

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

FORM 10-K

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

For the fiscal year ended December 31, 2014

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
(State or Other Jurisdiction of Incorporation or
Organization)

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

1726 Cole Blvd., Suite 115
Lakewood, CO
(Address of principal executive offices)

80401
(Zip Code)

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

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

Common Stock, par value \$0.001 per share
(Title of Each Class)

NYSE MKT and Toronto Stock Exchange
(Name of each Exchange on Which Registered)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of June 30, 2014, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$70,113,669 based on the closing price as reported on the NYSE MKT.

As of March 5, 2015, 93,088,979 shares of the registrant's common stock, par value of \$0.001 per share, were outstanding.

[Table of Contents](#)

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be used in connection with its Annual Meeting of Stockholders and to be filed within 120 days of December 31, 2014 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u>	
ITEMS 1. & 2.	BUSINESS AND PROPERTIES 1
ITEM 1A.	RISK FACTORS 21
ITEM 1B.	UNRESOLVED STAFF COMMENTS 29
ITEM 3.	LEGAL PROCEEDINGS 29
ITEM 4.	MINE SAFETY DISCLOSURES 30
<u>Part II</u>	
ITEM 5.	MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES 30
ITEM 6.	SELECTED FINANCIAL DATA 31
ITEM 7.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 32
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK 43
ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA 45
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE 69
ITEM 9A.	CONTROLS AND PROCEDURES 69
ITEM 9B.	OTHER INFORMATION 70
<u>Part III</u>	
ITEM 10.	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE 71
ITEM 11.	EXECUTIVE COMPENSATION 71
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS 71
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE 71
ITEM 14.	PRINCIPAL ACCOUNTING FEES AND SERVICES 71
<u>Part IV</u>	
ITEM 15.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES 71
SIGNATURES	77

PART I

ITEMS 1. & 2. BUSINESS AND PROPERTIES

The Company

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

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

Mt. Hope Project

In August, 2007, we completed a Bankable Feasibility Study (“Bankable Feasibility Study” or “BFS”) that provided data on the viability, expected economics, and production and cost estimates of the project. Since publication of the BFS, we have revised several estimates, based primarily on engineering progress, which is approximately 65% complete at December 31, 2014. Our current estimates for the Mt. Hope Project capital cost requirements are referred to as the “Project Capital Estimate” and our current estimates for the Mt. Hope Project operating costs are referred to as the “Project Operating Cost Estimate”. On January 16, 2014, we filed a technical report (the “January 2014 Technical Report”) prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administration (“NI 43-101”) for the Mt. Hope Project. The NI 43-101 is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. The completed report estimates molybdenum reserves and resources, production, capital and operating cost parameters, along with project economics, as discussed in “— *Reserves and Mineralized Material*” below.

Project Ownership

From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project, into Eureka Moly, LLC (“the LLC”), and in February 2008 entered into an agreement (“LLC Agreement”) for the development and operation of the Mt. Hope Project with POS-Minerals Corporation (“POS-Minerals”). Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada Moly, LLC (“Nevada Moly”), a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required capital contributions under the LLC Agreement can change as discussed below.

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

In addition, under the terms of the original LLC Agreement, since commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals \$36.0 million of its capital contributions (“Return of Contributions”), with no corresponding reduction in POS-Minerals’ ownership percentage. Effective January 1, 2015, as part of a comprehensive agreement concerning the release of the reserve account described below, Nevada Moly and POS-Minerals agreed that the \$36.0 million will be due to POS-Minerals on December 31, 2020; provided that, at any time on or before November 30, 2020, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2021; and if the due date has been so extended, at any time on or before November 30, 2021, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2022. If the repayment date is extended, the unpaid amount will bear interest at a rate per annum of LIBOR plus 5%, which interest shall compound quarterly, commencing on December 31, 2020 through the date of payment in full. Payments of accrued but unpaid interest, if any, shall be made on the repayment date. Nevada Moly may elect, on behalf of the Company to cause the Company to prepay, in whole or in part, the \$36.0 million at any time, without premium or penalty, along with accrued and unpaid interest, if any. The \$36.0 million due to POS-Minerals will be reduced, dollar for dollar, by the amount of capital contributions required from POS-Minerals under approved budgets of the LLC, as discussed further below. If Nevada Moly does not

[Table of Contents](#)

fund its additional capital contribution in order for the LLC to make the required return to POS-Minerals of capital contributions set forth above, POS-Minerals has an election to either make a secured loan to the LLC to fund the Return of Contributions, or receive an additional interest in the LLC estimated to be 5%. In the latter case, Nevada Moly's interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid Return of Contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC ("Dilution Formula"). At December 31, 2014, the aggregate amount of deemed capital contributions of both parties was \$1,075.9 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 the 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' total contributions to the LLC, which, if not paid timely, would be subject to 10% interest per annum.

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

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which \$36.0 million held by the LLC in a reserve account established in December 2012 will be released over the next few years for the benefit of the Mt. Hope Project. The reserve account will initially fund a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of \$0.7 million to POS-Minerals and \$2.7 million to Nevada Moly. The funds will then be used to pay ongoing expenses of the LLC until the Company obtains full financing for its portion of the Mt. Hope Project construction cost, or until the reserve account is exhausted. Any remaining funds after financing is obtained will be returned to the Company. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of the Return of Contributions that the LLC is required to return to POS-Minerals, as described above.

Permitting Completion and Project Status

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. The ROD approves the Plan of Operations ("PoO") for construction and operation of the mining and processing facilities and also grants the Rights-of-Way for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD, developed in collaboration with the regulatory agencies involved throughout the permitting process, will avoid, minimize, and mitigate environmental impacts, and reflect the Company's commitment to be good stewards of the environment.

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

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

On September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit of the U.S. District Court's dismissal. Plaintiffs submitted their Opening Brief on January 23, 2015 and Defendants and the LLC's deadline to file their Response Brief is March 27, 2015. All Mt. Hope Project permits remain in effect and the Company is confident in the BLM's process and will continue to vigorously defend this subsequent appeal of the ROD.

On June 17, 2014, the LLC submitted an amendment to the approved PoO to reflect minor design changes that were identified during continued engineering and the initial phases of construction, and on November 6, 2014, submitted minor revisions to the amendment. The BLM has determined that an Environmental Assessment ("EA") is required under the NEPA to analyze and disclose environmental impacts associated with these changes. As per the NEPA regulatory framework, the decision to complete an

[Table of Contents](#)

EA means that BLM has preliminarily determined that impacts will not be significant. The BLM has initiated the EA process, completion of which is anticipated to culminate in issuance of a Finding Of No Significant Impact (“FONSI”). We expect this process to be completed in the first half of 2015. During the amendment review and preparation of the EA, the approved PoO remains in effect and the LLC is authorized to continue construction under that existing approval. The changes proposed in the amendment are similar to approved activities, and we do not anticipate any additional baseline studies or mitigation will be required. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

The State of Nevada Division of Environmental Protection (“NDEP”) issued a Reclamation Permit for the Mt. Hope Project on November 19, 2012, which authorizes surface disturbance and construction of facilities. The Reclamation Permit also approved the Phase 1 reclamation cost estimate of approximately \$73.4 million and established bonding requirements based on this estimate. The BLM accepted the LLC’s reclamation surety bonding in satisfaction of financial guarantee requirements under the ROD for the Mt. Hope Project. The surety bond program remains funded with a cash collateral payment of \$5.6 million, which was reduced in November, 2014 to \$4.6 million.

