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MOLY MINES (ASX/TSX: MOL) COMPANY UPDATE

Financing Activities for the Spinifex Ridge Molybdenum / Copper Project

Moly Mines Limited (**MOL**) through its 100% owned subsidiary, Moly Metals Australia Pty Ltd (**MMA**) and the Chinese engineering company CACS Corporation (**CACS**) have entered into a fixed price engineering, procurement and construction (**EPC**) contract for the Spinifex Ridge Molybdenum / Copper Project (**Project**).

Leading Australian engineering, consulting and contracting company GR Engineering Services Limited (**GRES**) have agreed to act as a sub-contractor to CACS and will be responsible for design, construction and construction management activities under the EPC. CACS will be responsible for procurement activities.

Derek Fisher, Moly Mines' CEO commented that "the partnering of a respected and highly experienced Australian engineering company with the leading Chinese engineering contractor in this fixed price arrangement is a great positive for our Company and the Project. It is a structure that we strongly believe will complete the Project on time and on budget."

CACS is a subsidiary of Sinomach, China's largest machinery manufacturing and engineering services company and was established in 1981. CACS has undertaken procurement, engineering, design and construction works in the fields of electrical power, petrochemical, metallurgy, textile, construction materials, ports and public infrastructure.

The EPC contract will not commence until Moly Mines has received unconditional financing for the Project and the Board of MMA makes a final decision to proceed with the Project. The EPC lump sum contract price for the Project, which includes Australian dollar and US dollar denominated packages, is estimated at US$608 million.

Moly Mines and Hanlong Mining Investment Pty Ltd continue to finalise the structure and documentation of the US$500 million in senior secured finance and working capital facilities that have been approved by China Development Bank for the Project. The completion of the EPC contract with CACS is one of the key project documents that are required as a condition precedent to completion and first utilization of this financing facility.

Iron Ore Operations

The May shipment of Spinifex Ridge iron ore fines has completed loading at Utah Point. The MV Hui Hong has departed Port Hedland carrying 68,804 wet metric tonnes of iron ore with an estimated value of US$10.5 million. Spot iron ore prices continue to trade strongly with 62% Fe at US$177/t CFR China.

Yours sincerely

Andrew Worland, Company Secretary

This news release includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Moly Mines' control. These forward- looking statements include, but are not limited to, all statements other than statements of historical facts contained in this news release, including, without limitation, those regarding Moly Mines' future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Moly Mines' actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for molybdenum and copper; fluctuations in exchange rates between the U.S. dollar and the Australian dollar; failure to recover the resource and reserve estimates of the Project; the failure of Moly Mines' suppliers and service providers to fulfill their obligations under construction, supply and tolling agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labor shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information