General Moly, Inc
Form 10-Q
November 07, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

o 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**
(State or other jurisdiction	(I.R.S. Employer

of incorporation or organization) Identification No.)

1726 Cole Blvd., Suite 115
Lakewood, CO 80401
Telephone: (303) 928-8599
(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 x NO o

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o
(Do not check if smaller reporting company)

Smaller reporting company o

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

The number of shares outstanding of issuer s common stock as of November 5, 2012, was 91,265,807.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GENERAL MOLY, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)

	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	$ 22,353	$ 40,709
Deposits, prepaid expenses and other current assets	102	105
Total Current Assets	22,455	40,814
Mining properties, land and water rights Note 4	161,054	143,732
Deposits on project property, plant and equipment	67,434	66,474
Restricted cash held for electricity transmission	12,010	12,005
Restricted cash held for reclamation bonds	1,133	1,133
Non-mining property and equipment, net	653	819
Capitalized debt issuance costs	5,462	3,136
Other assets	2,994	2,994
TOTAL ASSETS	$ 273,195	$ 271,107
LIABILITIES, CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST AND EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 4,815	$ 4,568
Accrued advance royalties	8,950	8,950
Accrued payments to Agricultural Sustainability Trust and Hanlong	4,000	2,000
Current portion of long term debt	10,733	10,596
Total Current Liabilities	28,498	26,114
Provision for post closure reclamation and remediation costs	631	587
Deferred gain	1,450	1,150
Accrued advance royalties	5,200	
Accrued payments to Agricultural Sustainability Trust	2,000	2,000
Long term debt, net of current portion	76	131
Total Liabilities	37,855	29,982
COMMITMENTS AND CONTINGENCIES Note 10		
CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST	98,073	98,073
EQUITY		
	91	91

Common stock, $0.001 par value; 200,000,000 shares authorized, 91,265,807 and 90,818,248 shares issued and outstanding, respectively				
Additional paid-in capital		258,069		255,894
Accumulated deficit before exploration stage		(213)		(213)
Accumulated deficit during exploration and development stage		(120,680)		(112,720)
Total Equity		137,267		143,052
TOTAL LIABILITIES, CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST AND EQUITY	$	273,195	$	271,107

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

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GENERAL MOLY, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended		January 1, 2002 (Inception of Exploration Stage) to
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012
REVENUES	$	$	$	$	$
OPERATING EXPENSES:					
Exploration and evaluation	255	793	582	1,249	40,283
Write downs of development and deposits				3,403	8,819
General and administrative expenses	1,808	1,526	7,187	7,754	76,962
TOTAL OPERATING EXPENSES	2,063	2,319	7,769	12,406	126,064
LOSS FROM OPERATIONS	(2,063)	(2,319)	(7,769)	(12,406)	(126,064)
OTHER INCOME / (EXPENSE)					
Interest and dividend income				19	4062
Interest expense	(63)	(61)	(191)	(187)	(605)
TOTAL OTHER (EXPENSE) / INCOME, NET	(63)	(61)	(191)	(168)	3,457
LOSS BEFORE INCOME TAXES	(2,126)	(2,380)	(7,960)	(12,574)	(122,607)
Income Taxes					
CONSOLIDATED NET LOSS	$ (2,126)	$ (2,380)	$ (7,960)	$ (12,574)	$ (122,607)
Less: Net loss attributable to contingently redeemable noncontrolling interest				680	1,927
NET LOSS ATTRIBUTABLE TO GENERAL MOLY, INC.	$ (2,126)	$ (2,380)	$ (7,960)	$ (11,894)	$ (120,680)
Basic and diluted net loss attributable to General Moly per share of common stock	$ (0.02)	$ (0.03)	$ (0.09)	$ (0.13)	
Weighted average number of shares outstanding basic and diluted	91,238	90,778	91,212	90,518	
COMPREHENSIVE LOSS	$ (2,126)	$ (2,380)	$ (7,960)	$ (11,894)	$ (120,680)

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

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GENERAL MOLY, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited In thousands)

	Nine Months Ended		January 1, 2002 (Inception of Exploration Stage) to
	September 30, 2012	September 30, 2011	September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	$ (7,960)	$ (12,574)	$ (122,607)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	212	306	1,856
Interest expense	191	187	605
Equity compensation for employees and directors	1,172	1,556	17,984
Decrease (Increase) in deposits, prepaid expenses and other assets	3	(313)	(10)
Increase (Decrease) in accounts payable and accrued liabilities	103	(2,703)	(7,200)
Increase (Decrease) in post closure reclamation and remediation costs	44	(9)	422
(Increase) in restricted cash held for electricity transmission	(5)		(12,010)
Write downs of development and deposits		3,403	8,819
Services and expenses paid with common stock			1,990
Repricing of warrants			965
Net cash used by operating activities	(6,240)	(10,147)	(109,186)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and development of mining properties, land and water rights	(11,742)	(7,297)	(132,564)
Deposits (Refunds) on property, plant and equipment	(816)	177	(68,723)
Proceeds from option to purchase agreements	300	585	1,450
Purchase of securities			(137)
Increase in restricted cash held for reclamation bonds			(642)
Cash provided by sale of marketable securities			246
Net cash used by investing activities	(12,258)	(6,535)	(200,370)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of stock, net of issuance costs	577	19,415	228,296
Net (decrease) increase in leased assets	(109)	(149)	23
Payments for debt issuance costs	(326)	(1,795)	(3,462)
Proceeds from debt			10,000
Cash proceeds from POS-Minerals Corporation			100,000
Cash paid to POS-Minerals Corporation for purchase price adjustment			(2,994)
Net cash provided by financing activities	142	17,471	331,863
Net increase (decrease) in cash and cash equivalents	(18,356)	789	22,307
Cash and cash equivalents, beginning of period	40,709	53,571	46
Cash and cash equivalents, end of period	$ 22,353	$ 54,360	$ 22,353
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Equity compensation capitalized as development	$ 426	$ 165	$ 6,884
Accrued portion of advance royalties	5,200		14,150

Accrued portion of capitalized debt issuance costs	2,000	2,000
Restricted cash held for reclamation bond acquired in an acquisition		491
Post closure reclamation and remediation costs and accounts payable assumed in an acquisition		263
Common stock and warrants issued for property and equipment		1,586
Accrued portion of payments to the Agricultural Sustainability Trust		4,000

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

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GENERAL MOLY, INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF BUSINESS

General Moly, Inc. (we, us, our, Company, or General Moly) is a Delaware corporation originally incorporated as General Mines Corporatio November 23, 1925. We have gone through several name changes and on October 5, 2007, we reincorporated in the State of Delaware (Reincorporation) through a merger involving Idaho General Mines, Inc. and General Moly, Inc., a Delaware corporation that was a wholly owned subsidiary of Idaho General Mines, Inc. The Reincorporation was effected by merging Idaho General Mines, Inc. with and into General Moly, with General Moly being the surviving entity. For purposes of the Company s reporting status with the United States Securities and Exchange Commission (SEC), General Moly is deemed a successor to Idaho General Mines, Inc.

We were in the exploration stage from January 1, 2002 until October 4, 2007, when our Board of Directors (Board) approved the development of the Mt. Hope molybdenum property (Mt. Hope Project) in Eureka County, Nevada. The Company is now in the development stage and is currently proceeding with the development of the Mt. Hope Project. We are also conducting evaluation activities on our Liberty molybdenum property (Liberty Project) in Nye County, Nevada.

The Mt. Hope Project. 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 with Mt. Hope Mines, Inc. (MHMI) into a newly formed entity, Eureka Moly, LLC, a Delaware limited liability company (LLC), and in February 2008 (Closing Date) 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 large Korean steel company. Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required 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 cash contributions to the LLC totaling $100.0 million during the year ended December 31, 2008 (Initial Contributions). Additional amounts will be due from POS-Minerals within 15 days after the date (ROD Contribution Date) that specified conditions (ROD Contribution Conditions) have been satisfied. The ROD Contribution Conditions are (i) the receipt of major operating permits for the Mt. Hope Project, (ii) confirmation that the Record of Decision (ROD) from the United States Bureau of Land Management (BLM) for the Mt. Hope Project has become effective and (iii) any administrative or judicial appeals with respect thereto are final. We are currently targeting the effective date of the ROD and the satisfaction of the other ROD Contribution Conditions to occur before the end of 2012. However, circumstances beyond our control, including reviewing agency delays or requests for additional information or studies, and requests for review or appeals of the BLM decision, could cause the effectiveness of the ROD and/or the satisfaction of the other ROD Contribution Conditions to be delayed. Once the ROD is effective, financing is in place, and project construction is initiated, all of which are expected to occur by early 2013, we estimate that production will begin approximately 20 - 24 months later.

To maintain its 20% interest in the LLC, POS-Minerals will be required to make an additional $56.0 million contribution (Third Contribution) plus its 20% share of all Mt. Hope Project costs incurred from the Closing Date to the ROD Contribution Date within 15 days after the ROD Contribution Date (Catch-Up Contribution). If POS-Minerals does not make the Third Contribution when due after the ROD Contribution Date, its interest will be reduced to 10%. Furthermore, if POS-Minerals also fails to make the Catch-Up Contribution its membership interest would be diluted to less than 3%. As a result of the combined failure to fund these two contributions, the membership interest of POS-Minerals would fall below the minimum 5% threshold required by the LLC Agreement and POS-Minerals would be deemed to have resigned and relinquished its membership interest.

In addition, as commercial production, as defined in the LLC Agreement, at the Mt. Hope Project was not achieved by December 31, 2011, the LLC may be required to return to POS-Minerals $36.0 million of its contributions to the LLC, with no corresponding reduction in POS-Minerals ownership percentage. Based on our current plan and assuming POS-Minerals has made its additional $56.0 million contribution within 15 days after the ROD Contribution Date, a payment to POS-Minerals of $36.0 million will be due 20 days after the commencement of commercial production. We currently anticipate such payment being made during 2015. If POS-Minerals does not make its additional $56.0 million contribution when due, no return of contributions is required by us. Our wholly-owned subsidiary and 80% owner of the LLC, Nevada Moly, LLC (Nevada Moly), is obligated under the terms of the LLC Agreement to make capital contributions to fund the return of contributions to POS-Minerals, if required. If Nevada Moly does not make these capital contributions, 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 of approximately 5%. In the latter case, our interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid contributions over the aggregate amount of deemed

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capital contributions (as determined under the LLC Agreement) of both parties to the LLC (Dilution Formula). At September 30, 2012, the aggregate amount of deemed capital contributions of both parties was $880.0 million.

Furthermore, the LLC Agreement permits POS-Minerals to put 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 to use standard mining industry practice in connection with development and operation of the Mt. Hope Project as contemplated by the parties for a period of 12 consecutive months. If POS-Minerals puts its interest, Nevada Moly or its transferee or surviving entity would be required to purchase the interest for 120% of POS-Minerals contributions to the LLC plus 10% interest per annum.

The Initial Contributions totaling $100.0 million that were made by POS-Minerals during 2008 were expended by the second quarter of 2009 in connection with the program and budget requirements of the Mt. Hope Project. Nevada Moly is required, pursuant to the terms of the LLC Agreement, to advance funds required to pay costs for the development of the Mt. Hope Project that exceed the Initial Contributions until the ROD Contribution Date, at which point the contributions described above to be made by POS-Minerals will be applied to reimburse us for POS-Minerals share of such development costs. All costs incurred after the ROD Contribution Date will be allocated and funded pro rata based on each party s ownership interest. POS-Minerals share of such development costs amounted to approximately $40.4 million as of September 30, 2012. The interest of a party in the LLC that does not make its pro rata capital contributions to fund costs incurred after the ROD Contribution Date is subject to dilution based on the Dilution Formula.

NOTE 2 LIQUIDITY AND CAPITAL REQUIREMENTS AND RESTRUCTURING

Our consolidated cash balance at September 30, 2012, was $22.4 million compared to $40.7 million at December 31, 2011. The cash needs for the development of the Mt. Hope Project require that we and/or the LLC finalize the financing described below and receive the additional capital contributions from POS-Minerals.

The anticipated sources of financing described below, combined with funds anticipated to be received from POS-Minerals in order to retain its 20% share, provide substantially all of our currently planned funding required for constructing and placing the Mt. Hope Project into commercial production. Funding requirements for working capital and potential capital overrun needs could require additional resources. There can be no assurance that the Company will be successful in raising additional financing in the future on terms acceptable to the Company or at all.

Our ability to maintain adequate liquidity to proceed with the construction of the Mt. Hope Project is dependent on our receipt of ROD and resultant execution of our overall financing plan. If we are unable to access funding as planned (as described in Notes 1 & 2), our liquidity will not be adequate to continue with our development plans and service existing commitments. The Company would then be required to renegotiate payments on existing equipment contracts of $14.3 million (described in Note 10) and the repayment of the $10 million Bridge Loan (described later in Note 2), both of which have previously been renegotiated and extended. The Company believes that renegotiations with extended terms would again be successful; however, failure to renegotiate such commitments could cause contractual defaults, project delays, increased overall project costs, and although considered unlikely, could cause the Company to utilize the remaining cash balance within the next twelve months.

Agreements with Hanlong (USA) Mining Investment Inc.