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

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

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

On January 2, 2013, the Public Utilities Commission of Nevada (“PUCN”) issued the LLC a permit to construct a 230kV power line that interconnects with Nevada Energy’s transmission system at the existing Machacek Substation located near the town of Eureka, Nevada and extend it approximately 25 miles to the planned Mt. Hope Project’s Substation. In addition, the BLM approved the LLC’s surety bonds for reclamation of disturbance associated with construction of the 230kV power transmission line. The PUCN permit and approved bond allows the LLC to build the transmission infrastructure in a timely manner and provide the necessary capacity to power construction activities and Mt. Hope Project operations. Construction of the transmission line will also include upgrades to the existing Machacek Substation near Eureka that will improve the reliability of electrical power to the community. At full production the Mt. Hope Project will have a total electrical demand load of approximately 65 megawatts. Transmission capacity was secured in 2008 and the LLC will negotiate electrical energy contracts prior to Mt. Hope Project commissioning activities, which will be available once the power line is constructed and energized.

On January 17, 2013, the Federal Energy Regulatory Commission approved an Engineering, Procurement and Construction Agreement contract between Nevada Energy and Mt. Wheeler Power. In turn, in early January 2013, the LLC put in place a contract with Mt. Wheeler Power to provide the interconnect facilities to the Mt. Hope Project. The contract scope is to design and install the interconnect facility at the Machacek Substation, near the town of Eureka, to connect the LLC’s future 230kV power line to the utility.

The LLC initiated preliminary construction activities on the Mt. Hope Project in early January 2013 including early wellfield development and clearing and grubbing of terrain. Completion of the wellfield and water distribution systems are key items necessary to begin major construction activities. Preliminary work also included clearing the open pit minesite, millsite, tailings dam and administrative office areas. Further activities have been suspended as a result of the delay in financing for the Mt. Hope Project and will resume as financing becomes available.

Capital & Operating Cost Estimates

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

[Table of Contents](#)

holding costs as the Company experiences delays in achieving its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2014, the LLC spent approximately \$273.6 million of the estimated \$1,312 million on development of the Mt. Hope Project.

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

Equipment and Supply Procurement

Through December 31, 2014, the LLC has made deposits and/or final payments of \$74.2 million on equipment orders, has spent approximately \$187.4 million for the development of the Mt. Hope Project and has paid \$12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of \$273.6 million.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of \$1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2014, the LLC renegotiated the timelines for truck delivery, accepting a 4% price increase and delaying deliveries into December 2015. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of \$0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In the third quarter of 2014, the LLC accepted a change order which delayed delivery into December 2015 and triggered a \$0.3 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC's contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of \$3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

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

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. ("Hanlong"), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a \$745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements included a Securities Purchase Agreement (the "Purchase Agreement") that provided for the sale to Hanlong of shares of our common stock in two tranches that would have aggregated 25% of our outstanding stock on a fully diluted basis, conditioned on Hanlong procuring a project financing Term Loan from a Chinese bank; a Stockholder Agreement that provided Hanlong representation on our Board, governed how Hanlong would vote its shares of the Company, and limited Hanlong's ability to purchase or dispose of our securities; and a Bridge Loan whereby Hanlong provided \$10 million to the Company to preserve liquidity until availability of the Term Loan. Pursuant to the Purchase Agreement, in December, 2010, we issued 11.8 million shares of common stock for the first tranche to Hanlong, for a purchase price of \$40 million. After the share purchase, Hanlong became entitled to nominate one director to serve on our Board, and Nelson Chen was designated by Hanlong to serve in that capacity. We granted Hanlong registration rights with respect to those shares. The Company filed a Registration Statement on Form S-3 in December 2013, which, among other transactions included registration of the Hanlong shares, thereby allowing Hanlong to sell their shares to a third party. The registration statement was declared effective on January 29, 2014.

In October 2012, we entered into an agreement with Hanlong for a Subordinated Debt Facility ("Sub Debt Facility") of up to \$125.0 million. Simultaneously with the execution of the Sub Debt Facility, the Company issued a warrant to Hanlong with a 2.5-year maturity to purchase ten million shares of the Company's common stock. In May 2013, the Company and Hanlong mutually agreed to terminate the Sub Debt Facility and warrant to provide the Company with greater flexibility in securing an alternative strategic partner. As the warrant was fully vested and exercisable at the time of termination, this resulted in an \$11.5 million non-cash charge to the income statement for the remaining unamortized value associated with the issuance of the warrant.

[Table of Contents](#)

As a result of Hanlong's failure to timely procure the Term Loan as required by the Purchase Agreement, in August 2013, the Company terminated certain agreements it had in place with Hanlong. In addition, as a result of the failure to procure the Term Loan, Hanlong was obligated to pay the Company a break fee of \$10.0 million. The Company and Hanlong agreed to offset the break fee against the repayment of the \$10.0 million Bridge Loan. The outstanding balance of the Bridge Loan and related accrued interest were recorded on the income statement as constructive receipt of break fee for \$10.0 million and forgiveness of debt of bridge loan interest for \$0.8 million. Concurrently, the Company wrote off \$6.4 million of debt issuance costs, as those costs were related to Hanlong's obligation to procure the Term Loan to construct the Mt. Hope Project, and that obligation was released upon termination of the Purchase Agreement.

In connection with the termination of the Hanlong agreements, most of the provisions of the Stockholder Agreement were also terminated. Under the continuing provisions of the Stockholder Agreement, Hanlong's right to designate one nominee to the Board continues until such time that Hanlong's ownership percentage falls below 10%. As of December 31, 2014, Hanlong owns approximately 13% of our outstanding common stock. In June, 2013, the Board recommended the election of Mr. Chen as a Class III member, in the Board's slate of nominees submitted to our stockholders, pursuant to the Stockholder Agreement. He was elected by a vote of the stockholders at the Company's 2013 Annual Meeting of Stockholders for a three-year term, expiring in June 2016.

Liberty Project

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

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

Since purchasing the Liberty Project, we have completed two drilling programs that, combined with previous evaluation work performed by former owners, identified mineralization. In April 2008 we completed a pre-feasibility study that detailed initial capital and operating costs, anticipated mining and milling rates and permitting requirements. In 2011, the Company released an updated NI 43-101 compliant resource estimate. Later the same year, a pre-feasibility study detailing updated resource estimates and project economics was released. Metallurgical and environmental work was advanced in 2013 with dedicated internal resources and \$0.2 million in external costs. In 2014, the Company more closely examined the use of existing infrastructure and the copper potential of the property. This work resulted in an updated NI 43-101 compliant pre-feasibility study, released in July 2014 which developed a statement of mineral reserves under the Canadian definitions. Those definitions are not consistent with U.S. definitions. Under Industry Guide 7, the Liberty Project deposit contains 309.2 million tons of mineralized material with a total molybdenum grade of 0.078% and a total copper grade of 0.098%. The Liberty Project is considered to be a follow-on project to the Mt. Hope Project that the Company intends to actively pursue following development of the Mt. Hope Project, dependent on market conditions at that time.

Other Mining Properties

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

Corporate Information

The Company was initially incorporated in Idaho under the name "General Mines Corporation" in 1925. We have gone through several name changes and on October 5, 2007, we reincorporated the Company in the State of Delaware ("Reincorporation") through a merger of Idaho General Mines, Inc. with and into General Moly, Inc., a Delaware corporation that was a wholly-owned

[Table of Contents](#)

subsidiary of Idaho General Mines, Inc. with General Moly, Inc. being the surviving entity. In connection with the Reincorporation, all of the outstanding securities of Idaho General Mines, Inc. were converted into securities of General Moly, Inc. on a one-for-one basis. For purposes of the Company's reporting status with the U.S. Securities and Exchange Commission ("SEC"), General Moly, Inc. is deemed a successor to Idaho General Mines, Inc. Our common stock is traded on the NYSE MKT under the symbol "GMO" and, in February 2008, the Company began trading on the Toronto Stock Exchange ("TSX") under the same symbol. Our registered and principal executive office is located at 1726 Cole Blvd., Suite 115, Lakewood, Colorado 80401 and the phone number for that office is (303) 928-8599.

