Company or POS-Minerals, other than in each instance a purchase money security interest or other security interest in the LLC to finance the acquisition or lease of equipment; and

- Approval of the issuance by the LLC of an ownership interest to any person other than Nevada Moly or POS-Minerals.

The requirement that certain decisions be approved by POS-Minerals may make it more difficult for our stockholders to benefit from certain decisions or transactions that we would otherwise cause the LLC to make if they are opposed by POS-Minerals.

Fluctuations in the market price of molybdenum could adversely affect the value of our company and our securities

The profitability of our mining operations will be influenced by the market price of the metals we mine. The market prices of metals such as molybdenum fluctuate widely and are affected by numerous factors including several that are beyond the control of any mining company. These factors include fluctuations with respect to the rate of inflation, the exchange rates of the U.S. dollar and other currencies, interest rates, global or regional political and economic conditions and banking crises, global and regional demand, production costs in major molybdenum producing areas, and a number of other factors. Sustained periods of low molybdenum prices would adversely impact our ability to seek financing for the development of the Mt. Hope Project and the Liberty Project, and our ability to obtain revenues, profits, and cash flows. In particular, a sustained low molybdenum price could:

- Have a continued negative impact on the availability of financing to us;

- Cause a continued delay and suspension of our development activities and, ultimately, mining operations at our Mt. Hope Project, if such operations become uneconomic at the then-prevailing molybdenum price; and

- Prevent us from fulfilling our obligations under our agreements or licenses which could cause us to lose our interests in, or be forced to sell, our properties.

Furthermore, the need to reassess the feasibility of any of our projects if molybdenum prices were to continue to be represented by historically low prices could cause substantial delays. Mineral reserve calculations and life-of-mine plans using lower molybdenum prices could result in reduced estimates of mineral reserves and in material write-downs of our investment in mining properties and increased amortization, reclamation and closure charges.

The volatility in metals prices is illustrated by the quarterly average price range from January 2002 through December 31, 2015 for molybdenum: $2.73 - $35.37 per pound. The worldwide molybdenum price fluctuated between $5.33 per pound in 2003 to over $40.00 per pound in 2005 and traded in the mid-$30s per pound prior to October 2008, when prices fell from approximately $33.50 per pound to $7.70 per pound in April 2009 as a result of the global financial crisis. Subsequent to April 2009, prices slowly rose finishing 2009 at $12.00 per pound and further increasing to finish 2010 at $16.40 per pound. By the end of 2011, prices had pulled back to $13.30 per pound, then decreased further to $9.75 per pound at the conclusion of 2013, and fell further to $9.13 per pound by the end of 2014. In 2015, molybdenum traded in a range of $4.53 per pound to $9.40 per pound according to Ryan's Notes, with performance for the first eight months of the year driven by tighter supply of material and solidifying downstream demand, particularly in the stainless steel, energy infrastructure and transportation industries. Beginning in September 2014, molybdenum price experienced a sharp pullback reflecting softening spot market molybdenum demand and a strengthening U.S. dollar, amongst other factors. Although we estimate the Mt. Hope Project's average cost of production over the first five years to be approximately $7.00 per pound, a sustained period of lower molybdenum prices would have material negative

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impacts on the Company's profitability. Actual molybdenum prices when and if we commence commercial production cannot be estimated and are subject to numerous factors outside our control.

Our profitability is subject to demand for molybdenum, and any decrease in that demand, or increase in the world's supply, could adversely affect our results of operations

Molybdenum is used primarily in the steel industry. The demand for molybdenum from the steel industry and other industries was extremely robust through the third quarter of 2008, primarily fueled by growth in Asia and other developing countries. Beginning in the fourth quarter of 2008, the global financial crisis forced steel companies to substantially reduce their production levels with a corresponding reduction in the consumption of molybdenum, which contributed to the decline in the price of molybdenum. Starting in September 2014, molybdenum prices began to decline and are currently in the $5 to $6/lb range. Although we negotiated an arrangement with AMER to help facilitate ultimate construction financing, continued low molybdenum prices could delay our ability to obtain financing, a continued suspension of our development or, in the future, a suspension of our mining operations at our Mt. Hope Project.

A sustained significant increase in molybdenum supply could also adversely affect our results. CPM Group estimates that during the next five years a total of 72.4 million annual pounds of production could be added to the supply of molybdenum (including a portion of the supply from our Mt. Hope Project). In the event demand for molybdenum does not increase to consume the potential additional production, the price for molybdenum may be adversely affected.

We are exposed to counter party risk, which may adversely affect our results of operations

The off-take agreements the Company has completed contain provisions allowing for the sale of molybdenum at certain floor prices, or higher, over the life of the agreements. During the past 18 months there have been periods where the spot molybdenum prices fell below the inflation-adjusted floor prices in the contracts. During these time periods all off-take contracts would have provided for the Company to sell molybdenum at above-spot prices. In the event that our contract counterparties choose not to honor their contractual obligations, attempt to terminate these agreements as a result of the continuing delay in achieving production, or discontinue operations, our profitability may be adversely impacted. We may be unable to sell any product our contract parties fail to purchase in a timely manner, at comparable prices, or at all.

Our mineralization and reserve estimates are uncertain, and any material inaccuracies in those estimates could adversely affect the value of our mineral reserves

There are numerous uncertainties inherent in estimating mineralization and reserves, including many factors beyond our control. The estimation of mineralization and reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing, production, and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. The volume and grade of mineralization and reserves recovered and rates of production may be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Further declines in the market price of molybdenum and copper may render mineralization and reserves containing relatively lower grades of ore uneconomic to exploit, which may materially and adversely impact our reserve and mineralization estimates at our projects. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may also materially and adversely affect mineralization and reserves.

Any material inaccuracies in our production estimates could adversely affect our results of operations

We have prepared estimates of future molybdenum production. We or the LLC may never achieve these production estimates or any production at all. Our production estimates depend on, among other things:

· The accuracy of our mineralization and reserves estimates;

· The accuracy of assumptions regarding ore grades and recovery rates;

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- Ground conditions and physical characteristics of the mineralization, such as hardness and the presence or absence of particular metallurgical characteristics; and,

- The accuracy of estimated rates and costs of mining and processing.

Our actual production may vary from our estimates if any of our assumptions prove to be incorrect. With respect to the Mt. Hope Project, we do not have the benefit of actual mining and production experience in verifying our estimates, which increases the likelihood that actual production results will vary from the estimates.

Mining has inherent dangers and is subject to conditions or events beyond our control, and any operating hazards could have a material adverse effect on our business

Mining at the Mt. Hope Project will involve the potential for various types of risks and hazards, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-in or slides, flooding, fires, and interruption due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses, and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums and some types of insurance may be unavailable or too expensive to maintain. We may suffer a material adverse effect on our business and the value of our securities may decline if we incur losses related to any significant events that are not covered by our insurance policies.