We have signed a series of agreements (the Hanlong Transaction) with Hanlong (USA) Mining Investment, Inc. (Hanlong), an affiliate of Sichuan Hanlong Group Limited, a large privately held Chinese company. The agreements described below form the basis of a $745 million transaction that is intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements include: (a) a Securities Purchase Agreement that provides for the sale to Hanlong of shares of our common stock in two tranches that will aggregate 25% of our outstanding stock on a fully diluted basis for $80 million ($40 million per tranche), conditioned upon us receiving permits for Mt. Hope and Hanlong s use of commercially reasonable efforts to procure a $665 million loan from a Prime Chinese Bank for our use in constructing Mt. Hope; (b) a Bridge Loan whereby Hanlong will provide up to $20 million to the Company to preserve liquidity until permits are received; (c) a Stockholder Agreement that provides Hanlong representation on our Board of Directors (Board) and the LLC management committee, governs how Hanlong will vote its shares of the Company and limits Hanlong s ability to purchase or dispose of our securities; and (d) a long-term molybdenum supply off-take agreement, which requires Hanlong to purchase the Company s entire share of the Mt. Hope molybdenum production above that necessary for the Company to meet its existing supply commitments until the expiration of those commitments.

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The Securities Purchase Agreement (Purchase Agreement)

Stock Purchase. The Purchase Agreement provides, subject to its terms and conditions, for the purchase by Hanlong of $80.0 million of our common stock, or approximately 27.5 million shares, which will equal 25% of our common stock on a fully-diluted basis.

The Purchase Agreement has been amended five times including: (1) a July 30, 2010 amendment extending the deadline for obtaining Chinese government approvals by two months to October 13, 2010, as well as extending the Company s deadline for publishing its Draft Environmental Impact Statement (DEIS) and receiving its ROD (ROD Condition) to February 28, 2011, and November 30, 2011, respectively. Hanlong has received Chinese government approvals for its equity investment in us and our DEIS has been published; (2) an October 26, 2010 amendment setting the closing of Hanlong s purchase of the first $40.0 million tranche of equity for December 20, 2010 and eliminating the condition that required us to have our DEIS published prior to closing this funding; (3) a December 20, 2010 amendment that made certain non-substantive changes in connection with the closing of the first tranche of Hanlong s equity investment (Tranche 1); (4) a July 7, 2011 amendment that eliminated the deadline for publication of the DEIS, extended the ROD deadline from November 30, 2011 to the earlier of nine months following DEIS publication or September 30, 2012, extended Hanlong s commitment to make available the Term Loan from two months following the ROD to nine months following the ROD, provided the ability for the Company to extend the ROD Condition date to the earlier of 12 months following DEIS publication and December 30, 2012 (ROD Condition Extension), and extended the maturity date of the Bridge Loan to the earlier of (i) 270 days after the issuance of the ROD, (ii) the date on which the Purchase Agreement terminates, and (iii) the earlier of December 31, 2012 and the availability of the Term Loan; and (5) a June 14, 2012 amendment that provided notice to Hanlong that the Company does not expect the BLM to issue the ROD before September 2, 2012 and does expect the ROD to be issued prior to December 2, 2012 and further provides notice that the Company wishes to utilize the ROD Condition Extension, thereby amending the date by which the ROD must be issued to December 2, 2012.

The Purchase Agreement may be terminated by either party (provided the terminating party is not in default) if the closing of the second tranche (Tranche 2) has not occurred on or before the earlier of December 31, 2012 or 12 months after the issuance of the ROD.

As discussed above, the second equity tranche will be for a purchase price of an additional $40.0 million. Significant conditions to the closing of Tranche 2 include issuance of the ROD for the Mt. Hope Project by the BLM, approval of the Plan of Operations for the Mt. Hope Project (the POO) by the BLM, and the completion of documentation for and satisfaction of conditions precedent for the availability of funding under the Term Loan, described below.

Hanlong will have the right to purchase a portion of any additional shares of common stock that we issue so that it can maintain its percentage ownership, unless its ownership is at the time below 5% at the earlier of the closing of Tranche 2 or closing of the Term Loan. It may also acquire additional shares so that it maintains a 20% indirect interest in the Mt. Hope Project if our interest in the LLC is reduced below 80%. If we issue shares to fund the Mt. Hope Project under certain circumstances, and on or before the date of commercial production, and Hanlong exercises its rights to maintain its percentage interest, we will be obligated to refund to Hanlong the cost of such shares over a three-year period up to an aggregate of $9.0 million.

Break Fees. A break fee is payable by both the Company and Hanlong if the Purchase Agreement terminates because of the failure of certain conditions. A break fee of $10.0 million is payable to the Company if the Purchase Agreement is terminated because Hanlong fails to obtain necessary Chinese government approvals, which may be offset against any balances owed by the Company under the Bridge Loan. A break fee of $5.0 million is payable to Hanlong if the ROD is not timely received or the condition waived and the Purchase Agreement is terminated. The Company s break fee may be increased by $5.0 million if the Purchase Agreement is terminated and the Company has violated the no-shop

provisions of the Purchase Agreement. The break fees may also be increased by up to $2.0 million, in addition to the payment of $2.0 million by the Company, if the Company requests and Hanlong grants an extension concerning the ROD deadline (the ROD Extension Fee). Any such fee would be credited against the arrangement fee described below. On January 9, 2012, the Company and Hanlong executed an Option Agreement concerning the payment date for the ROD Extension Fee under the Purchase Agreement, for no consideration. The option was exercised on June 14, 2012, thereby amending the Purchase Agreement to extend payment of the ROD Extension Fee from December 2012 until April 30, 2013. As the achievement of ROD by the September 2, 2012 deadline did not occur, a $2.0 million ROD Extension Fee has been accrued as of September 30, 2012, and is included in capitalized debt issuance costs. The break fee payable by the Company to Hanlong may be paid in cash, or, in certain circumstances, in shares of our common stock at our option. If paid in shares, the price would be the volume weighted average of our common stock on the NYSE MKT for the five days ending six days after the announcement of the termination.

Stockholder Agreement

In connection with Hanlong s purchase of our shares, Hanlong signed a Stockholder Agreement with the Company that limits Hanlong s future acquisitions of our common stock, provides for designation of up to two directors to our Board and representation on the LLC management committee, and places some restrictions on Hanlong s voting and disposition of our shares.

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After the Tranche 1 closing, Hanlong became entitled to nominate one director to serve on our Board and one representative to the LLC management committee. Nelson Chen currently serves in both of these capacities. After the Tranche 2 closing, Hanlong will be entitled to nominate a second director. The Company will include and recommend the election of Hanlong s nominees in the Board s slate of nominees submitted to our stockholders, subject to the Board s fiduciary obligations and compliance by the nominee with applicable law and Company requirements concerning disclosure of information. The Hanlong nominees may also serve on committees for which they are eligible.

Hanlong has agreed not to purchase additional shares, except as permitted by the Purchase Agreement, without the Company s prior consent, and has agreed that it will not solicit proxies, join a group with respect to our equity securities, solicit or encourage an offer from another person for the Company, call a meeting of the Company s stockholders or make a proposal to the Company s stockholders, except to the Board. If our Board receives an offer for the Company, for its assets or a merger that the Board determines is in the best interests of the Company s stockholders, Hanlong is required to vote in favor of such a transaction or tender its shares unless it proposes an alternative transaction that our Board determines is more favorable to our stockholders than the offer received.

Hanlong may not, without the prior written consent of the Board, transfer ownership of their securities if the recipient would acquire beneficial ownership of more than 5% of our common stock as of the date of such transfer. The restrictions on Hanlong s share ownership, voting, disposition and drag-along rights will terminate on the earlier of the time that Hanlong owns less than 10% of our common stock, the date that is 6 months after the date that commercial production begins at the Mt. Hope Project, and June 30, 2014.

Bridge Loan

Hanlong agreed to provide a $20.0 million Bridge Loan to the Company, available in two equal $10.0 million tranches. On April 28, 2010, we drew down the first $10.0 million tranche. The second tranche became available after receiving stockholder approval of the Hanlong Transaction. The first tranche of the Bridge Loan bears interest at a rate tied to the London Interbank Offered Rate (LIBOR) plus 2% per annum. The second tranche of the Bridge Loan will bear interest at 10% per annum and is undrawn. The Bridge Loan will be repaid from the proceeds of the Term Loan. The second tranche may also be repaid at the Company s election, in shares of the Company s common stock. If paid in shares, the price would be the volume weighted average of the Company s shares on the NYSE MKT for a five-day period after public announcement of the event that required repayment. The Company may offset its right to receive the break fee against its obligations to repay borrowings under the Bridge Loan. On January 9, 2012, the Company and Hanlong executed a second Option Agreement concerning the Bridge Loan Agreement. On June 14, 2012, the Company exercised the option, thereby amending the Bridge Loan Agreement for no consideration to extend the maturity date of the Bridge Loan from December 31, 2012 until April 30, 2013. The option also has the effect of potentially extending the availability of the undrawn $10.0 million second tranche to April 30, 2013 since the availability of the second tranche ends the earliest of the Tranche 2 closing date, the maturity of the Bridge Loan and the first borrowing under the Term Loan.

The outstanding balance of the Bridge Loan and related accrued interest are recorded as a current liability as of September 30, 2012 as the latest available maturity date of the Bridge Loan is April 30, 2013. The Bridge Loan and our obligation to pay a break fee to Hanlong under the Purchase Agreement are secured by a pledge by us of a 10% interest in the LLC.

Chinese Bank Term Loan

Hanlong is obligated to use commercially reasonable efforts to procure a Term Loan in an amount of at least $665.0 million. The Term Loan is expected to bear interest at a rate tied to the LIBOR plus a spread of between 2% and 4% per annum. The Purchase Agreement provides that the Term Loan will have customary covenants and conditions; however, the terms of the Term Loan have not yet been negotiated with the lender and we have no assurance as to the final terms of the Term Loan. On February 16, 2012, the Company announced China Development Bank (CDB) had confirmed the basic terms underlying a proposed $665.0 million term loan to finance the Company s 80% share of development costs for the Mt. Hope project, including a CDB intention to lend $399.0 million and arrange a consortium of Chinese and international banks to fund the balance of $266.0 million. The Term Loan is anticipated to carry a maturity of 12 years including a 30-month grace period to allow for the construction of the Mt. Hope Project. The interest rate will remain subject to market conditions and Chinese government policy. The Company and Hanlong are continuing to work with CDB with a target of having the Term Loan completed, approved and available to the Company shortly after receipt of Mt. Hope s operating permits. Hanlong or an affiliate is obligated to guarantee the Term Loan. When funds can be drawn by the Company under the Term Loan, the Company will pay a $15.0 million arrangement fee to Hanlong who will pay fees and expenses associated with the Term Loan before the Term Loan Closing, including those charged by the Chinese bank.

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Hanlong Subordinated Debt Facility

On October 26, 2012, the Company and Hanlong signed a Subordinated Loan Agreement (Sub Debt Facility) under which Hanlong agreed to provide, with a six month option to arrange a third-party credit facility, up to $125.0 million to assist the Company in financing capital cost increases, which are discussed in Management s Discussion & Analysis. Under the Sub Debt Facility, Hanlong will lend in two tranches. Tranche A in the amount of $75.0 million will be available to the Company during the Mt. Hope Project s construction period after full advance of the Term Loan. Tranche B, in the amount of $50.0 million, will be available during the six-month period following the commencement of commercial production. Tranche A of the Sub Debt Facility can be reduced to the extent equipment is leased for the Mt. Hope Project by the LLC. In exchange for arranging the Sub Debt Facility, the Company will pay a fee to Hanlong in the amount of $6.3 million, payable at closing of the Term Loan or other financing of at least $8.0 million, and simultaneously with the execution of the Sub Debt Facility, issued a warrant with a 2.5 year maturity to purchase ten million shares of the Company s common stock. The warrant is priced at a 15% premium to the 10 day volume weighted average price on the issuance date, which results in a price of $4.23 per share. Following the close of the Tranche 2 purchase of stock under the Purchase Agreement occurs and following an exercise of the issued warrant, Hanlong would own approximately 31% of our outstanding shares.

Both tranches of the Sub Debt Facility will mature 5 years after the achievement of commercial production at the Mt. Hope Project and will have mandatory payments of 50% of the Company s semi-annual net free cash flow after debt service payments on the Term Loan and any other Mt. Hope Project funding requirements. The Sub Debt Facility will be subordinated to the Term Loan and will bear interest at 6-month LIBOR plus 4%, with interest paid semi-annually. The Sub Debt Facility has covenants that are customary for subordinated credit facilities and will contain additional covenants required to effect subordination to the Term Loan satisfactory to the holders of the Term Loan. Advances under the Sub Debt Facility are subject to a number of conditions precedent, such as accuracy of representations and warranties, compliance with covenants, absence of default and full advance of the Term Loan.

In connection with the Sub Debt Facility, the Company and Hanlong also entered into Amendment No.1 to the above described Stockholder Agreement on October 26, 2012. The amendment provides that the warrant or shares issued pursuant to the warrant will not be included in the calculation of Hanlong s beneficial ownership under provisions of the Stockholder Agreement or other agreements entered into by the Company and Hanlong prior to October 26, 2012. The amendment also provides that the warrant and shares issued pursuant to the warrant will be subject to the rights and restrictions of the Stockholder Agreement with the exception of restrictions on disposition, pledges and encumbrances.

Cash Conservation Plan

The Company continues to operate under a cash conservation plan implemented in March 2009 designed to reduce expenditures and conserve cash in order to maximize financial flexibility until all permits are issued and project funding becomes available.