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

Corporate Strategy and Objective

Our corporate strategy has been to acquire and develop highly profitable advanced stage mineral deposits. Our near-term corporate objective is to profitably develop and operate the Mt. Hope Project and to complete our evaluation and commence development of the Liberty Project. In the short-term, we are focused on obtaining financing required to complete the development of the Mt. Hope Project, while at the same time conserving our cash resources until such financing is received.

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

- We have a strong, proven management team with experience in mine development, project financing, and operations.
- The Mt. Hope Project, of which we own 80%, currently in the development stage, is construction ready and fully permitted, and is anticipated to be one of the largest and lowest cost primary molybdenum projects in the world, driven, in part, by high ore grades that will be processed early in the mine life.
- Our Liberty Project has the potential to become a second, significant, molybdenum and copper operation and is wholly-owned by the Company and royalty-free.
- The Mt. Hope Project and the Liberty Project are located in Nevada, which has a long and ongoing history of large-scale, open pit mining operations.
- Both the Mt. Hope Project and the Liberty Project have near-by infrastructure for power, access roads, and water and have an environmentally sound design.
- We have strong international support from the steel industry as evidenced by the strategic partnerships and off-take agreements we have in place with several of the world's largest steel companies.
- We anticipate favorable long-term market fundamentals for molybdenum.

Products

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

Molybdenum is a refractory metal with very unique properties. Approximately 70% to 80% of molybdenum applications are in steel making. Molybdenum, when added to plain carbon and low alloy steels, increases strength, corrosion resistance and high temperature properties of the alloy. The major applications of molybdenum containing plain and low alloy steels are automotive body panels, construction steel and oil and gas pipelines. When added to stainless steels, molybdenum imparts specialized corrosion

[Table of Contents](#)

resistance in severe corrosive environments while improving strength. The major applications of stainless steels are in industrial chemical process plants, desalinization plants, nuclear reactor cooling systems and environmental pollution abatement. When added to super alloy steels, such as those used in jet turbine blades and other advanced aerospace engine components, molybdenum dramatically improves high temperature strength, thermal expansion and contraction resistance and resistance to oxidation. The effects of molybdenum additions to steels are not readily duplicated by other elements and as such are not significantly impacted by substitution of other materials.

Other significant molybdenum applications include lubrication, catalytic sulfur reduction in petrochemicals, lighting, LCD activation screens, x-ray generation, high temperature heat dissipation and high temperature conductivity. These areas represent the highest technical and value-added applications of molybdenum, but are also the most readily eliminable in times of technical or economic downturns.

Competitive Conditions

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

The supply of molybdenum comes from both primary molybdenum mines, such as our proposed Mt. Hope Project, and as a byproduct of porphyry copper production. Each of these two main categories of supply represents approximately 50% of the molybdenum produced annually, which was forecast by CPM Group to grow to 569 million pounds in 2015 and then to 607 million pounds in 2016. Although many companies produce molybdenum, some of which also mine other minerals, approximately two-thirds of global production is concentrated among ten companies.

When and if we commence production at either or both of our Mt. Hope Project and Liberty Project, our competitive position will be based on the quality and grade of our ore bodies and our ability to manage costs compared with other producers. Our costs are driven by the grade and nature of our ore bodies as well as input costs, including energy, labor and equipment. Our ability to have a competitive position over the long-term will be based on, among other things, favorable logistics and stable geo-political climate, the large size of our combined ore resources and anticipated production rate capacity as well as our intention to hire and retain a skilled workforce, and manage our costs.

Employees

The Company had a total of 26 employees, including 23 exempt and 3 hourly employees, as of December 31, 2014.

Description of the Mt. Hope Project

Overview

The discussion in this section is based on the entire Mt. Hope Project, of which we own an 80% interest. The LLC is responsible for the development of the Mt. Hope Project. The Mt. Hope Project will include the development of an open pit mine, construction of a concentrator and a roaster, and construction of all related infrastructure to produce TMO, the most widely used molybdenum product.

From November 2004 through August 2007 we conducted numerous exploration, drilling and evaluation studies, culminating in the BFS for the Mt. Hope Project. In 2005, we initiated the baseline studies necessary for development of an Environmental Impact Statement (“EIS”). We completed an initial PoO, which the BLM accepted in September 2006. In December 2006, the BLM selected an environmental firm to complete the EIS for the Mt. Hope Project. The Company worked diligently with the environmental firm to complete the EIS, resulting in the ROD becoming effective on November 16, 2012.

The Mt. Hope Project — the Mt. Hope Lease

The Mt. Hope Project is owned/leased and will be operated by the LLC under the LLC Agreement. The LLC currently has a lease (“Mt. Hope Lease”) with Mount Hope Mines, Inc. (“MHMI”) for the Mt. Hope Project for a period of 30 years from October 19, 2005 and for so long thereafter as operations are being conducted on the property. The lease may be terminated earlier at the election of the LLC, or upon a material breach of the 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 and no further payments would be due to MHMI. If MHMI terminates the lease, termination is effective upon receipt of a notice of termination of a material breach, representation, warranty, covenant or term contained in the Mt. Hope Lease and followed by failure to cure such breach within 90

[Table of Contents](#)

days of receipt of a notice of default. MHMI may also elect to terminate the Mt. Hope Lease if the LLC has not cured the non-payment of obligations under the lease within 10 days of receipt of a notice of default.

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

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

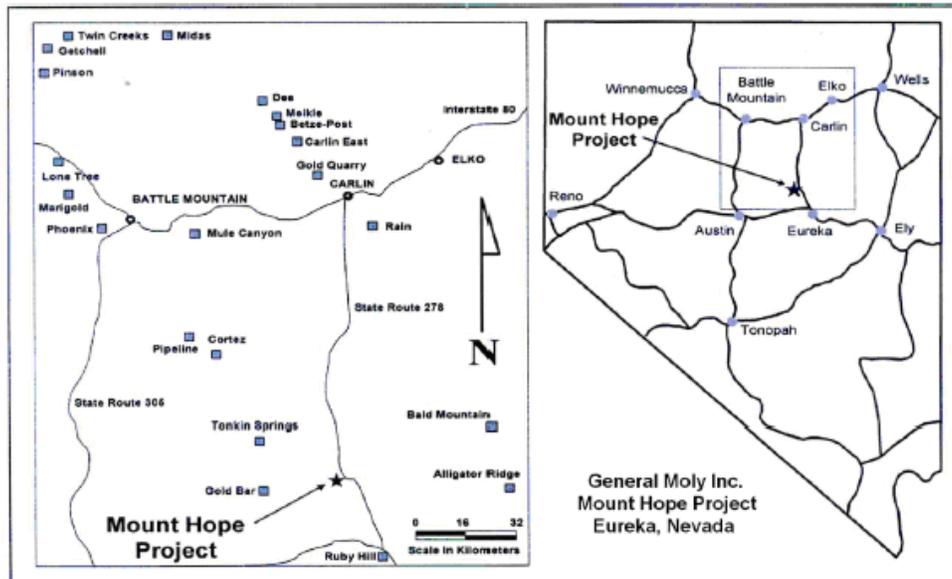
The LLC is not permitted to assign or otherwise convey its obligations under the Mt. Hope Lease to a third party without the prior written consent of MHMI, which consent may be withheld at its sole discretion. If, however, the assignment takes the form of a pledge of our interest in the Mt. Hope Project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

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

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

Property Description and Location

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



Royalties, Agreements and Encumbrances

Advance Royalty

The Mt. Hope Lease requires a royalty advance (“Construction Royalty Advance”) of 3% of certain construction capital costs, as defined in the Mt. Hope Lease. The LLC is obligated to pay a portion of the Construction Royalty Advance each time capital is raised for the Mt. Hope Project based on 3% of the expected capital to be used for those certain construction capital costs defined in the Mt. Hope Lease. Through December 31, 2014, we have paid \$23.6 million of the total Construction Royalty Advance. Based on our Mt. Hope Project capital budget we estimate that a final reconciliation payment on the Capital Construction Cost Estimate (the “Estimate”) will be due following the commencement of commercial production, after as-built costs are definitively determined. The Company estimates, based on the revised capital estimate discussed above and the current timeline for the commencement of commercial production, that an additional \$4.2 million will be due approximately 20 — 24 months after the commencement of construction. This amount was accrued as of December 31, 2014. The capital estimates may be subject to escalation in the event the Company experiences continued delays in obtaining full financing for the Mt. Hope Project.

The LLC is also obligated to make a minimum annual advance royalty payment (“Annual Advance Royalty”) of \$0.5 million each October 19 for any year wherein commercial production has not been achieved or the MHMI Production Royalty (as hereinafter defined) is less than \$0.5 million. As commercial production is not anticipated to commence until early 2018, the Company has accrued \$1.5 million in Annual Advance Royalty payments which will be due in three \$0.5 million installments in October 2015, 2016 and 2017, respectively. An additional installment of \$0.5 million was paid in October 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 MHMI Production Royalties will be in excess of the Annual Advance Royalties for the life of the Mt. Hope Project. Until the advance royalties are fully credited, the LLC will pay one half of the calculated Production Royalty annually. Assuming a \$12 molybdenum price, the Annual Advance Royalties are consumed within the first five years of commercial production.

Production Royalty

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

- (a) MHMI Production Royalty

After commencement of commercial production at the Mt. Hope Project, the LLC will be required to pay to MHMI a production royalty equal to the greater of: (i) \$0.25 per pound of molybdenum metal (or the equivalent of some

[Table of Contents](#)

other product) sold or deemed to be sold from the Mt. Hope Project; or (ii) 3.5% of net returns (“Base Percentage”), if the average gross value of products sold is equal or lower than \$12.00 per pound, or the Base Percentage plus 1% of net returns if the average gross value of products sold is higher than \$12.00 per pound but equal or lower than \$15.00 per pound, or the Base Percentage plus 1.5% of net returns if the average gross value of products sold is higher than \$15.00 per pound (“MHMI Production Royalties”). As used in this paragraph, the term “products” refers to ores, concentrates, minerals or other material removed and sold (or deemed to be sold) from the Mt. Hope Project; the term “gross value” refers generally to proceeds received by us or our affiliates for the products sold (or deemed to be sold); and the term “net returns” refers to the gross value of all products, less certain direct out of pocket costs, charges and expenses actually paid or incurred by us in producing the products.

(b) Exxon Production Royalty

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

Environmental Regulations and Permits

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

Accessibility, Climate, Local Resources, Infrastructure, and Physiography

Access

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

Climate

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

Local Resources and Infrastructure

The town of Eureka, Nevada is approximately 21 miles to the south of the Mt. Hope Project, via Route 278. The infrastructure requirements to support the mine and mill concentrator consist of bringing power and water to the property, commensurate with the operational requirements, including developing a water wellfield within the Kobeh Valley, constructing site access roads, constructing maintenance shops for the mine and plant administrative offices, constructing a potable water supply system, constructing septic leachfield systems, installing emergency power generators and liquid natural gas tanks, and installing facilities for project communications. A 230kV power line is expected to be developed from the Machacek substation near Eureka to the minesite.

Water Rights and Surface Rights

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

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

[Table of Contents](#)

Physiography

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

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

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

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

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

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

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

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

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

History

Prior Ownership and Results of Exploration Work

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

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

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

[Table of Contents](#)

Geology

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

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

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

Mineralization

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

Exploration

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

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

Ore to Be Mined

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

Mill Feed Ore Statistics

<u>Category</u>	<u>Ktons</u>	<u>Average Grade Sulfide Mo%</u>	<u>Mo Recovery %</u>
Ore in Years 1-5	122,000	0.092	89.8
Ore in Years 1-10	244,000	0.086	89.5
Ore Life of Mine	985,000	0.070	88.8

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

[Table of Contents](#)

totaling 1.7 million tons will also be mined and disposed of on site. The total production is based on estimated life of mine and has a 0.034% Sulfide Mo cutoff grade.

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

Mining

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

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

Process Overview

The process circuit will include:

- *Primary Crusher & Coarse Ore Stockpile*—The primary crusher will be located adjacent to the pit and crushed ore will be fed to a 70,000 ton live capacity stockpile.
- *Semi-Autogenous Grinding (“SAG”) & Ball Mill Circuit*—Ore will be reclaimed from the stockpile from up to four feeders and fed by conveyor to the SAG mill. The design will allow for the addition of a pebble crusher. Following the SAG mill, the ore will be ground to 80% passing 150 micrometers in the two ball mills at an average daily processing rate of 66,688 tons.
- *Flotation Circuit*—Following the grinding circuit, the ore will be processed in a conventional flotation plant. The molybdenum ore will be treated through two banks of rougher/scavenger flotation, one stage of first cleaners followed by regrind, and six additional stages of cleaner flotation. Some molybdenum concentrates with higher levels of included metals will be treated through a concentrate leach facility to produce the cleaned, final molybdenum concentrate. Metallurgical results have indicated that an estimated mill recovery of approximately 89% is achievable across grades ranging from 0.04% through 0.1% molybdenum (“Mo”) with final concentrate grades of approximately 54% to 56% Mo.
- *Roaster Circuit*—Molybdenum concentrate will be further processed in two multi-hearth roasters to produce technical grade molybdenum trioxide product. The roasting facility will provide a fully integrated process.

Tailing Facility

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

Reserves and Mineralized Material

Our January 2014 Technical Report, which contained an updated statement of reserves and mineralized material, revised the previous proven and probable estimates supported by the 2007 BFS. The new statement establishes proven reserves totaling 320,473

[Table of Contents](#)

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

Statement of Reserves and Mineralized Material
Units = Short Tons

Reserves

Cutoff Grade	Proven Reserves		Probable Reserves		Proven+Probable Reserves	
	Sulfide Mo	Ktons	Grade Sulfide Mo	Ktons	Grade Sulfide Mo	Grade Sulfide Mo
0.034%	320,473	0.084%	664,129	0.063%	984,602	0.070%

Additional Mineralized Material

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

Footnotes to Statements of Reserves and Mineralized Material

Reserve tons are tabulated at the cutoff grade of 0.034% Sulfide Mo. The final reserve pit design completed in early 2014 was based on a molybdenum price of \$12/lb molybdenum in the saleable form of molybdenum tri-oxide. As of December 31, 2014, the approximate three-year backward average price for molybdenum was \$11.59/lb, according to *Ryan's Notes*, a ferro-alloy industry news and pricing publication (and the spot price for molybdenum on the same date was approximately \$9.50/lb).