When we commenced cash conservation, the Company had purchase orders for mining and milling process equipment. Some orders for mining equipment were cancelled in 2009, while orders for electric shovels and haul trucks were modified to become cancellable or non-binding. Most equipment orders for the custom-built grinding and other milling process equipment are being completed by the manufacturers and the equipment is being stored. The grinding and milling process equipment require the longest lead times and maintaining these orders is critical to the Company s ability to rapidly restart the Mt. Hope Project development. The Company completed negotiations with other equipment manufacturers to suspend or terminate fabrication of other milling equipment. As funding becomes available and equipment procurement is restarted, agreements that were suspended or terminated will be renegotiated under new market terms and conditions, as necessary.

Based on our current plan, expected timetable, and the results of such negotiations, we expect to make additional payments on milling process equipment orders of approximately $14.3 million in 2013 and $1.4 million in 2014. Based on payments made in 2009 through 2012, and upon making the final payments in early 2013 for the gyratory crusher, SAG and ball mills and related electric mill drives, and some other long-lead equipment, we will own this equipment. In the first quarter of 2013, the Company has commitments for milling process equipment orders of approximately $13.0 million. If ROD is not achieved by the first quarter of 2013, and if no additional financing has been arranged, the payment terms for these orders would have to be renegotiated. Payment terms on these orders have been extended in previous years, and the Company believes that renegotiation with extended terms would again be successful.

On February 28, 2012, the LLC issued a firm purchase order for 18 haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, currently scheduled for late 2013 or early 2014. A down-payment of $0.6 million was made at the time of order with an additional $0.6 million due 12 months prior to truck shipment, but the contract is cancellable with no further liability to the LLC up until the time the trucks are shipped. These deposits are non-refundable.

On June 25, 2012, the LLC issued a firm purchase order for four mine production drills. A non-refundable down-payment of $0.5 million is due 12 months prior to shipment, but the contract is cancellable with no further liability to the LLC up until the time the drills are shipped in early 2014.

At June 30, 2012, the LLC s contract to purchase two electric shovels expired. We signed a new Letter of Intent with the 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 Company for amounts paid as deposits under the expired contract. The agreement 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 Company. The Company anticipates issuing a new purchase order by mid-2013, at which time an additional down payment of approximately $6 million will be required.

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The cash conservation plan significantly reduced our total cash utilization for general administrative and overhead expenses to approximately $1 million per month from early 2009 to early 2012. In the third quarter of 2012, spending increased slightly to an average of $1.4 million per month as further permitting success has allowed for gradual restart of the project. Such ongoing costs, combined with the $9.0 million in construction royalty advances described in Note 10 Commitments and Contingencies comprise the spending requirements the Company has in place through the end of 2012 without restarting the Mt. Hope Project. In the event permitting is delayed, the Company will reduce its general administrative and overhead spending to approximately $1 million per month and pursue renegotiation of the Bridge Loan and other commitments.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements (interim statements) of the Company are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. All such adjustments are, in the opinion of management, of a normal recurring nature. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission (SEC) on March 1, 2012.

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

Accounting Method

Our financial statements are prepared using the accrual basis of accounting in accordance with GAAP. With the exception of the LLC, all of our subsidiaries are wholly owned. In February 2008, we entered into the LLC Agreement, which established our ownership interest in the LLC at 80%. These interim statements include all of our wholly owned subsidiaries and the LLC. The POS-Minerals contributions attributable to their 20% interest are shown as Contingently Redeemable Noncontrolling Interest on the Consolidated Balance Sheet. For certain periods presented, the LLC had net operating expenses and, accordingly, the net loss attributable to contingently redeemable noncontrolling interest is reflected separately on the Consolidated Statement of Operations.

Contingently Redeemable Noncontrolling Interest (CRNCI)

On January 1, 2009, we adopted Financial Accounting Standards Board (FASB) authoritative guidance related to Noncontrolling Interests in Consolidated Financial Statements, the provisions of which, among others, require the recognition of a noncontrolling interest (previously referred to as minority interest), as a component of equity in the consolidated financial statements and separate from the parent s equity for all periods presented. In addition, the amount of net income or loss attributable to the noncontrolling interest is included in net income or loss on the face of the consolidated statement of operations. Under GAAP, certain noncontrolling interests in consolidated entities meet the definition of mandatorily redeemable financial instruments if the ability to redeem the interest is outside of the control of the consolidating entity. As

described in Note 1 Description of Business , the LLC Agreement permits POS-Minerals the option to put its interest in the LLC to Nevada Moly upon a change of control, as defined in the LLC Agreement, followed by a failure to use standard mining industry practice in connection with development and operation of the Mt. Hope Project as contemplated by the parties for a period of 12 consecutive months. As such, the CRNCI has continued to be shown as a separate caption between liabilities and equity (mezzanine section). The carrying value of the CRNCI reflects the investment of the noncontrolling interest, less losses attributable to the interest.

Estimates

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

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company s cash equivalent instruments are classified within Level 1 of the fair value hierarchy established by FASB guidance for Fair Value Measurements because they are valued based on quoted market prices in active markets. These cash instruments included $8.0 million in U.S. Treasury securities at September 30, 2012.

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Exploration and Development Stage Activities

We were in the exploration stage from January 2002 until October 4, 2007. On October 4, 2007, our Board approved the development of the Mt. Hope Project as contemplated in the Bankable Feasibility Study and we then entered into the development stage. We have not realized any revenue from operations. We will be primarily engaged in development of the Mt. Hope Project and exploration and evaluation of the Liberty Project until we enter the production stage of the Mt. Hope Project.

Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss attributable to General Moly, Inc. by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Outstanding warrants to purchase 1,000,000 and 1,000,000 shares of common stock, options to purchase 1,316,658 and 2,484,990 shares of common stock, and unvested stock awards totaling 845,667 and 393,033 at September 30, 2012, and 2011, respectively, and 1,234,945 and 797,605 shares under Stock Appreciation Rights at September 30, 2012, and 2011, respectively, were not included in the computation of diluted loss per share for the three and nine months September June 30, 2012, and 2011, respectively, because to do so would have been anti-dilutive. Therefore, basic loss per share is the same as diluted loss per share.

Mineral Exploration and Development Costs

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

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

Mining Properties, Land and Water Rights

Costs of acquiring and developing mining properties, land and water rights are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mining properties, land and water rights are expensed as incurred while the property is in the exploration and evaluation stage. Development and related costs and costs to maintain mining properties, land and water rights are capitalized as incurred while the property is in the development stage. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production basis over proven and probable reserves. Mining properties, land and water rights are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, a gain or loss is recognized and included in the consolidated statement of operations.

The Company has capitalized royalty payments made to MHMI during the development stage. The amounts will be applied to production royalties owed upon the commencement of production.

Depreciation and Amortization

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment are depreciated using the following estimated useful lives:

Field equipment	Four to ten years
Office furniture, fixtures, and equipment	Five to seven years
Vehicles	Three to five years
Leasehold improvements	Three years or the term of the lease, whichever is shorter
Residential trailers	Ten to twenty years
Buildings and improvements	Ten to twenty seven and one-half years

At September 30, 2012 and 2011, accumulated depreciation and amortization was $1.6 and $1.3 million, respectively, of which $1.4 and $1.0 million, respectively, was capitalized.

Provision for Taxes

Income taxes are provided based upon the asset and liability method of accounting. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. In accordance with authoritative guidance under Accounting Standards Codification (ASC) 740, *Income Taxes*, a valuation allowance is recorded against the deferred tax asset if management does not believe the Company has met the more likely than not standard to allow recognition of such an asset.

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Reclamation and Remediation

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

Estimates of such liabilities are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also reflect prior experience in remediating contaminated sites, other companies clean-up experience and data released by the United States Environmental Protection Agency (EPA) or other organizations. Such estimates are by their nature imprecise and can be expected to be revised over time because of changes in government regulations, operations, technology and inflation. Recoveries are evaluated separately from the liability. When recovery is assured, the Company records and reports an asset separately from the associated liability.

Stock-based Compensation

Stock-based compensation represents the fair value related to stock-based awards granted to members of the Board, officers and employees. The Company uses the Black-Scholes model to determine the fair value of stock-based awards under authoritative guidance for *Stock-Based Compensation*. For stock based compensation that is earned upon the satisfaction of a service condition, the cost is recognized on a straight-line basis (net of estimated forfeitures) over the requisite vesting period (up to three years). Awards expire five years from the date of vesting.

Further information regarding stock-based compensation can be found in Note 7 Equity Incentives.

Debt

The Company has determined that the Bridge Loan is a Level 3 financial instrument because it includes unobservable inputs to its fair value analysis. We have utilized the discounted cash flow income approach to calculate the fair value of the Bridge Loan liability as of September 30, 2012. Inputs to this valuation are as follows:

Interest Rate	LIBOR plus 4.25%
Discount Rate	8%
Term to Maturity	7 months
Principal Amount	$10.0 million

The Interest Rate was determined based on recent equipment financing terms quoted to the Company. The Discount Rate is consistent with that used in the Company s long term operational plans. The Term to Maturity is the expected remaining duration of the Bridge Loan as of September

30, 2012. Based on the inputs above, the fair value of the Bridge Loan at September 30, 2012 was $11.0 million compared to a recorded value of $10.6 million, including accrued interest.

The fair value calculation would change based on changes to unobservable inputs such as the implicit interest rate. An increase of 1% in the implicit interest rate would increase the fair value of the Bridge Loan by $0.3 million.

There have been no changes in the method used to calculate the fair value of the Bridge Loan during the period.

Debt Issuance Costs

The Company has capitalized certain costs such as technical due diligence, related legal fees, and advances against the arrangement fee in the amount of $5.5 million incurred in direct pursuit of the Term Loan based on our belief that it is more probable than not that the Company will receive the Term Loan. A portion of these costs were incurred on behalf of Hanlong and will be offset against the $15.0 million arrangement fee to be paid by the Company to Hanlong upon the closing of the Term Loan. These costs will be amortized over the life of the Term Loan using the effective interest method once the Term Loan has been made available.

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Comprehensive Loss

For the three and nine months ended September 30, 2012 and 2011, respectively, the Company s comprehensive loss was equal to the respective net loss for each of the periods presented.

Recently Adopted Accounting Pronouncements

Comprehensive Income (Topic 220): Presentation of Comprehensive Income

In June 2011, the FASB issued Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. Under the amendments, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance is effective for the Company for the fiscal year beginning after December 15, 2011. The adoption of this guidance did not have a material effect on its financial condition, results of operation, or cash flows.

Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The Update amends fair value measurements and disclosures to (1) clarify the board s intent in respect of existing measurement guidance, (2) revise certain measurement guidance that changes or modifies a principle, and (3) add disclosure requirements concerning the measurement uncertainty of Level 3 measurements. This guidance is effective for the Company for the first interim and annual period beginning on or after December 15, 2011. The adoption of this guidance did not have a material effect on its financial condition, results of operation, or cash flows.

Accounting Standards Update No. 2012-02, *Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.*

In July 2012, the FASB issued Accounting Standards Update 2012-02, Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. The new guidance provides an entity with the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Subtopic 350-30. This guidance is effective for the Company annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance is not expected to have a material effect on its financial condition, results of operation, or cash flows.

NOTE 4 MINING PROPERTIES, LAND AND WATER RIGHTS

We currently have interests in two mining properties that are the primary focus of our operations. The Mt. Hope Project is currently in the development stage and the Liberty Property is in the exploration and evaluation stage. We also have certain other, non-core, mining properties that are being evaluated for future exploration or sale. The following is a summary of mining properties, land and water rights at September 30, 2012 and December 31, 2011 (in thousands):

	At September 30, 2012	At December 31, 2011
Mt. Hope Project:		
Development costs	$ 112,107	$ 99,984
Mineral, land and water rights	10,526	10,526
Advance Royalties	27,800	22,600
Total Mt. Hope Project	150,433	133,110
Total Liberty Property	9,732	9,733
Other Properties	889	889
Total	$ 161,054	$ 143,732

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On June 26, 2009, the Company and Josephine Mining Corp. (JMC), a privately-owned Canadian company whose president is a related party to a member of the Company s Board, entered into an Option to Purchase Agreement for the Company s non-core Turner Gold property, a multi-metallic property located in Josephine County, Oregon, which the Company had acquired in 2004. JMC paid $0.1 million upon entering into the agreement, an additional $0.3 million in January 2011, and an additional $0.3 million in December 2011, which are non-refundable and will be applied to the purchase price at the completion of the agreement. The $0.7 million has been recorded as a deferred gain pending completion of the purchase. In the second half of 2012, the Company and JMC entered into amendments extending the date by which the final payment of $1.35 million was due to December 1, 2012, in exchange for fees of $100,000, which are not applicable to the purchase price. The periodic payments allow JMC certain exploratory rights. Ownership of the Turner Gold property will transfer to JMC upon the final payment. The Company will also retain a production royalty of 1.5% of all net smelter returns on future production from the property, should JMC acquire the property. The book value of the Company s investment in the Turner Gold property is approximately $0.8 million.

On March 8, 2010, the Company and Ascot USA, Inc. (Ascot), a Washington corporation, entered into an Option to Purchase Agreement for the Company s non-core Margaret property, an undivided 50% interest in the reserved mineral rights and all of the Company s interest in the 105 unpatented mining claims comprising the Red Bonanza Property, situated in the St. Helens Mining District, Skamania County, Washington. The Company acquired the property in 2004. Ascot made a final payment under the terms of the Agreement on October 3, 2012. The Company is in the process of transferring ownership of the Margaret property to Ascot. A production royalty of 1.5% of all net smelter returns on future production from the property has been retained by the Company following Ascot s purchase of the property. The Company carried no book value in the property.

On September 30, 2011, the Company and Russell Mining & Minerals, Inc. (RMMI), a privately-owned company whose president is a related party to one of the Company s Board members, entered into an Option to Purchase Agreement for the Company s non-core Detroit Copper property, a multi-metallic property located in Marion County, Oregon. RMMI paid $0.1 million upon entering into the agreement. Once made, each option payment is non-refundable. The $0.1 million has been recorded as a deferred gain pending completion of the purchase. If RMMI proceeds, an additional $0.3 million installment payment is due March 31, 2013, and the final installment payment of $1.6 million is due on or before September 30, 2014. The final option payment may be extended by RMMI by up to two years by making non-refundable installment payments of $160,000 in each year to be extended, which are not applied to the purchase price of the property. The periodic payments allow RMMI certain exploratory rights. If RMMI makes all three of the installment payments, ownership of the Detroit Copper property will transfer to RMMI upon the final payment. The Company has also retained a Production Royalty of 1.5% of all net smelter returns on future production from the property. The Company currently carries no book value in the project.

Development costs and Deposits on project property, plant and equipment

As of September 30, 2012, development costs for the Mt. Hope Project amounted to $112.1 million including hydrology and drilling costs, expenditures to further the permitting process, capitalized salaries, project engineering costs, and other expenditures required to fully develop the Mt. Hope Project. Deposits on project property, plant and equipment of $67.4 million represent ongoing progress payments on equipment orders for the custom-built grinding and milling equipment, related electric mill drives, and other processing equipment that require the longest lead times.

Restricted Cash held for Electricity Transmission

The Company has paid $12.0 million into an escrow arrangement for electricity transmission services. The amount represents security on a transmission contract that will provide power to the Mt. Hope Project, and is accounted for as restricted cash. All amounts escrowed are to be

returned to the Company as electricity is delivered or on December 1, 2015, in the event that electricity transmission at the Mt. Hope Project has not commenced or at the time the agreement is cancelled by the Company.

NOTE 5 COMMON STOCK UNITS, COMMON STOCK AND COMMON STOCK WARRANTS

During the three and nine months ended September 30, 2012, we issued 54,274 and 716,055 shares of common stock pursuant to stock awards under the 2006 Equity Incentive Plan.

All warrants outstanding at September 30, 2012 are exercisable at $5.00 per share once General Moly has received financing necessary for the commencement of commercial production at the Mt. Hope Project and will expire one year thereafter.

Pursuant to our Certificate of Incorporation, we are authorized to issue 200,000,000 shares of $0.001 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

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NOTE 6 PREFERRED STOCK

Pursuant to our Certificate of Incorporation we are authorized to issue 10,000,000 shares of $0.001 per share par value preferred stock. The authorized but unissued shares of preferred stock may be issued in designated series from time to time by one or more resolutions adopted by the Board. The Board has the authority to determine the preferences, limitations and relative rights of each series of preferred stock. At September 30, 2012, and 2011, no shares of preferred stock were issued or outstanding.

NOTE 7 EQUITY INCENTIVES

In 2006, the Board and shareholders of the Company approved the 2006 Equity Incentive Plan (2006 Plan) that replaced the 2003 Equity Incentive Plan (2003 Plan). In May 2010, our shareholders approved an amendment to the 2006 Plan increasing the number of shares that may be issued under the plan by 4,500,000 shares to 9,600,000 shares. The 2006 Plan authorizes the Board, or a committee of the Board, to issue or transfer up to an aggregate of 9,600,000 shares of common stock, of which 3,656,537 remain available for issuance as of September 30, 2012. Awards under the 2006 Plan may include incentive stock options, non-statutory stock options, restricted stock units, restricted stock awards, and stock appreciation rights (SARs). At the option of the Board, SARs may be settled with cash, shares, or a combination of cash and shares. The Company settles the exercise of other stock-based compensation with newly issued common shares.

Stock-based compensation cost is estimated at the grant date based on the award s fair value as calculated by the Black-Scholes option pricing model and is recognized as compensation ratably on a straight-line basis over the requisite vesting/service period. As of September 30, 2012, there was $2.9 million of total unrecognized compensation cost related to share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.6 years.

Stock Options and Stock Appreciation Rights

All stock options and SARs are approved prior to or on the date of grant. Stock options and SARs are granted at an exercise price equal to or greater than the Company s closing stock price on the date of grant. Both award types vest over a period of zero to three years with a contractual term of five years after vesting. The Company estimates the fair value of stock options and SARs using the Black-Scholes valuation model. Key inputs and assumptions used to estimate the fair value of stock options and SARs include the grant price of the award, expected option term, volatility of the Company s stock, the risk-free rate and the Company s dividend yield. The following table presents the weighted-average assumptions used in the valuation and the resulting weighted-average fair value per option or SAR granted:

For the Nine Months Ended September 30:	**2012**
Expected Life *	3.5 to 5.5 years
Interest Rate+	0.39% to 2.84%
Volatility **+	86.39% to 95.57%
Dividend Yields	
Weighted Average Fair Value of Stock Options Granted During the Year	$
	$

Weighted Average Fair Value of Stock Appreciation Rights
Granted During the Year

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* The expected life is the number of years that the Company estimates, based upon history, that options or SARs will be outstanding prior to exercise or forfeiture.

** The Company s estimates of expected volatility are principally based on the historic volatility of the Company s common stock over the most recent period commensurate with the estimated expected life of the Company s stock options and other relevant factors.

\+ The interest rate and volatility used by the Company in calculating stock compensation expense represent the values in effect at the date of grant for all awards. These values are periodically updated for stock appreciation rights, which may be settled in cash to reflect the current market conditions.

At September 30, 2012, the aggregate intrinsic value of outstanding and exercisable (fully vested) options and SARs was $1.0 million and had a weighted-average remaining contractual term of 1.9 years. The total intrinsic value of options exercised during the three and nine months ended September 30, 2012 was $0.3 million. No SARs were exercised during the three and nine months ended September 30, 2012.

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Restricted Stock Units and Stock Awards

Grants of restricted stock units and stock awards (Stock Awards) have been made to Board members, officers, and employees. Stock Awards have been granted as performance based, earned over a required service period, or to Board members and the Company Secretary without any service requirement. Time based grants for officers and employees generally vest and stock is received without restriction to the extent of one-third of the granted stock for each year following the date of grant. Stock Awards issued to members of the Board and the Company Secretary that are fully vested at the time of issuance are recognized as compensation expense upon grant of the award.

The compensation expense recognized by the Company for Stock Awards is based on the closing market price of the Company s common stock on the date of grant. For the nine months ended September 30, 2012, the weighted-average grant-date fair value for Stock Awards was $3.21.

Summary of Equity Incentive Awards

The following table summarizes activity under the Plans during the nine months ended September 30, 2012:

	Stock Options		SARs		Stock Awards	
	Weighted Average Exercise Price	Number of Shares Under Option	Weighted Average Strike Price	Number of Shares Under Option	Weighted Average Grant Price	Number of Shares
Balance at January 1, 2012	$ 5.46	2,484,990	$ 3.21	1,290,499	$ 5.39	615,763
Awards Granted					3.21	418,921
Awards Exercised or Earned	2.73	(658,333)			3.31	(184,463)
Awards Forfeited			4.11	(36,641)	3.80	(4,554)
Awards Expired	5.53	(509,999)	4.52	(18,913)		
Balance at September 30, 2012	$ 6.29	1,316,658	$ 3.16	1,234,945	$ 4.42	845,667
Exercisable at September 30, 2012	$ 6.27	1,166,658	$ 1.68	472,893		

A summary of the status of the non-vested awards as of September 30, 2012 and changes during the nine months ended September 30, 2012 is presented below.

	Stock Options		SARs		Stock Awards	
	Weighted Average Fair Value	Number of Shares Under Option	Weighted Average Fair Value	Number of Shares Under Option	Weighted Average Fair Value	Number of Shares
Balance at January 1, 2012	$ 6.25	155,000	$ 3.67	940,215	$ 5.39	615,763

Awards Granted							3.21	418,921
Awards Vested or Earned		1.69	(5,000)		1.32	(141,522)	3.31	(184,463)
Awards Forfeited					4.11	(36,641)	3.80	(4,554)
Balance at September 30, 2012	$	6.40	150,000	$	4.08	762,052	$ 4.42	845,667

Compensation Cost Recognized and Capitalized Related to Equity Incentives

Summary of Compensation Cost Recognized and Capitalized related to Equity Incentives for the Nine Months Ended September 30 (in thousands):	**2012**	**2011**
Stock Options*	$ 1	$ (49)
SARs		
Performance based	275	127
Vesting over time	219	486
Stock Awards:		
Performance based*	227	(58)
Vesting over time	347	405
Board of Directors and Secretary	528	810
Total	$ 1,597	$ 1,721
Included in:		
Capitalized as Development	426	165
Expensed	1,171	1,556
	$ 1,597	$ 1,721

* The Company recorded forfeitures during 2011 related to unvested options of terminated employees and performance-based restricted shares forfeited as a result of the failure to achieve certain associated milestones required for vesting.

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Taxes

A portion of the Company s granted options are intended to qualify as incentive stock options (ISO) for income tax purposes. As such, a tax benefit is not recorded at the time the compensation cost related to the options is recorded for book purposes due to the fact that an ISO does not ordinarily result in a tax benefit unless there is a disqualifying disposition. Stock option grants of non-qualified options result in the creation of a deferred tax asset, which is a temporary difference, until the time that the option is exercised. Any excess tax benefits from non-qualified stock option exercises are not recorded until the tax deduction reduces income tax payable.

NOTE 8 CHANGES IN CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST AND EQUITY

Changes in Contingently Redeemable Noncontrolling Interest (Dollars in thousands)	Activity for Nine Months Ended September 30, 2012	Activity for Nine Months Ended September 30, 2011
Total Contingently Redeemable Noncontrolling Interest December 31, 2011, & 2010, respectively	$ 98,073	$ 98,753
Less: Net Loss Attributable to Contingently Redeemable Noncontrolling Interest		(680)
Total Contingently Redeemable Noncontrolling Interest September 30, 2012, and 2011, respectively	$ 98,073	$ 98,073

Changes in Equity	Activity for Nine Months Ended September 30, 2012	Activity for Nine Months Ended September 30, 2011
Common stock:		
At beginning of period	91	85
Stock Awards		6
At end of period	91	91
Additional paid-in capital:		
At beginning of period	255,894	234,517
Exercised options	578	356
Exercised warrants		19,053
Stock based compensation	1,597	1,721
At end of period	258,069	255,647
Accumulated deficit:		
At beginning of period	(112,933)	(98,165)
Consolidated net loss	(7,960)	(11,894)
At end of period	(120,893)	(110,059)
Total Equity September 30, 2012, and 2011, respectively	$ 137,267	$ 145,679

NOTE 9 INCOME TAXES

At September 30, 2012, and December 31, 2011, we had deferred tax assets principally arising from the net operating loss carry-forwards for income tax purposes multiplied by an expected rate of 35%. As management of the Company cannot determine that it is more likely than not that we will realize the benefit of the deferred tax assets, a valuation allowance equal to the net deferred tax asset has been established at September 30, 2012, and December 31, 2011. The significant components of the deferred tax asset at September 30, 2012, and December 31, 2011 were as follows (in thousands):

		September 30, 2012		December 31, 2011
Operating loss carry forward	$	170,483	$	143,412
Unamortized exploration expense		10,771		11,546
Fixed asset depreciation		94		109
Deductible stock based compensation		2,417		3,835
Other		246		251
Deductible temporary difference	$	184,011	$	159,153
Taxable temporary difference Investment in Eureka Moly, LLC	$	(74,909)	$	(64,979)
Net deductible temporary difference	$	109,102	$	94,174
Deferred tax asset	$	38,186	$	32,961
Deferred tax asset valuation allowance	$	(38,186)	$	(32,961)
Net deferred tax asset	$		$	

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At September 30, 2012, and December 31, 2011 we had net operating loss carry forwards of approximately $170.5 million and $143.4 million, respectively, which expire in the years 2017 through 2032. The carry forward amounts as of September 30, 2012, reflect $7.1 million in operating losses acquired in the acquisition of the Liberty Project that the Company anticipates will be recoverable prior to their expiration. The change in the allowance account from December 31, 2011 to September 30, 2012 was $5.2 million.

As of September 30, 2012 and 2011, the Company had no unrecognized tax benefits. There was no change in the amount of unrecognized tax benefits as a result of tax positions taken during the year or in prior periods or due to settlements with taxing authorities or lapses of applicable statues of limitations. The Company is open to federal and state tax audits until the applicable statutes of limitations expire.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Mt. Hope Project

The Mt. Hope Lease Agreement (Lease Agreement) with MHMI may be terminated upon the expiration of its 30-year term, earlier at the election of the LLC, or upon a material breach of the agreement 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 Agreement and no further payments would be due to MHMI. In order to maintain the Lease Agreement, the LLC must pay certain minimum advance royalties as discussed below.

The Lease Agreement requires a payment of 3% of certain construction capital costs, defined in the Lease Agreement as the Capital Construction Cost Estimate (the Estimate). The Estimate payment is treated as an Advance Royalty payment under the Lease Agreement. The LLC is obligated to pay a portion of the Estimate 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 lease. Through September 30, 2012, we have paid $13.7 million of the total Estimate. We paid $0.6 million in early 2011 as a result of the exercise of outstanding warrants and another $9.0 million in October 2011. Based on the Lease Agreement, an additional $9.0 million was paid on October 19, 2012. Furthermore, a final reconciliation payment on the Estimate will be due following the commencement of commercial production, after as-built costs are definitively determined. Based on the revised capital estimate discussed in Management s Discussion & Analysis below, and the current timeline for the commencement of commercial production, the Company estimates that an additional $4.2 million will be due during the second half of 2015. Both the $9.0 million and the $4.2 million were accrued as of September 30, 2012.