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

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

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

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

Capital Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of \$1,312 million, which includes development costs of approximately \$1,245 million and \$67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and is currently designed at approximately 65% engineering completion, with solid scope definition. The pricing associated with the estimate remains subject to escalation associated with equipment, construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as the Company experiences delays in obtaining its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2014, the LLC spent approximately \$273.6 million of the estimated \$1,312 million on development of the Mt. Hope Project.

[Table of Contents](#)

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

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

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

Pricing

The worldwide molybdenum price fluctuated between \$5.33 per pound in 2003 to over \$40.00 per pound in 2005 and traded in the mid-\$30s per pound prior to October 2008, when prices fell from approximately \$33.50 per pound to \$7.70 per pound in April 2009 as a result of the global financial crisis. Subsequent to April 2009, prices slowly rose finishing 2009 at \$12.00 per pound and further increasing to finish 2010 at \$16.40 per pound. By the end of 2011, prices had pulled back to \$13.30 per pound, then decreased further to \$9.75 per pound at the conclusion of 2013. In 2014, molybdenum has traded in a range of \$8.83 per pound to \$15.15 per pound according to *Ryan's Notes*, with performance for the first eight months of the year driven by tighter supply of material and solidifying downstream demand, particularly in the stainless steel, energy infrastructure and transportation industries. Beginning in September 2014, molybdenum price has experienced a sharp pullback reflecting softening spot market molybdenum demand and a strengthening U.S. dollar, amongst other factors.

In our BFS and for a portion of our financial evaluations, we use molybdenum prices prepared by an independent commodities research company, CPM Group. Their research is a comprehensive look at both the supply and demand side of the molybdenum market. Through their research, they forecast global growth rates for molybdenum for both supply and demand. CPM Group continues to forecast prices in excess of current spot prices over the long-term. In December 2014, CPM Group forecast that molybdenum prices would range between \$10.80 and \$14.40 per pound through 2019, \$16.00 in 2020, \$16.25 in 2021, \$17.00 in 2022, and \$16.85 in 2023.

Production and Operating Cost Estimates

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

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

Description	First Five Years	Life of Mine
Direct operating costs	\$ 6.28	\$ 7.90
Royalty payments (1)	.72	.80
Total CAS	\$ 7.00	\$ 8.70

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

Description of the Liberty Project

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

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

Since purchasing the Liberty Project, we completed two drilling programs that, combined with previous evaluation work performed by former owners, identified additional mineralization. In April 2008, we completed a pre-feasibility study on the Liberty Project that detailed initial capital and operating costs, anticipated mining and milling rates and permitting requirements. In 2011 the Company released an updated NI 43-101 compliant resource estimate and later the same year a pre-feasibility study detailing updated resource estimates and project economics was released. Metallurgical and environmental work was advanced in 2013 with \$0.2 million in external costs and use of dedicated internal resources. In 2014, the Company more closely examined the use of existing infrastructure and copper potential of the property. This work resulted in an updated NI 43-101 compliant pre-feasibility study released in July 2014 which developed a statement of mineral reserves under Canadian definitions. Those definitions are not consistent with U.S. definitions. Under Industry Guide 7, the Liberty deposit contains 309.2 million tons of mineralized material with a total molybdenum grade of 0.078% and a total copper grade of 0.098%. The Liberty Project is viewed by the Company as a follow-on project to the Mt. Hope Project that we intend to actively pursue following development of the Mt. Hope Project, dependent on market conditions.

History

In 1955, Anaconda leased and optioned the Liberty molybdenum prospect and mine in order to evaluate extensive molybdenum and copper occurrences. From 1956 through 1966, Anaconda explored or delineated molybdenum mineralization over an approximate one square mile area. Drilling indicated extensive mineralization from the surface to a depth of approximately 2,000 feet. Drilling delineated approximately 200 million tons of mineralization grading 0.091 percent sulfide molybdenum, which was included in a long-term mining plan. (Historic references to tonnage and grade are based on available historic records. They may not reflect the current definitions of mineral reserves and mineral resources as defined by the SEC or by Canadian NI 43-101.) Mine construction began in 1979 with production from the Hall Mine starting in 1981. Anaconda ceased operations in 1985 due to low metal prices. Between 1982 and 1991, Anaconda and successor operator Cyprus mined a total of 50 million tons of ore grading 0.11 percent molybdenum. No further molybdenum mining took place after 1991, leaving an estimated 150 million tons of un-mined material at a grade of 0.09 percent molybdenum.

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

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

[Table of Contents](#)

Geology

The Liberty molybdenum deposit appears to conform to a class of deposit that is generally termed in ore deposit literature as a “Climax-Urad” type, where better-grade molybdenum mineralization in the form of molybdenite (MoS₂) is concentrated in and along the margins of an irregularly-shaped “sleeve” or “shell” around a central lower-grade to nearly barren core of silicic-alkalic intrusive rocks. In some cases, an outer shell of copper-dominant mineralization surrounds the interior molybdenum-dominant shell(s).

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

Base metal mineralization in the Liberty deposit consists of molybdenite (MoS₂), chalcopyrite (CuFeS₂), chalcocite (Cu₂S), galena (PbS), sphalerite (ZnS), tetrahedrite (Cu₈Sb₂S₇), and pyrite (FeS₂). Molybdenite occurs mainly in 0.1” to 1.2”-wide quartz veins and veinlets in amounts that range from 0.1% to more than 40% by volume, typically as a selvage on vein walls. Molybdenite is also found in wider (+1.2”) quartz veins, but these are much less common in occurrence. Chalcopyrite and pyrite also are common but lesser vein/veinlet constituents.

Although chalcopyrite can occur with molybdenite in minor amounts in veins and veinlets within the main body of molybdenum mineralization in the Hall stock, it is much more prevalent in quartz veins in the metasediments on the northeast and east sides of the stock. Here it occurs in the remnant of the copper-dominant shell that originally surrounded the Hall stock before it was tilted and disrupted by faulting. In addition to chalcopyrite, chalcocite occurs as disseminations and as secondary coatings on pyrite within a roughly horizontal blanket of secondary supergene copper enrichment just below the bottom of oxidation.

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

Environmental Investigation - Shoshone County, Idaho

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

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

Applicable Mining Laws

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

[Table of Contents](#)

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

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

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

Permitting

Permit Acquisition and Fundamental Environmental Permitting Considerations

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

Permitting Process Overview

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

Environmental Inventories

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

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

Mt. Hope Permitting Requirements

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

[Table of Contents](#)

Plan of Operations Approval—Bureau of Land Management

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

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

Potential impacts addressed in the ROD are primarily related to geochemistry and the associated potential for acid generation from waste rock, the water quality in the post-mining pit lake, and the potential mobilization of constituents in the tailings. Other significant potential impacts include effects of groundwater pumping on existing water rights and/or surface water flows, air emissions, reduction of wildlife habitat (including a federally listed sensitive species) and the socioeconomic impact to the community of Eureka. Extensive laboratory testing has been conducted to fully evaluate the geochemistry of all material types that will be mined. The waste rock disposal facilities and tailing impoundment designs incorporate components to minimize potential impacts, consistent with accepted and demonstrated industry practices. Hydrological and geochemical computer modeling predicts that the post-mining pit lake water quality will not pose a threat to wildlife and will therefore not require treatment. Air emissions will be reduced by using control technology and leading industry practices. A detailed reclamation plan has been developed to re-establish post-mining land uses, including wildlife habitat. Other resource-specific mitigation plans have been developed, including those for wild horses and burros, bats, cultural resources, the Pony Express Trail, sage grouse habitat, water resources, and fugitive dust. Environmental regulations related to reclamation require that the cost for a third party contractor to perform reclamation activities on the minesite be estimated. The \$73.4 million reclamation cost estimate is the basis for the required financial guarantee amount. The LLC was required to post a financial instrument held by the BLM to provide a guarantee that this amount will be available to BLM and NDEP for use in conducting reclamation should we become insolvent or default on our reclamation obligations. The BLM also holds a bond of \$0.1 million to provide funds to assure reclamation of previously approved exploration disturbance. Additionally, a reclamation cost estimate of \$1.3 million was approved to remove and reclaim disturbance associated with the grant of rights-of-way for the 230 kV power transmission line. A group of surety underwriters arranged by Marsh USA was assembled to satisfy these financial guarantees through the posting of bonds. The surety program was funded with an initial payment of \$5.6 million in December 2012 and requires additional payments of \$11.6 million throughout the construction period for a total cash funding amount of \$17.2 million for annual premiums and collateral. Although the Reclamation Permit is administered by the NDEP-BMRR, BLM review is required and the reclamation cost estimate was approved in conjunction with approval of the PoO.

The \$73.4 million reclamation cost estimate addresses the anticipated activities for a three-year period from the point of PoO approval. The reclamation cost estimate will be recalculated every three years to include the current activities and those activities anticipated to be completed during the subsequent three-year period. Financial guarantees held by the BLM will be adjusted periodically in conjunction with the growth of the waste rock pile and the tailing impoundments, as well as completion of concurrent reclamation. It is estimated that financial guarantee requirements could reach \$171.8 million at the anticipated end of the project (year 41), assuming no concurrent reclamation activities occur.

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

On June 17, 2014, the LLC submitted an amendment to its approved PoO to reflect minor design changes that were identified during continued engineering and the initial phases of construction, and on November 6, 2014, submitted minor revisions to the amendment. The BLM has determined that an Environmental Assessment (EA) is required under the NEPA to analyze and disclose environmental impacts associated with these changes. As per the NEPA regulatory framework, the decision to complete an EA means that BLM has preliminarily determined that impacts will not be significant. The BLM has initiated the EA process, completion of which is anticipated to culminate in issuance of a FONSI. We expect this process to be completed in the first half of 2015. The reclamation cost estimate was recalculated as part of the amended PoO development, and upon approval of the amendment, financial guarantee requirements are expected to have a minor increase from \$73.4 million to approximately \$75.1 million.

Water Appropriation Permits—Nevada Division of Water Resources

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

[Table of Contents](#)

The Nevada State Engineer (“State Engineer”) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed a further appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer’s approval of the Monitoring, Management and Mitigation Plan (“3M Plan”) of the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in the first half of 2015.

Two individual water rights holders appealed the State Engineer’s approval of the 3M Plan to the Nevada State District Court (“District Court”). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District’s Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal also from the District Court of the water permits. We remain confident the Nevada Supreme Court will uphold the District Court’s Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court’s ruling, the Company’s water permits have been granted and the water remains available, as described above, for use at the Mt. Hope Project.

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

The BMRR administers the programs for the WPC Permit and the Reclamation Permit, both of which are required for the Mt. Hope Project. The WPC Permit program specifies design criteria for containment of process fluids and mandates development of monitoring, operational, and closure plans. The Reclamation Permit approves the proposed reclamation methods, specifies reclamation objectives, and requires bonding based on the reclamation cost estimate. We received the WPC Permit and the Reclamation Permit in November 2012.

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

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

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

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

Liberty Project Permitting Requirements

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

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

[Table of Contents](#)

permitting process by reducing the amount of baseline studies and other technical information that must be developed by the Company.

Other United States Regulatory Matters

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

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

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

NEPA requires an assessment of the environmental impacts of “major” federal actions. The “federal action” requirement can be satisfied if the project involves federal land or if the federal government provides financing or permitting approvals. NEPA does not establish any substantive standards; it merely requires the analysis of any potential impact. The scope of the assessment process depends on the size of the project. An EA may be adequate for smaller projects. An EIS, which is much more detailed and broader in scope than an EA, is required for larger projects.

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

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

ITEM 1A. RISK FACTORS

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

Our investors may lose their entire investment in our securities

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

[Table of Contents](#)

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

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

In March 2013, China Development Bank suspended work on the Term Loan and we have not obtained, and may not obtain, alternative financing, which could cause additional delays or expenses in developing the Mt. Hope Project.

The Company was notified on March 20, 2013 that China Development Bank had provided instructions to its legal counsel to suspend work on the Term Loan. The Company is continuing to work to secure another strategic partner in or outside of China to help advance the full financing of the Mt. Hope Project. The Company has also begun to pursue other potential financing sources such as capital markets, domestic and international credit markets, and bank project financing. There is no assurance that a suitable partner will be identified or that alternative financing can be achieved on economically suitable terms, or at all.

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

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

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

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

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

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

- Approval of the operations to be conducted and objectives to be accomplished by the Mt. Hope Project (“Program and Budget”);
- Approval of the budget for costs to be incurred by the LLC and the schedule of cash capital contributions to be made to the LLC (“Budget”);
- Approval of cost overruns in excess of 10% until we obtain financing or exhaust the reserve account balance, and thereafter 15% of the approved Program and Budget;
- Approval of an expansion or contraction of the average tons per day (“tpd”) planned of 20% or more from the relevant tpd throughput schedule in the BFS;
- Approval of the LLC’s acquisition or disposition of significant real property, water rights or real estate assets;
- Approval of the incurrence of indebtedness by the LLC that requires (1) an asset of the LLC to be pledged as security, (2) the pledge of a membership interest in the LLC, or (3) a guaranty by either the Company or POS-Minerals, other than in each instance a purchase money security interest or other security interest in the LLC to finance the acquisition or lease of equipment; and

[Table of Contents](#)

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

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

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

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

- Have a continued negative impact on the availability of financing to us;
- Cause a continued delay and suspension of our development activities and, ultimately, mining operations at our Mt. Hope Project, if such operations become uneconomic at the then-prevailing molybdenum price; and
- Prevent us from fulfilling our obligations under our agreements or licenses which could cause us to lose our interests in, or be forced to sell, our properties.

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

The volatility in metals prices is illustrated by the quarterly average price range from January 2002 through February 2014 for molybdenum: \$2.73 - \$35.37 per pound. Average molybdenum prices are quoted in *Platt's Metals Week*. After a period of high, sustained molybdenum prices in 2004 through September 2008, where the price of molybdenum averaged \$27.34 per pound, the price of molybdenum fell to approximately \$7.70 per pound in April 2009. Prices experienced notable volatility during 2014 and finished the year at \$9.50 per pound. Although we estimate the Mt. Hope Project's average cost of production over the first five years to be approximately \$7.00 per pound, a sustained period of lower molybdenum prices would have material negative impacts on the Company's profitability. Actual molybdenum prices when and if we commence commercial production cannot be estimated and are subject to numerous factors outside our control.

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

Molybdenum is used primarily in the steel industry. The demand for molybdenum from the steel industry and other industries was extremely robust through the third quarter of 2008, primarily fueled by growth in Asia and other developing countries. Beginning in the fourth quarter of 2008, the global financial crisis forced steel companies to substantially reduce their production levels with a corresponding reduction in the consumption of molybdenum, which contributed to the decline in the price of molybdenum. Sustained low molybdenum demand resulting from a prolonged global financial crisis may cause prolonged periods of low molybdenum prices ultimately resulting in a continued delay in our ability to obtain financing, and a continued suspension of our development or, in the future, a suspension of our mining operations at our Mt. Hope Project.