The LLC is also obligated to make a minimum annual advance royalty payment (Annual Advance Royalty) of $0.5 million each October 19 following the payment in October of 2012, for any year wherein commercial production has not been achieved or the Production Royalty (as hereinafter defined) is less than $0.5 million. As commercial production is not anticipated to commence until 2015, the Company has accrued $1.0 million in Annual Advance Royalty payments which will be due in two $0.5 million installments in 2013 and 2014. 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 Production Royalties will be in excess of the Annual Advance Royalties for the life of the project and, further, the Estimate will be credited against MHMI Production Royalties at the rate of 50% of Production Royalties on an annual basis until fully consumed.

Deposits on project property, plant and equipment

At September 30, 2012, we have active orders with varying stages of fabrication on milling process equipment comprised of two 230kV primary transformers and substation, a primary crusher, a semi-autogenous mill, two ball mills, and various motors for the mills. We have suspended fabrication on 16 flotation cells, lime slaking equipment, hydrocyclones, and other smaller milling process equipment with the ability to re-initiate fabrication at any time. The LLC terminated the fabrication of two multi-hearth molybdenum roasters and has received finished goods of the partially completed order. We plan to re-establish a new purchase order with this manufacturer as financing becomes available and equipment procurement is restarted under then current market terms and conditions.

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The following table sets forth the LLC s cash commitments under mining and milling equipment contracts (collectively, Purchase Contracts) at September 30, 2012, (in millions):

Year		As of September 30, 2012
2012		
2013 and thereafter		15.7
Total (1)	$	15.7

(1) On February 28, 2012, the LLC issued a firm purchase order for 18 haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, currently scheduled for late 2013 or early 2014. A non-refundable down-payment of $0.6 million was made at the time of order with an additional $0.6 million due 12 months prior to truck shipment, but the contract is cancellable with no further liability to the LLC up until the time the trucks are shipped.

On June 25, 2012, the LLC issued a firm purchase order for 4 mine production drills. A non-refundable down-payment of $0.5 million is due 12 months prior to shipment, but the contract is cancellable with no further liability to the LLC up until the time the drills are shipped.

At June 30, 2012, the LLC s contract to purchase two electric shovels expired. We signed a new letter of intent with the 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 Company for amounts paid as deposits under the expired contract. The agreement 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 Company.

Early in 2013, the Company has commitments for milling process equipment orders of approximately $13.0 million. If the key milestone of ROD is not achieved by the first quarter of 2013, and if no additional financing has been arranged, the payment terms for these orders would have to be renegotiated. Payment terms on these orders have been extended in previous years, and the Company believes that renegotiation with extended terms would again be likely.

Obligations under capital and operating leases

We have contractual obligations under capital and operating leases that will require a total of $0.2 million in payments over the next three years. Assets under capital lease relate to light vehicles leased by the Company for use in operations. Operating leases consist primarily of rents on office facilities and office equipment. Our expected payments are $0.1 million, $0.1 million and nil for the years ended December 31, 2012, 2013, and 2014, respectively. We incurred charges of approximately nil for the three months and $0.1 million for the nine months ended September 30, 2012 in amortization on assets under capital lease.

Creation of Agricultural Sustainability Trust

On August 19, 2010, the LLC entered into an agreement with the Eureka Producers Cooperative (the EPC) whereby the LLC will fund a $4.0 million Sustainability Trust (the Trust) in exchange for the cooperation of the EPC with respect to the LLC s water rights and permitting of the Mt. Hope Project. The Trust will be tasked with developing and implementing programs that will serve to enhance the sustainability and well-being of the agricultural economy in the Diamond Valley Hydrographic Basin through reduced water consumption.

The Trust may be funded by the LLC over several years based on the achievement of certain milestones, which are considered probable, and as such $4.0 million has been accrued in the Company s September 30, 2012, financial statements and is included in mining properties, land, and water rights.

Permitting Considerations

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 will be required to obtain a ROD from the BLM authorizing implementation of the Mt. Hope Project POO. This approval can be obtained only after successful completion of the National Environmental Policy Act process of environmental evaluation, which incorporates substantial public comment. The LLC will also need to obtain various state and federal permits including water protection, air quality, water rights and reclamation permits. In

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addition to requiring permits for the development of the Mt. Hope Project, we will need to obtain and modify various mining and environmental permits during the life of the Mt. Hope Project. Obtaining, modifying, and renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and substantial expenditures. The duration and success of the LLC s efforts to obtain, modify or renew permits will be contingent upon many variables, some of which are not within the LLC s 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 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 the LLC would not proceed with the development or operation of the Mt. Hope Project.

Water Rights Considerations

In addition to working to complete the Environmental Impact Study (EIS), we recently finalized the transfer of water rights to mining use. In March, 2009, we were initially granted our water applications in a Ruling by the Nevada State Engineer (State Engineer). However, that Ruling was appealed and in April 2010, a Nevada State District Court set aside the Ruling on procedural grounds and remanded the matter for another hearing by the State Engineer.

On July 15, 2011, the State Engineer issued a second Ruling granting the Company s water right applications. That Ruling was appealed in August, 2011 by Eureka County and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley. The appeals were heard on April 3, 2012 before the Nevada State District Court. On June 13, 2012, the Nevada State District Court denied the appeals and affirmed the State Engineer s Ruling. Further, the State Engineer issued all water permits on December 14, 2011 and certain amended permits on January 4, 2012, and the water became available for use at the Mt. Hope Project following the State Engineer s approval of the Company s Monitoring, Management and Mitigation Plan (3M Plan) on June 6, 2012.

On July 10 and 11, 2012, respectively, Eureka County and two other parties comprised of one individual water rights holder in Diamond Valley and one in Kobeh Valley filed Notices of Appeal, appealing to the Nevada Supreme Court the Nevada State District Court s Order denying their appeals of the State Engineer s July 2011 Ruling. We are confident that the Nevada Supreme Court will uphold the Nevada State District Court s Order, which denied all appeals of the State Engineer s Ruling.

On July 5, 2012, the same two individual water rights holders appealing the Nevada State District Court s Order to the Nevada Supreme Court filed an appeal of the State Engineer s approval of the Company s 3M Plan to the same Nevada State District Court. Eureka County did not appeal the approved 3M Plan. We anticipate a favorable Nevada State District Court decision upholding the 3M Plan.

Notwithstanding these further appeals, the Company s water permits have been granted and the water remains available to the Company, as described above, for use at the Mt. Hope Project.

Environmental Considerations

Our mineral property holdings in Shoshone County, Idaho include lands contained in mining districts that have been designated as Superfund sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act. 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 district, 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.

NOTE 11 SUBSEQUENT EVENTS

On October 26, 2012, the Company and Hanlong finalized a binding agreement under which Hanlong agreed to provide a $125 million subordinated debt facility supplementing the Term Loan as well as the related warrant and amendment to the Stockholder Agreement, as discussed in Note 2 above.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References made in this Quarterly Report on Form 10-Q to we, our, us, or the Company, refer to General Moly, Inc.

The following discussion and analysis of our financial condition and results of operations constitutes management s review of the factors that affected our financial and operating performance for the three and nine months ended September 30, 2012, and 2011. This discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2011, which was filed on March 1, 2012.

We routinely post important information about us on our Company website. Our website address is www.generalmoly.com.

Overview

We are a development stage company and began the development of the Mt. Hope Project on October 4, 2007. During the year ended December 31, 2008 we also completed work on a pre-feasibility study of our Liberty Project, which we updated during 2011. We plan to update metallurgical and waste rock models for the Liberty Project by the end of 2013, in support of long-lead permitting activities.

In July of this year, we completed a review of the capital cost requirements for the Mt. Hope Project, based on current major equipment, labor and material pricing and further engineering definition. The project capital was also updated for currently known permitting and regulatory requirements and includes the schedule impacts of permitting delays since the September 2008 feasibility study update, which was reconfirmed in November 2009. The Mt. Hope Project has not materially changed in scope and is currently designed at approximately 60% engineering completion with solid scope definition. The overall capital cost estimate increased by 11%, or $130 million, and totaled $1,284 million (as reflected in the Q2 2012 column in the table below). The largest affected category of the revised estimate was Owners cost, which increased 48%, or $82 million, driven by schedule delays largely attributed to an extended permitting timeline. Of that amount, $35 million represents holding costs over the 2009 to 2012 period (approximately $0.7 million per month), that were not envisioned in the original estimates. As such, while they are included in the overall project total, they do not contribute directly to the development of the project.

In October of this year, we further refined the capital cost estimate to reflect ongoing softening in the overall market, firm quotes that are better than expected, and modified internal assumptions. The new estimate is reflected in the Q3 2012 column in the table below, and is representative of improvements in 1) Owners costs where Eureka Moly now assumes lower overhead and slower ramp-ups in capitalized internal labor, 2) Contingency, attributable primarily to the mine equipment category where costs are mostly firm with existing commitments, and the outlook for both the new and used market has become more favorable to buyers in recent months, and 3) Reclamation bond collateral requirements, supported by firm quotes from surety underwriters received in the last quarter.

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

Category	Millions $US 2009 Estimate	Q2 2012 Revised Estimate	Q3 2012 Revised Estimate
Mining equipment	$ 134	$ 150	$ 150
Construction, materials & plant facilities	523	582	583
Owners cost, pre-stripping, camp	169	251	245
Taxes, freight, commissioning, spares	68	74	73
Equipment suspension costs		11	11
EPCM	59	71	70
Contingency	86	76	70
Total Capital	$ 1,039	$ 1,215	1,202
Bonding and pre-paid items	115	69	67
Total Capital Requirement	$ 1,154	$ 1,284	1,269

From October 2007 through the nine months ended September 30, 2012, we have spent approximately $201.9 million on the Mt. Hope Project.

In 2009, because of declining molybdenum prices and unanticipated delays in the Mt. Hope Project permitting process, we implemented a cash conservation plan whereby total cash utilization, other than equipment purchases and permitting efforts, was significantly reduced. The Company has maintained its orders for grinding, milling, and other specialty long-lead equipment. However, other engineering, administrative and third party work was slowed or suspended. The Company had cash on hand as of September 30, 2012 of $22.4 million. Based on our current cash on hand, the ongoing cash conservation plan, and expected permitting and financing milestones to be achieved in late 2012 and early 2013, the Company expects it will have adequate liquidity through the restart of the project and execution of the financing plan.

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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 economic collapse. 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. During 2011, prices traded in a relatively narrow range between $12.85 and $17.70 per pound, finishing the year at $13.40 per pound, according to *Ryan s Notes*. Throughout 2012, prices have continued to trade in a narrow range and are currently trading at $10.90 per pound.

The permitting process for the Mt. Hope Project has also had an impact on the LLC s activities because of delays experienced from extensive regulatory reviews and additional requests for information on environmental impacts. Nevertheless, the process continues to move toward completion, and the LLC s efforts in this regard have continued full-time. Once the major operating permits and the Record of Decision (ROD) from the Bureau of Land Management (BLM) are effective, and financing is available, it is expected that the Mt. Hope Project can be constructed and in production within approximately 20 - 24 months.

Restructuring and Suspension of Project Development

As discussed above, in March 2009, we implemented a cash conservation plan to reduce expenditures and conserve cash in order to maximize financial flexibility. Engineering efforts related to the Mt. Hope Project, which are currently approximately 60% complete, were restarted in January 2012 following the publication of the Draft Environmental Impact Study (DEIS).

As of March 2009, Eureka Moly (the LLC), a limited liability company created with POS-Minerals to develop the Mt. Hope Project, had purchase orders for mining and milling process equipment. Some orders for mining equipment were cancelled, while orders for electric shovels and haul trucks were modified to become cancellable or non-binding. Most equipment orders for the custom-built grinding and other milling process equipment are being completed by the manufacturers, and this equipment is being or will be stored pending commencement of construction. The grinding and milling process equipment require the longest lead times and maintaining these orders is critical to the Company s ability to rapidly restart the Mt. Hope Project development. The LLC completed negotiations with other equipment manufacturers to suspend or terminate fabrication of other milling equipment. As funding becomes available and equipment procurement is restarted, agreements that were suspended or terminated will be renegotiated under new market terms and conditions, as necessary.

Based on our current plan, expected timetable, and the results of such negotiations, we expect to make additional payments on milling process equipment orders of approximately $14.3 million in 2013 and $1.4 in 2014. For the gyratory crusher, SAG and ball mills and related electric mill drives, and some other long-lead equipment, we will own the equipment upon final payments forecasted to occur in early 2013.

On February 28, 2012, the LLC issued a firm purchase order for 18 haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, currently scheduled for late 2013 or early 2014. A non-refundable down-payment of $0.6 million was made at the time of order with an additional $0.6 million due 12 months prior to truck shipment, but the contract is cancellable with no further liability to the LLC up until the time the trucks are shipped.

On June 25, 2012, the LLC issued a firm purchase order for 4 mine production drills. A non-refundable down-payment of $0.5 million is due 12 months prior to shipment, but the contract is cancellable with no further liability to the LLC up until the time the drills are shipped.

At June 30, 2012, the LLC s contract to purchase two electric shovels expired. We signed a new letter of intent with the 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 Company for amounts paid as deposits under the expired contract. The agreement 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 Company.

Early in 2013, the Company has commitments for milling process equipment orders of approximately $13.0 million. If the key milestone of ROD is not achieved by the first quarter of 2013, and if no additional financing has been arranged, the payment terms for these orders would have to be renegotiated. Payment terms on these orders have been extended in previous years, and the Company believes that renegotiation with extended terms would again be likely.

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Permitting Update

The Mt. Hope Project will require both federal and state permits before it can commence construction and operations. 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 water pollution control permit and reclamation permit from the Nevada Department of Environmental Protection Bureau of Mining Regulation and Reclamation, and an air quality permit from the Nevada Department of Environmental Protection, Bureau of Air Pollution Control (NDEP BAPC). A Notice of Availability for the Final EIS for the Mt Hope Project was published in the Federal Register on October 12, 2012, signifying that the BLM has completed all studies required to issue the ROD. The Company received its Air Quality Permit from the NDEP-BAPC on May 30, 2012. Applications for other time-critical state permits have been submitted for agency review and approval. The LLC continues to develop and evolve the information supporting these permits based on agency review and feedback. The Nevada Department of Environmental Protection has published notices of their intent to issue both the Water Pollution Control Permit and the Reclamation Permit for the Mt Hope Project. We believe these other major operating permits will be received on or prior to the effective date of the ROD.

Although we currently are targeting the effectiveness of the ROD and the receipt of all major operating permits to occur by the end of 2012, circumstances beyond our control, including reviewing agency delays or requests for additional information or studies, and appeals of the BLM decision, could cause the effective date of the ROD to be delayed. The occurrence of any or a combination of these adverse circumstances may increase the estimated costs of development, require us to obtain additional interim financing, and/or delay our ability to obtain project financing or other significant financing. A delay in the ROD or the receipt of major operating permits also affects the satisfaction of the ROD Contribution Conditions as well as the conditions to Tranche 2 of Hanlong s investment in our common stock.

Water Rights Update

In addition to working to complete the Environmental Impact Study (EIS), we recently received regulatory approval to transfer of water rights to mining use. In March, 2009, we were initially granted our water applications in a Ruling by the Nevada State Engineer (State Engineer). However, that Ruling was appealed and in April 2010, a Nevada State District Court set aside the Ruling on procedural grounds and remanded the matter for another hearing by the State Engineer.

On July 15, 2011, the State Engineer issued a second Ruling granting the Company s water right applications. That Ruling was appealed in August, 2011 by Eureka County and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley. The appeals were heard on April 3, 2012 before the Nevada State District Court. On June 13, 2012, the Nevada State District Court denied the appeals and affirmed the State Engineer s Ruling. Further, the State Engineer issued all water permits on December 14, 2011 and certain amended permits on January 4, 2012, and the water became available for use at the Mt. Hope Project following the State Engineer s approval of the Company s Monitoring, Management and Mitigation Plan (3M Plan) on June 6, 2012.

On July 10 and 11, 2012, respectively, Eureka County and two other parties comprised of one individual water rights holder in Diamond Valley and one in Kobeh Valley filed Notices of Appeal, appealing to the Nevada Supreme Court the Nevada State District Court s Order denying their appeals of the State Engineer s July 2011 Ruling. We are confident the Nevada Supreme Court will uphold the Nevada State District Court s Order, which denied all appeals of the State Engineer s Ruling.

On July 5, 2012, the same two individual water rights holders appealing the Nevada State District Court s Order to the Nevada Supreme Court filed an appeal of the State Engineer s approval of the Company s 3M Plan to the same Nevada State District Court. Eureka County did not appeal the approved 3M Plan. We anticipate a favorable Nevada State District Court decision upholding the 3M Plan.

Notwithstanding these further appeals, the Company s water permits have been granted and the water remains available to the Company, for use at the Mt. Hope Project.

Creation of Agricultural Sustainability Trust

On August 19, 2010, the LLC entered into an agreement with the Eureka Producers Cooperative (the EPC) whereby the LLC will fund a Sustainability Trust (the Trust) in exchange for the cooperation of the EPC with respect to the LLC s water rights and permitting of the Mt. Hope Project. The Trust will be tasked with developing and implementing programs that will serve to enhance the sustainability and well-being of the agricultural economy in the Diamond Valley Hydrographic Basin through reduced water consumption.

The Trust may be funded by the LLC over several years based on the achievement of certain milestones. The achievement of these milestones is considered to be probable, and as such $4.0 million is accrued in the Company s September 30, 2012, financial statements and is included in mining properties, land, and water rights.

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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 a newly formed entity, Eureka Moly, LLC (LLC), a Delaware limited liability company, and in February 2008 (Closing Date) 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 large Korean steel company. Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required 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 cash contributions to the LLC totaling $100.0 million during the year ended December 31, 2008 (Initial Contributions). Additional amounts will be due from POS-Minerals within 15 days after the date (ROD Contribution Date) that specified conditions (ROD Contribution Conditions) have been satisfied. The ROD Contribution Conditions are (i) the receipt of major operating permits for the Mt. Hope Project, (ii) confirmation that the Record of Decision (ROD) from the United States Bureau of Land Management (BLM) for the Mt. Hope Project has become effective, and (iii) any administrative or judicial appeals with respect thereto are final. We are currently targeting the effectiveness of the ROD and the satisfaction of the other ROD Contribution Conditions to occur before the end of 2012. However, circumstances beyond our control, including reviewing agency delays or requests for additional information or studies, and requests for review or appeals of the BLM decision, could cause the effectiveness of the ROD and/or the satisfaction of the other ROD Contribution Conditions to be delayed beyond that estimated time. Once the ROD is effective, financing is in place, and project construction is initiated, all of which are currently expected to occur by early 2013, we estimate that production will begin approximately 20 24 months later.

To maintain its 20% interest in the LLC, POS-Minerals will be required to make an additional $56.0 million contribution (Third Contribution) plus its 20% share of all Mt. Hope Project costs incurred from the Closing Date to the ROD Contribution Date within 15 days after the ROD Contribution Date (Catch-Up Contribution). If POS-Minerals does not make the Third Contribution when due after the ROD Contribution Date, its interest will be reduced to 10%. Furthermore, if POS-Minerals also fails to make the Catch-Up Contribution its membership interest would be diluted to less than 3%. As a result of the combined failure to fund these two contributions, the membership interest of POS-Minerals would fall below the minimum 5% threshold required by the LLC Agreement and POS-Minerals would be deemed to have resigned and relinquished its membership interest.

In addition, as commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC may be required to return to POS-Minerals $36.0 million of its contributions to the LLC, with no corresponding reduction in POS-Minerals ownership percentage. Based on our current plan and assuming POS-Minerals has made its additional $56.0 million contribution, a payment to POS-Minerals of $36.0 million will be due 20 days after the commencement of commercial production, as defined in the LLC Agreement. We currently anticipate such payment being made during 2015. If POS-Minerals does not make its additional $56.0 million contribution when due, no return of contributions is required by us. Our wholly-owned subsidiary and 80% owner of the LLC, Nevada Moly, LLC (Nevada Moly), is obligated under the terms of the LLC Agreement to make capital contributions to fund the return of contributions to POS-Minerals, if required. If Nevada Moly does not make these capital contributions, 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 of approximately 5%. In the latter case, our interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC (Dilution Formula). At September 30, 2012, the aggregate amount of deemed capital contributions of both parties was $880.0 million.

Furthermore, the LLC Agreement permits POS-Minerals to put 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 to use standard mining industry practice in connection with

development and operation of the Mt. Hope Project as contemplated by the parties for a period of 12 consecutive months. If POS-Minerals puts its interest, Nevada Moly or its transferee or surviving entity would be required to purchase the interest for 120% of POS-Minerals contributions to the LLC plus 10% interest per annum.

The Initial Contributions of $100.0 million that were made by POS-Minerals during 2008 were expended by the second quarter of 2009 in accordance with the program and budget requirements of the Mt. Hope Project. Nevada Moly is required, pursuant to the terms of the LLC Agreement, to advance funds required to pay costs for the development of the Mt. Hope Project that exceed the Initial Contributions until the ROD Contribution Date, at which point the contributions described above to be made by POS-Minerals will be applied to reimburse us for POS-Minerals share of such development costs. All costs incurred after the ROD Contribution Date will be allocated and funded pro rata based on each party s ownership interest. POS-Minerals share of such development costs amounted to approximately $40.4 million as of September 30, 2012. The interest of a party in the LLC that does not make its pro rata capital contributions to fund costs incurred after the ROD Contribution Date is subject to dilution based on the Dilution Formula.

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Liquidity, Capital Resources and Capital Requirements

For the period from December 31, 2011, to September 30, 2012

Our total consolidated cash balance at September 30, 2012, was $22.4 million compared to $40.7 million at December 31, 2011. The decrease in our consolidated cash balances for the nine months ended September 30, 2012, was due primarily to development costs and deposits on property, plant and equipment incurred of $12.3 million, and $6.2 million in general and administrative costs, offset by proceeds from stock option exercises.

Based on our current plan and expected timetable, we expect to make additional payments of approximately $14.3 million in 2013 and $1.4 million in 2014. As additional financing becomes available and equipment procurement is restarted, agreements that were suspended or terminated will be renegotiated under current market terms and conditions, as necessary. Based on our Project Capital Estimate we paid an additional $9.0 million related to the Construction Royalty Advance on October 19, 2012. Accordingly, based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity through the restart of the project and execution of the financing plan without needing to drawdown available funds from the second $10.0 million tranche of the Bridge Loan.

The anticipated sources of financing described below, combined with funds anticipated to be received from POS-Minerals in order to retain its 20% share, provide substantially all of our currently planned funding required for constructing and placing the Mt. Hope Project into commercial production. We currently anticipate the effectiveness of the ROD and the satisfaction of the other ROD Contribution Conditions to occur before the end of 2012, but circumstances beyond our control could cause the effectiveness of the ROD and/or satisfaction of the other ROD Contribution Conditions to be delayed. Funding requirements for working capital needs beyond the capital costs of the Mt. Hope Project will require additional resources. There can be no assurance that the Company will be successful in raising additional financing in the future on terms acceptable to the Company or at all.

Our ability to maintain adequate liquidity to proceed with the construction of the Mt. Hope Project is dependent on our receipt of ROD and resultant execution of our overall financing plan. If we are unable to access funding as planned (as described in Notes 1 & 2), our liquidity will not be adequate to continue with our development plans and service existing commitments. The Company would then be required to renegotiate payments on existing equipment contracts of $14.3 million (described in Note 10) and the repayment of the $10 million Bridge Loan (described later in Note 2), both of which have previously been renegotiated and extended. The Company believes that renegotiations with extended terms would again be successful; however, failure to renegotiate such commitments could cause contractual defaults, project delays, increased overall project costs, and although considered unlikely, could cause the Company to utilize the remaining cash balance within the next twelve months.

Agreements with Hanlong (USA) Mining Investment Inc.

We have signed a series of agreements (the Hanlong Transaction) with Hanlong (USA) Mining Investment, Inc. (Hanlong), an affiliate of Sichuan Hanlong Group, a large privately held Chinese company. The agreements described below form the basis of a $745 million transaction that is intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements include: (a) a Securities Purchase Agreement that provides for the sale to Hanlong of shares of our common stock in two tranches that will aggregate 25% of our outstanding stock on a fully diluted basis for $80 million ($40 million per tranche), conditioned upon us receiving

permits for Mt. Hope and Hanlong s use of commercially reasonable efforts to procure a $665 million loan from a Prime Chinese Bank for our use in constructing Mt. Hope; (b) a Bridge Loan whereby Hanlong will provide up to $20 million to the Company to preserve liquidity until permits are received, which will be repaid out of the proceeds of the $665.0 million Term Loan; (c) a Stockholder Agreement that provides Hanlong representation on our Board of Directors (Board) and the LLC management committee, governs how Hanlong will vote its shares of the Company and limits Hanlong s ability to purchase or dispose of our securities; and (d) a long-term molybdenum supply off-take agreement.

The Securities Purchase Agreement (Purchase Agreement)

Stock Purchase. The Purchase Agreement provides, subject to its terms and conditions, for the purchase by Hanlong of $80.0 million of our common stock, or approximately 27.5 million shares, which will equal 25% of our common stock on a fully-diluted basis.

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The Purchase Agreement has been amended five times including: (1) a July 30, 2010 amendment extending the deadline for obtaining Chinese government approvals by two months to October 13, 2010, as well as extending the Company s deadline for publishing its DEIS and receiving its ROD (ROD Condition) to February 28, 2011, and November 30, 2011, respectively. Hanlong has received Chinese government approvals for its equity investment in us and our DEIS has been published; (2) an October 26, 2010 amendment setting the closing of Hanlong s purchase of the first $40.0 million tranche of equity for December 20, 2010 and eliminating the condition that required us to have our DEIS published prior to closing this funding; (3) a December 20, 2010 amendment that made certain non-substantive changes in connection with the closing of the first tranche of Hanlong s equity investment (Tranche 1); (4) a July 7, 2011 amendment that eliminated the deadline for publication of the DEIS, extended the ROD deadline from November 30, 2011 to the earlier of nine months following DEIS publication or September 30, 2012, extended Hanlong s commitment to make available the Term Loan from two months following the ROD to nine months following the ROD, provided the ability of the Company to extend the ROD Condition date to the earlier of 12 months following DEIS and December 30, 2012 (ROD Condition Extension), and extended the maturity date of the Bridge Loan to the earlier of (i) 270 days after the issuance of the ROD, (ii) the date on which the Purchase Agreement terminates, and (iii) the earlier of December 31, 2012 and the availability of the Term Loan; and (5) a June 14, 2012 amendment that provided notice to Hanlong that the Company does not expect the BLM to issue the ROD before September 2, 2012 and does expect the ROD to be issued prior to December 2, 2012 and further provides notice that the Company wishes to utilize the ROD Condition Extension, thereby amending the date by which the ROD must be issued to December 2, 2012.