A sustained significant increase in molybdenum supply could also adversely affect our results. The CPM Group estimate that during the next five years a total of 69.6 million annual pounds of production could be added to the supply of molybdenum (including a portion of the supply from our Mt. Hope Project). In the event demand for molybdenum does not increase to consume the potential additional production, the price for molybdenum may be adversely affected.

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

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

[Table of Contents](#)

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

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. The LLC was required to obtain a ROD from the BLM, authorizing implementation of the Mt. Hope Project PoO. The LLC was also required to obtain various state and federal permits including water protection, air quality, water rights and reclamation permits. The BLM's issuance of the ROD is the subject of an appeal in the U.S. Court of Appeals for the Ninth Circuit, and the Nevada State Engineer's issuance of the water permits and 3M plans are on appeal to the Nevada State Supreme Court. We may not be successful in defending legal challenges to our permits, which may affect our ability to maintain the permits. In addition to requiring permits for the development of the Mt. Hope Project, we will need to obtain and modify various mining and environmental permits during the life of the project. Obtaining, modifying, and renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often requiring public hearings and substantial expenditures. The duration and success of our efforts to obtain, modify or renew permits will be contingent upon many variables, some of which are not within our control. Increased costs or delays could occur, depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. All necessary permits may not be obtained and, if obtained, may not be maintained or renewed, or the costs involved in each case may exceed those that we previously estimated. It is possible that the costs and delays associated with compliance with such standards and regulations could become such that we would not proceed with the financing, development or operation of the Mt. Hope Project.

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

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

- Timely availability of project financing to construct the Mt. Hope Project;
- Timely availability of equipment;
- Continued appeal or unfavorable order concerning the water rights ruling, 3M plan, or permits, including the ROD;
- Sustained low prices for molybdenum;
- Completion of advanced engineering; and
- Timely availability of labor and resources from construction contractors throughout construction of the project.

In addition, factors such as sustained low prices of molybdenum and volatility in foreign exchange or interest rates could adversely affect our ability to obtain adequate financing to fund the development of the project on a timely basis. Any delays caused by our inability to raise capital when needed may lead to the cancellation or extension of, or defaults under, agreements with equipment manufacturers or a need to sell equipment already purchased, any of which may adversely impact the Mt. Hope Project timeline. Additionally, delays to the Mt. Hope Project schedule have consequences with regard to our LLC Agreement with POS-Minerals, including potential claims by POS-Minerals, which may serve to increase our capital obligations and further enhance this risk factor.

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

There are numerous uncertainties inherent in estimating mineralization and reserves, including many factors beyond our control. The estimation of mineralization and reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing, production, and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. The volume and grade of mineralization and reserves recovered and rates of production may be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Further declines in the market price of molybdenum and copper may render mineralization and reserves containing relatively lower grades of ore uneconomic to exploit, which may materially and adversely impact our reserve and mineralization estimates at our projects. Changes in operating and capital

[Table of Contents](#)

costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may also materially and adversely affect mineralization and reserves.

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

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

- The accuracy of our mineralization and reserves estimates;
- The accuracy of assumptions regarding ore grades and recovery rates;
- Ground conditions and physical characteristics of the mineralization, such as hardness and the presence or absence of particular metallurgical characteristics; and,
- The accuracy of estimated rates and costs of mining and processing.

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

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

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

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

Our operations make us susceptible to environmental liabilities that could have a material adverse effect on us

Mining is subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to us or the LLC (or to other companies in the minerals industry) at a reasonable price. To the extent that we become subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to us and could have a material adverse effect on us. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

Legal title to the properties in which we have an interest may be challenged, which could result in the loss of our rights in those properties

The ownership and validity, or title, of unpatented mining claims are often uncertain and may be contested. A successful claim contesting our title or interest to a property or, in the case of the Mt. Hope Project, the landowner's title or interest to such property could cause us and/or the LLC to lose the rights to mine that property. In addition, the success of such a claimant could result in our not being compensated for our prior expenditures relating to the property.

Climate change and climate change legislation or regulations may adversely impact General Moly's planned future operations

Energy is anticipated to be a significant input in General Moly's operations. A number of governmental bodies have introduced or are contemplating legislative and regulatory change in response to the possible impacts of climate change. U.S. Congress and several states have initiated legislation regarding climate change that could affect energy prices and demand. In December 2009, the EPA issued an endangerment finding under the federal Clean Air Act indicating that current and projected

[Table of Contents](#)

concentrations of certain mixed greenhouse gases in the atmosphere, including carbon dioxide, threaten the public health and welfare. It is possible that regulation may be promulgated in the U.S. to address the concerns raised by the endangerment finding.

Legislation and increased regulation regarding climate change could impose increased costs on us, our partners and our suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our financial condition, financial position, results of operations and ability to compare.

The possible physical impacts of climate change on the Company's planned future operations are highly uncertain and would be particular to the geographic circumstances in the area in which we operate. These may include changes in rainfall, storm patterns and intensities, shortages of water or other natural resources, changing sea levels, and changing temperatures. These effects may adversely impact the cost, production and financial performance of the Company's planned future operations.

Mineral exploration and mining activities require compliance with a broad range of laws and regulations, and compliance with or violation of these laws and regulations may be costly

Mining operations and exploration activities are subject to federal, state, and local laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health and safety, waste disposal, toxic substances, land use, environmental protection, reclamation obligations, and mine safety. In order to comply with applicable laws and regulations, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offense under such legislation. We may also incur additional expenses and our projects may be delayed as a result of changes and amendments to such laws and regulations, including changes in local, state, and federal taxation.

Land reclamation requirements for exploration properties may be burdensome, may divert funds from our exploration programs and could have an adverse effect on our financial condition

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance landforms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we and the LLC must allocate financial resources that might otherwise be spent on further exploration programs. Such costs could also have an adverse effect on our financial condition.

Non-compliance with our Mt. Hope Mines Inc. Lease could result in loss of the LLC's rights to develop the Mt. Hope Project and may adversely affect our business

The LLC leases the Mt. Hope Project from MHMI under the Mt. Hope Lease. Failure to comply with the terms of the Mt. Hope Lease (which principally require us to make prescribed payments on or before certain prescribed dates) could result in loss of the LLC's rights to develop the Mt. Hope Project. Any loss of rights under the Mt. Hope Lease would have a material adverse effect on us and our ability to generate revenues.

Our ability to operate our Company effectively could be impaired if we lose key personnel or if we are not able to attract and retain the additional personnel we will need to develop any of our projects, including the Mt. Hope Project

We are a small company with a limited operating history and relatively few employees. The development of any of our proposed projects, including the Mt. Hope Project, will place substantial demands on us. We depend on the services of key executives and a small number of personnel, including our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Corporate Counsel and Vice President of Human Resources, Mt. Hope Vice President and General Manager, Controller and Treasurer, and Vice President of Environmental and Permitting. We will be required to recruit additional personnel and to train, motivate and manage these new employees. The number of persons skilled in the development and operation of mining properties is limited and significant competition exists for these individuals. We implemented a reduction in force in November 2014, affecting 40% of our employees and contractors as a result of the delay in our ability to obtain project financing. In January 2015, we implemented a new retention program including cash stay incentives to our non-officer employees and equity incentives to our officers, though this new retention program may not be successful in retaining our executives and key employees. We may not be able to attract and retain qualified personnel in the future. We do not maintain "key person" life insurance to cover our executive officers. Due to the relatively small size of our company and the specific skill sets of our key employees, the loss of any of our key employees or our failure to attract and

[Table of Contents](#)

retain key personnel may delay or otherwise adversely affect the development of the Mt. Hope Project, which could have a material adverse effect on our business.