The Purchase Agreement may be terminated by either party (provided the terminating party is not in default) if the closing of the second tranche (Tranche 2) has not occurred on or before December 2, 2012, in accordance with the ROD Condition Extension, or 12 months after the issuance of the ROD.

As discussed above, the second equity tranche will be for a purchase price of an additional $40.0 million. Significant conditions to the closing of Tranche 2 include issuance of the ROD for the Mt. Hope Project by the BLM, approval of the plan of operations for the Mt. Hope Project (the POO) by the BLM, and the completion of documentation for and satisfaction of conditions precedent for the availability of funding under the Term Loan, described below.

Hanlong will have the right to purchase a portion of any additional shares of common stock that we issue so that it can maintain its percentage ownership, unless its ownership is at the time below 5% at the earlier of the closing of Tranche 2 or closing of the Term Loan. It may also acquire additional shares so that it maintains a 20% indirect interest in the Mt. Hope Project if our interest in the LLC is reduced below 80%. If we issue shares to fund the Mt. Hope Project under certain circumstances, and on or before the date of commercial production, and Hanlong exercises its rights to maintain its percentage interest, we will be obligated to refund to Hanlong the cost of such shares over a three-year period up to an aggregate of $9.0 million.

Break Fees. A break fee is payable by both the Company and Hanlong if the Purchase Agreement terminates because of the failure of certain conditions. A break fee of $10.0 million is payable to the Company if the Purchase Agreement is terminated because Hanlong fails to obtain necessary Chinese government approvals, which may be offset against any balances owed by the Company under the Bridge Loan. A break fee of $5.0 million is payable to Hanlong if the ROD is not timely received or the condition waived and the Purchase Agreement is terminated. The Company s break fee may be increased by $5.0 million if the Purchase Agreement is terminated and the Company has violated the no-shop provisions of the Purchase Agreement. The break fees may also be increased by up to $2.0 million, in addition to the payment of $2.0 million by the Company, if the Company requests and Hanlong grants an extension concerning the ROD deadline (the ROD Extension Fee). Any such fee would be credited against the arrangement fee described below. On January 9, 2012, the Company and Hanlong executed an Option Agreement concerning the payment date for the ROD Extension Fee under the Purchase Agreement, for no consideration. The option was exercised on June 14, 2012, thereby amending the Purchase Agreement to extend payment of the ROD Extension Fee from December 2012 until April 30, 2013. As the achievement of ROD by the September 2, 2012 deadline did not occur, a $2.0 million ROD Extension Fee has been accrued as of September 30, 2012, and is included in capitalized debt issuance costs. The break fee payable by the Company to Hanlong may be paid in cash, or, in certain circumstances, in shares of our common stock at our option. If paid in shares, the price would be the volume weighted average of our common stock on the NYSE MKT for the five days ending six days after the announcement of the termination.

Bridge Loan

Hanlong agreed to provide a $20.0 million Bridge Loan to the Company, available in two equal $10.0 million tranches. On April 28, 2010, we drew down the first $10.0 million tranche. The second tranche became available after receiving stockholder approval of the Hanlong Transaction. The first tranche of the Bridge Loan bears interest at a rate tied to the London Interbank Offered Rate (LIBOR) plus 2% per annum. The second tranche of the Bridge Loan will bear interest at 10% per annum and is undrawn. The Bridge Loan will be repaid from the proceeds of the Term Loan. The second tranche may also be repaid at the Company s election, in shares of the Company s common stock. If paid in shares, the price would be the volume weighted average of the Company s shares on the NYSE MKT for a five-day period after public announcement of the event that required repayment. The Company may offset its right to receive the break fee against its obligations to repay borrowings under the Bridge Loan. On January 9, 2012, the Company and Hanlong executed a second Option Agreement concerning the Bridge Loan Agreement. On June 14, 2012, the Company exercised the option, thereby amending the Bridge Loan Agreement for no consideration to extend the maturity date of the Bridge Loan from December 31, 2012 until April 30, 2013. The option also has the effect of potentially extending the availability of the undrawn $10.0 million second tranche to April 30, 2013 since the availability of the second tranche ends the earliest of the Tranche 2 closing date, the maturity of the Bridge Loan and the first borrowing under the Term Loan.

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The outstanding balance of the Bridge Loan and related accrued interest are recorded as a current liability as of September 30, 2012 as the Company anticipates the Term Loan will become available within the next 12 months and given the latest available maturity date of the Bridge Loan is April 30, 2013. The Bridge Loan and our obligation to pay a break fee to Hanlong under the Purchase Agreement are secured by a pledge by us of a 10% interest in the LLC.

Stockholder Agreement

In connection with Hanlong s purchase of our shares, Hanlong signed a Stockholder Agreement with the Company that limits Hanlong s future acquisitions of our common stock, provides for designation of up to two directors to our Board and representation on the LLC management committee, and places some restrictions on Hanlong s voting and disposition of our shares.

After the Tranche 1 closing, Hanlong became entitled to nominate one director to serve on our Board and one representative to the LLC management committee. Nelson Chen currently serves in both of these capacities. After the Tranche 2 closing, Hanlong will be entitled to nominate a second director. The Company will include and recommend the election of Hanlong s nominees in the Board s slate of nominees submitted to our stockholders, subject to the Board s fiduciary obligations and compliance by the nominee with applicable law and Company requirements concerning disclosure of information. The Hanlong nominees may also serve on committees for which they are eligible.

Hanlong has agreed not to purchase additional shares, except as permitted by the Purchase Agreement, without the Company s prior consent, and has agreed that it will not solicit proxies, join a group with respect to our equity securities, solicit or encourage an offer from another person for the Company, call a meeting of the Company s stockholders or make a proposal to the Company s stockholders, except to the Board. If our Board receives an offer for the Company, for its assets or a merger that the Board determines is in the best interests of the Company s stockholders, Hanlong is required to vote in favor of such a transaction or tender its shares unless it proposes an alternative transaction that our Board determines is more favorable to our stockholders than the offer received.

Hanlong may not, without the prior written consent of the Board, transfer ownership of their securities if the recipient would acquire beneficial ownership of more than 5% of our common stock as of the date of such transfer. The restrictions on Hanlong s share ownership, voting, disposition and drag-along rights will terminate on the earlier of the time that Hanlong owns less than 10% of our common stock, the date that is 6 months after the date that commercial production begins at the Mt. Hope Project, and June 30, 2014.

Chinese Bank Term Loan

Hanlong is obligated to use commercially reasonable efforts to procure a Term Loan in an amount of at least $665.0 million. The Term Loan is expected to bear interest at a rate tied to the LIBOR plus a spread of between 2% and 4% per annum. The Purchase Agreement provides that the Term Loan will have customary covenants and conditions; however, the terms of the Term Loan have not yet been negotiated with the lender and we have no assurance as to the final terms of the Term Loan. On February 16, 2012, the Company announced China Development Bank (CDB) had confirmed the basic terms underlying a proposed $665 million term loan to finance the Company s 80% share of development costs for Mt. Hope project, including a CDB intention to lend $399 million and arrange a consortium of Chinese and international banks to fund the balance of $266 million. The Term Loan is anticipated to carry a maturity of 12 years including a 30 month grace period to allow for the construction of the Mt. Hope Project. The interest rate will remain subject to market conditions and Chinese government policy. The Company

and Hanlong are continuing to work with CDB with a target of having the Term Loan completed, approved and available to the Company shortly after receipt of Mt. Hope s operating permits. Hanlong or an affiliate is obligated to guarantee the Term Loan. When funds can be drawn by the Company under the Term Loan, the Company will pay a $15.0 million arrangement fee to Hanlong who will pay fees and expenses associated with the Term Loan before the Term Loan Closing, including those charged by the Chinese bank.

Hanlong Subordinated Debt Facility

On October 26, 2012, the Company and Hanlong signed a Subordinated Loan Agreement (Sub Debt Facility) under which Hanlong agreed to provide, with a six month option to arrange a third-party credit facility, up to $125.0 million to assist the Company in financing capital cost increases, which are discussed in Management s Discussion & Analysis. Under the Sub Debt Facility, Hanlong will lend in two tranches. Tranche A in the amount of $75.0 million will be available to the Company during the Mt. Hope Project s construction period after full advance of the Term Loan. Tranche B, in the amount of $50.0 million, will be available during the six-month period following the commencement of commercial production. Tranche A of the Sub Debt Facility can be reduced to the extent equipment is leased for the Mt. Hope Project by the LLC. In exchange for arranging the Sub Debt Facility, the Company will pay a fee to Hanlong in the amount of $6.3 million, payable at closing of the Term Loan or other financing of at least $8.0 million, and simultaneously with the execution of the Sub Debt Facility, issued a warrant with a 2.5 year maturity to purchase ten million shares of the Company s common stock. The warrant is priced at a 15% premium to the 10 day volume weighted average price on the issuance date, which results in a price of $4.23 per share. Following the close of the Tranche 2 purchase of stock under the Purchase Agreement occurs and following an exercise of the issued warrant, Hanlong would own approximately 31% of our outstanding shares.

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Both tranches of the Sub Debt Facility will mature 5 years after the achievement of commercial production at the Mt. Hope Project and will have mandatory payments of 50% of the Company s semi-annual net free cash flow after debt service payments on the Term Loan and any other Mt. Hope Project funding requirements. The Sub Debt Facility will be subordinated to the Term Loan and will bear interest at 6-month LIBOR plus 4%, with interest paid semi-annually. The Sub Debt Facility has covenants that are customary for subordinated credit facilities and will contain additional covenants required to effect subordination to the Term Loan satisfactory to the holders of the Term Loan. Advances under the Sub Debt Facility are subject to a number of conditions precedent, such as accuracy of representations and warranties, compliance with covenants, absence of default and full advance of the Term Loan.

Other Capital Requirements

We also require additional capital to maintain our mining claims and other rights related to the Liberty Project, as well as continue payment of ongoing general and administrative costs associated with supporting our planned operations, which we anticipate to be approximately $10.0 million per year.

Results of Operations

Three months ended September 30, 2012, compared to three months ended September 30, 2011

For the three months ended September 30, 2012, we had a consolidated net loss of $2.1 million compared with a consolidated net loss of $2.4 million in the same period for 2011.

For the three months ended September 30, 2012, and 2011, exploration and evaluation expenses at the Liberty Project were $0.3 million and $0.8 million, respectively due to a decrease in costs related to updating the pre-feasibility study.

For the three months ended September 30, 2012, and 2011, general and administrative expenses were $1.8 million and $1.5 million, respectively. The increase in costs compared to the previous year relates primarily to overall increases general payroll costs.

Interest income was nil for the three months ended September 30, 2012, and 2011, as a result of low interest rates and lower consolidated cash balances in 2012 and 2011. Interest expense was $0.1 million and $0.1 million for the three months ended September 30, 2012, and 2011, respectively, as a result of interest accrued on the bridge loan outstanding during 2012 and 2011.

Nine months ended September 30, 2012, compared to nine months ended September 30, 2011

For the nine months ended September 30, 2012, we had a consolidated net loss of $8.0 million compared with a consolidated net loss of $12.6 million in the same period for 2011. The 2011 net loss includes a $3.4 million write down as discussed below.

For the nine months ended September 30, 2012, and 2011, exploration and evaluation expenses at the Liberty Project were $0.6 million and $1.2 million, respectively due to a decrease in costs related to updating the pre-feasibility study.

For the nine months ended September 30, 2012, and 2011, write downs of development and deposits were nil and $3.4 million, respectively. The decrease in costs compared to the previous year relates to the write off of long-term deposits on mining equipment with the passage of a June 30, 2011 deadline for a firm purchase order.

For the nine months ended September 30, 2012, and 2011, general and administrative expenses were $7.2 million and $7.8 million, respectively. The decrease in costs compared to the previous year relates primarily to decreases in equity compensation costs related to the Company s portion of payroll taxes on vested share awards and timing of vendor charges related to exchange listing fees.

Interest income was nil for the nine months ended September 30, 2012, and 2011, as a result of substantially lower interest rates and lower consolidated cash balances in 2012 and 2011. Interest expense was $0.2 million and $0.2 million for the nine months ended September 30, 2012, and 2011 as a result of interest accrued on the bridge loan outstanding during 2012 and 2011.

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Contractual Obligations

Our contractual obligations as of September 30, 2012 were as follows:

	Payments due by period (in millions)				
Contractual obligations	**Total**	**2012**	**2013 - 2015**	**2016 - 2017**	**2018 & Beyond**
Long-Term Debt (Capital Lease) Obligations	$	$	$	$	$
Operating Lease Obligations	0.2	0.1	0.1		
Agricultural Sustainability Trust Contributions	4.0	2.0	2.0		
Equipment Purchase Contracts	15.7		15.7		
Advance Royalties	14.2	9.0	5.2		
Provision for post closure reclamation and remediation	0.6				0.6
Total	$ 34.7	$ 11.1	$ 23.0	$	$ 0.6

The LLC has active orders with varying stages of fabrication on milling process equipment comprised of two 230kV primary transformers and substation, a primary crusher, a semi-autogenous mill, two ball mills, and various motors for the mills. We have suspended fabrication on 16 flotation cells, lime slaking equipment, hydrocyclones, and other smaller milling process equipment with the ability to re-initiate fabrication at any time. The LLC terminated the fabrication of two multi-hearth molybdenum roasters and have received finished goods of the partially completed order. The LLC plans to re-establish a new purchase order with this manufacturer as financing becomes available and equipment procurement is restarted under then current market terms and conditions.

At June 30, 2012, the LLC s contract to purchase two electric shovels expired. We have signed a new letter of intent with the vendor providing for the purchase of 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 Company for amounts previously paid as deposits under the expired contract. The agreement 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 Company.

On February 28, 2012, the LLC issued a firm purchase order for 18 haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, currently scheduled for late 2013 or early 2014. A non-refundable down-payment of $0.6 million was made at the time of order with an additional $0.6 million due 12 months prior to truck shipment, but the contract is cancellable with no further liability to the LLC up until the time the trucks are shipped.

On June 25, 2012, the LLC issued a firm purchase order for 4 mine production drills. A non-refundable down-payment of $0.5 million is due 12 months prior to shipment, but the contract is cancellable with no further liability to the LLC up until the time the drills are shipped.

The following table sets forth the LLC s cash commitments under mining and milling equipment contracts (collectively, Purchase Contracts) at September 30, 2012 (in millions):

Period		Cash Commitments Under Equipment Purchase Contracts as of September 30, 2012
4th Quarter 2012		
2013		14.3
2014		1.4
2015		
Total	$	15.7

If the LLC does not make payments required under the purchase contracts, it could be subject to claims for breach of contract or to cancellation of the purchase contract. In addition, we may proceed to selectively suspend, cancel or attempt to renegotiate additional purchase contracts if we are forced to further conserve cash. See *Liquidity, Capital Resources and Capital Requirements* above. If we cancel or breach any contracts, we will take all appropriate action to minimize any losses, but could be subject under the contracts or applicable law. The cancellation of certain key contracts would cause a delay in the commencement of operations, have ramifications under the LLC Agreement with POS-Minerals and would add to the cost to develop our interest in the Mt. Hope Project.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

We are a development stage company in the business of the exploration, development and mining of properties primarily containing molybdenum. As a result, upon commencement of production, our financial performance could be materially affected by fluctuations in the market price of molybdenum and other metals we may mine. The market prices of metals can fluctuate widely due to a number of factors. 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, banking environment, global and regional demand, production costs, and investor sentiment.

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In order to better manage commodity price risk and to seek to reduce the negative impact of fluctuations in prices, we have entered into long term supply contracts for our 80% portion of the Mt. Hope production. On December 28, 2007, we entered into a molybdenum supply agreement with ArcelorMittal S.A. (ArcelorMittal), the world s largest steel company, that provides for ArcelorMittal to purchase 6.5 million pounds of molybdenum per year, plus or minus 10%, once the Mt. Hope Project commences commercial operations at minimum specified levels. The supply agreement provides for a floor price along with a discount for spot prices above the floor price and expires five years after the commencement of commercial production at the Mt. Hope Project. Both the floor and threshold levels at which the percentage discounts change are indexed to a producer price index. On April 16, 2010, ArcelorMittal and the Company entered into an extension molybdenum supply agreement, providing ArcelorMittal with a five-year option to make effective an agreement to purchase from the Company 3.0 million pounds of molybdenum per year for 10 years following the expiration of the initial supply agreement. The additional optional off-take will be priced in alignment with the Company s existing supply agreements. In order for ArcelorMittal to exercise this option and make the extension agreement effective, ArcelorMittal must have beneficial ownership of more than 11.1 million shares of Company common stock on or prior to April 15, 2015. According to public filings, on January 25, 2011, the boards of directors of ArcelorMittal S.A. and APERAM each approved the transfer of the assets comprising ArcelorMittal s stainless and specialty steels businesses from its carbon steel and mining businesses to APERAM, a separate entity incorporated in the Grand Duchy of Luxembourg. This transfer included the off-take agreement the Company had in place with ArcelorMittal and the shares of the Company s common stock previously owned by ArcelorMittal.

Additionally, on May 14, 2008, we entered into a molybdenum supply agreement with SeAH Besteel Corporation (SeAH Besteel), Korea s largest manufacturer of specialty steels, which provides for SeAH Besteel to purchase 4.0 million pounds of molybdenum per year, plus or minus 10%, once the Mt. Hope Project commences commercial operations at minimum specified levels. Like the ArcelorMittal supply agreement, the supply agreement with SeAH Besteel provides for a floor price along with staged discounts for spot prices above the floor price and expires five years from the date of first supply under the agreement. Both the floor and threshold levels at which the percentage discounts change are indexed to a producer price index.

On August 8, 2008, the Company entered into a molybdenum supply agreement (Sojitz Agreement) with Sojitz Corporation (Sojitz). The Sojitz Agreement provides for the supply of 5.0 million pounds per year of molybdenum for five years, beginning once the Mt. Hope Project reaches certain minimum commercial production levels. One million annual pounds sold under the Sojitz Agreement will be subject to a per-pound molybdenum floor price and is offset by a flat discount to spot molybdenum prices above the floor. The remaining 4.0 million annual pounds sold under the Sojitz Agreement will be sold with reference to spot molybdenum prices without regard to a floor price. The Sojitz Agreement includes a provision that allows Sojitz the option to cancel in the event that supply from the Mt. Hope Project has not begun by January 1, 2013. The described option is available up to ten days following the achievement of certain production levels at the Mt. Hope Project. Based on our current development timeline, Sojitz will have the option to cancel its contract or participate in the molybdenum supply agreement as described above. If Sojitz elects to cancel its contract with us, the supply of 5.0 million pounds per year of molybdenum for five years will be assumed by Hanlong, pursuant to the terms of the Hanlong molybdenum supply agreement described below.

On March 4, 2010, the Company entered into a molybdenum supply agreement (Hanlong Agreement) with Hanlong. The Hanlong Agreement requires Hanlong to purchase the Company s entire share of the Mt. Hope molybdenum production above that necessary for the Company to meet its existing supply commitments until the expiration of those commitments. After the expiration of the existing supply agreements, until the original scheduled maturity date of the Term Loan, or if the Company elects not to enter into the Term Loan, 14 years after commencement of commercial production, Hanlong must annually purchase the greater of 16 million pounds or 70% of the Company s share of Mt. Hope production. Following the original scheduled maturity date of the Term Loan, or if the Company elects not to enter into the Term Loan, 14 years after commencement of commercial production from the Mt. Hope Mine, Hanlong must purchase a percentage of the Company s share of Mt. Hope production equal to 2.5 times Hanlong s fully diluted percentage ownership of our common stock. Subject to certain exceptions, the Hanlong Agreement will terminate once Hanlong s fully-diluted ownership percentage falls below 5%. As long as Hanlong continues to guarantee the Term Loan, the Hanlong Agreement will not terminate even if Hanlong s ownership falls below 5%. If the cause of Hanlong s ownership falling below 5% is a change of control of the Company or a dilutive transaction in which Hanlong does not have the right to participate, the Hanlong Agreement will not terminate and Hanlong will be obligated to continue to purchase a percentage of the Company s share of Mt. Hope production equal to 2.5 times Hanlong s fully-diluted percentage ownership of the Company as it existed immediately prior to such change of control or dilutive transaction. If the Company elects not to enter into the Term Loan, and the second loan tranche does not close, Hanlong s obligation to purchase the Company s share of Mt. Hope production in each of the periods described above will be half of the

obligations described above. The supply off-take agreement provides for a floor price, along with a discount for spot prices above the floor price, for twenty-five percent of the production Hanlong receives. The remaining 75% of the production Hanlong receives will be sold with reference to spot molybdenum prices less a small discount.

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All four long term supply agreements provide for supply only after commercial production levels are achieved, and no provisions require the Company to deliver product or make any payments if commercial production is never achieved or declines, in later periods and have floor prices ranging from $14.25 to $15.25 per pound and incremental discounts above the floor price. The agreements require that monthly shortfalls be made up only if the Company s portion of Mt. Hope production is available for delivery, after POS-Minerals has taken its share. In no event do these requirements to make up monthly shortfalls become obligations of the Company if production does not meet targeted levels.

Furthermore, each of the agreements have take-or-pay provisions that require the buyers to either take delivery of product made available by the Company, or to pay as though they had taken delivery pursuant to the term of the agreements.

While we have not used derivative financial instruments in the past, we may elect to enter into derivative financial instruments to manage commodity price risk. We have not entered into any market risk sensitive instruments for trading or speculative purposes and do not expect to enter into derivative or other financial instruments for trading or speculative purposes.

Interest Rate Risk

As of September 30, 2012, we had a balance of cash and cash equivalents of $22.4 million. Interest rates on short term, highly liquid investments have not changed materially since December 31, 2011, and continue to be 1% or less on an annualized basis. Our debt agreements have interest rates of LIBOR plus a percentage. Any significant rise in the LIBOR rate during the course of our debt agreements may affect our ability to service the debt.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our management concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2012, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In March 2009, we were initially granted our water applications in a Ruling by the Nevada State Engineer (State Engineer). However, that Ruling was appealed and in April 2010, a Nevada State District Court set aside the Ruling on procedural grounds and remanded the matter for another hearing by the State Engineer.

On July 15, 2011, the State Engineer issued a second Ruling granting the Company s water right applications. That Ruling was appealed in August 2011 by Eureka County and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley. The appeals were heard on April 3, 2012 before the Nevada State District Court. On June 13, 2012, the Nevada State District Court denied the appeals and affirmed the State Engineer s Ruling. Further, the State Engineer issued all water permits on December 14, 2011 and certain amended permits on January 4, 2012, and the water became available for use at the Mt. Hope Project following the State Engineer s approval of the Company s Monitoring, Management and Mitigation Plan (3M Plan) on June 6, 2012.

On July 10 and 11, 2012, respectively, Eureka County and two other parties comprised of one individual water rights holder in Diamond Valley and one in Kobeh Valley filed Notices of Appeal, appealing to the Nevada Supreme Court the Nevada State District Court s Order denying their appeals of the State Engineer s July 2011 Ruling. We are confident the Nevada Supreme Court will uphold the Nevada State District Court s Order which denied all appeals of the State Engineer s Ruling.

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On July 5, 2012, the same two individual water rights holders appealing the Nevada State District Court s Order to the Nevada Supreme Court filed an appeal of the State Engineer s approval of the Company s 3M Plan to the same Nevada State District Court. Eureka County did not appeal the approved 3M Plan. We anticipate a favorable Nevada State District Court decision upholding the 3M Plan.

Notwithstanding these further appeals, the Company s water permits have been granted and the water remains available to the Company, as described above, for use at the Mt. Hope Project.

ITEM 1A. RISK FACTORS

Our Annual Report on Form 10-K for the year ended December 31, 2011, including the discussion under the heading Risk Factors therein, and this report describe risks that may materially and adversely affect our business, results of operations or financial condition. The risks described in our Annual Report on Form 10-K and this report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operations.

Special Note Regarding Forward-Looking Statements

Certain statements in this report may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of our Company, the Mt. Hope Project, Liberty Property and our other projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We use the words may, will, believe, expect, anticipate, intend, future, plan, estimate, potential, expressions to identify forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those in the forward looking statements. Such risks, uncertainties and assumptions are described in the Risk Factors section included in our Annual Report on Form 10-K for the year ended December 31, 2011, and this report, and include, among other things:

- our investors may lose their entire investment in our securities;
- our dependence on the success of the Mt. Hope Project;
- investments and additional capital financing by Hanlong and a loan from a Chinese bank are subject to significant consents, approvals and conditions precedent, which may not be obtained or met;
- issues related to the management of the Mt. Hope Project pursuant to the LLC Agreement;
- fluctuations in the market price of, and demand for, molybdenum and other metals;
- counter party risks;

- the ability to obtain all required permits and approvals for the Mt. Hope Project and the Liberty Project, and the costs and risk associated with the defense of protracted administrative and judicial appeals of approved water and operating permits;
- the timing of exploration, development and production activities and estimated future production, if any;
- estimates related to costs of production, capital, operating and exploration expenditures;
- the estimation and realization of mineral reserves and production estimates, if any;
- inherent operating hazards of mining;
- title disputes or claims; and
- climate change and climate change legislation for planned future operations;
- government regulation of mining operations, environmental conditions and risks, reclamation and rehabilitation expenses;
- compliance/non-compliance with the Mt. Hope lease;
- losing key personnel or the inability to attract and retain additional personnel;
- reliance on independent contractors, experts, technical and operational service providers over whom we have limited control;
- increased costs can affect our profitability;
- shortages of critical parts, equipment, and skilled labor may adversely affect our development costs;
- legislation may make it difficult to retain or attract officers and directors and can increase costs of doing business;
- provisions of Delaware law and our charter and bylaws may delay or prevent transactions that would benefit shareholders.

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

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following XBRL (Extensible Business Reporting Language) materials are filed herewith: (i) XBRL Instance; (ii) XBRL Taxonomy Extension Schema; (iii) XBRL Taxonomy Extension Calculation; (iv) Taxonomy Extension Labels, (v) XBRL Taxonomy Extension Presentation, and (vi) XBRL Taxonomy Extension Definition. In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, and otherwise not subject to liability under these sections and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by the specific reference in such filing.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 7, 2012

GENERAL MOLY, INC.

By: /s/ David A. Chaput
David A. Chaput
Chief Financial Officer and
Duly Authorized Officer