We rely on independent contractors and experts and technical and operational service providers over whom we may have limited control

Because we are a small development stage company, we rely on independent contractors to assist us with technical assistance and services, contracting and procurement and other matters, including the services of geologists, attorneys, engineers and others. Our limited control over the activities and business practices of these service providers or any inability on our part to maintain satisfactory commercial relationships with them may adversely affect our business, results of operations, and financial condition.

Changes to the General Mining Law of 1872 and related federal legislation that impact unpatented mining claims could adversely impact the Mt. Hope Project

The Mt. Hope Project is located substantially on unpatented mining claims administered by the BLM. Mining on unpatented mining claims is conducted pursuant to the General Mining Law of 1872 and amendments thereto. Legislation for the amendment of the mining laws applicable to mining property has been considered by the U.S. Congress, which may include imposition of a governmental royalty and new permitting and environmental rules. Amendments to the mining laws could cause delays, increase the costs, and have an adverse effect on the returns anticipated from the Mt. Hope Project.

Increased costs could affect our ability to become profitable

Costs at any particular mining location frequently are subject to variation due to a number of factors, such as changing ore grade, changing metallurgy, and revisions to mine plans in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities, such as fuel, electricity, and labor. Commodity costs are at times subject to volatile price movements, including increases that could make production at our projects less profitable or uneconomic.

We anticipate significant capital expenditures in connection with the development of the Mt. Hope Project. In the past several years, costs associated with capital expenditures have escalated on an industry-wide basis as a result of major factors beyond our control. Increased costs for capital expenditures have an adverse effect on the returns anticipated from the Mt. Hope Project.

Shortages of critical parts, equipment and skilled labor may adversely affect our development projects

The industry has been impacted at times by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires, and skilled labor. Shortages may cause unanticipated cost increases and delays in delivery times, potentially impacting operating costs, capital expenditures, and production schedules.

Cost estimates and timing of new projects are uncertain

The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. There are a number of factors that can affect costs and construction schedules, including, among others:

- Availability of project financing;
- Availability of water, labor, power, transportation, commodities, and infrastructure;
- Increases in input commodity prices and labor costs;
- Fluctuations in exchange rates;
- Difficulty of estimating construction costs over a period of years; and
- Delays in obtaining and maintaining environmental or other government permits, including appeals of granted water applications and the ROD.

[Table of Contents](#)

Legislation, including the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act, may make it difficult for us to retain or attract officers and directors and increase the costs of doing business, which could adversely affect our financial position and results of operations

We may be unable to attract and retain qualified officers, directors and members of board committees required to provide for our effective management as a result of the recent changes and currently proposed changes in the rules and regulations, which govern publicly-held companies. The Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the SEC that increase responsibilities and liabilities of directors and executive officers. The Dodd-Frank Wall Street Reform and Consumer Protection Act, adopted in July 2010, imposes significant additional obligations and disclosure requirements, as to which SEC rulemaking is ongoing. We are a small company with a limited operating history and no revenues or profits, which may influence the decisions of potential candidates we may recruit as directors or officers. The real and perceived increased personal risk associated with these requirements may deter qualified individuals from accepting these roles. In addition, costs of compliance with such legislation, including several provisions specifically applicable to companies engaged in mining operations, could have a significant impact on our financial position and results of operations.

Provisions of Delaware law and our charter and bylaws may delay or prevent transactions that would benefit stockholders

Our certificate of incorporation and bylaws and the Delaware General Corporation Law contain provisions that may have the effect of delaying, deferring or preventing a change of control of the company. These provisions, among other things:

- Provide for staggering the terms of directors by dividing the total number of directors into three groups;
- Authorize our board of directors to set the terms of preferred stock;
- Restrict our ability to engage in transactions with stockholders with 15% or more of outstanding voting stock;
- Authorize the calling of special meetings of stockholders only by the board of directors, not by the stockholders;
- Limit the business transacted at any meeting of stockholders to those purposes specifically stated in the notice of the meeting; and
- Prohibit stockholder action by written consent without a meeting and provide that directors may be removed only at a meeting of stockholders.

Because of these provisions, persons considering unsolicited tender offers or other unilateral takeover proposals may be more likely to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. As a result, these provisions may make it more difficult for our stockholders to benefit from transactions that are opposed by an incumbent board of directors.

Forward-Looking Statements

Certain statements in this document 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 and our other projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We use the words “may,” “will,” “believe,” “expect,” “anticipate,” “intend,” “future,” “plan,” “estimate,” “potential,” and other similar expressions to identify forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to the following:

- Our ability to obtain project financing for the development and construction of the Mt. Hope Project;
- Our dependence on the success of the Mt. Hope Project;
- The ability to obtain and maintain all required permits, water rights, and approvals for the Mt. Hope Project and the Liberty Project;
- Issues related to the management of the Mt. Hope Project pursuant to the LLC Agreement;
- Risks related to the failure of POS-Minerals to make ongoing cash contributions pursuant to the LLC Agreement;
- Fluctuations in the market price of, and demand for, molybdenum and other metals;
- The estimation and realization of mineral reserves and production estimates, if any;

[Table of Contents](#)

- The timing of exploration, development and production activities and estimated future production, if any;
- Estimates related to costs of production, capital, operating and exploration expenditures;
- Requirements for additional capital and our ability to obtain additional capital in a timely manner and on acceptable terms;
- Our ability to renegotiate, restructure, suspend, cancel or extend payment terms of contracts as necessary or appropriate in order to conserve cash;
- Government regulation of mining operations, environmental conditions and risks, reclamation and rehabilitation expenses;
- Title disputes or claims;
- Limitations of insurance coverage; and
- The future price of molybdenum, copper or other metals.

These forward-looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including those identified under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

The Nevada State Engineer (“State Engineer”) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed a further appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer’s approval of the Monitoring, Management and Mitigation Plan (“3M Plan”) of the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in the first half of 2015.

Two individual water rights holders appealed the State Engineer’s approval of the 3M Plan to the Nevada State District Court (“District Court”). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District’s Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal also from the District Court of the water permits. We remain confident the Nevada Supreme Court will uphold the District Court’s Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court’s ruling, the Company’s water permits have been granted and the water remains available, as described above, for use at the Mt. Hope Project.

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

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

[Table of Contents](#)

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

On September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit of the U.S. District Court's dismissal. Plaintiffs submitted their Opening Brief on January 23, 2015 and Defendants and the LLC's deadline to file their Response Brief is March 27, 2015. All Mt. Hope Project permits remain in effect and the Company is confident in the BLM's process and will continue to vigorously defend this subsequent appeal of the ROD.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the NYSE MKT under the symbol "GMO." On February 14, 2008 our common stock began trading on the Toronto Stock Exchange ("TSX"), also under the symbol "GMO."

The following table sets forth our common stock closing price as reported on the NYSE MKT:

Year	Quarter	High	Low
2014	First Quarter	\$ 1.42	\$ 0.99
	Second Quarter	\$ 1.23	\$ 0.82
	Third Quarter	\$ 1.17	\$ 0.75
	Fourth Quarter	\$ 0.74	\$ 0.28
2013	First Quarter	\$ 4.23	\$ 2.17
	Second Quarter	\$ 2.24	\$ 1.72
	Third Quarter	\$ 2.05	\$ 1.59
	Fourth Quarter	\$ 1.73	\$ 1.06

Holders

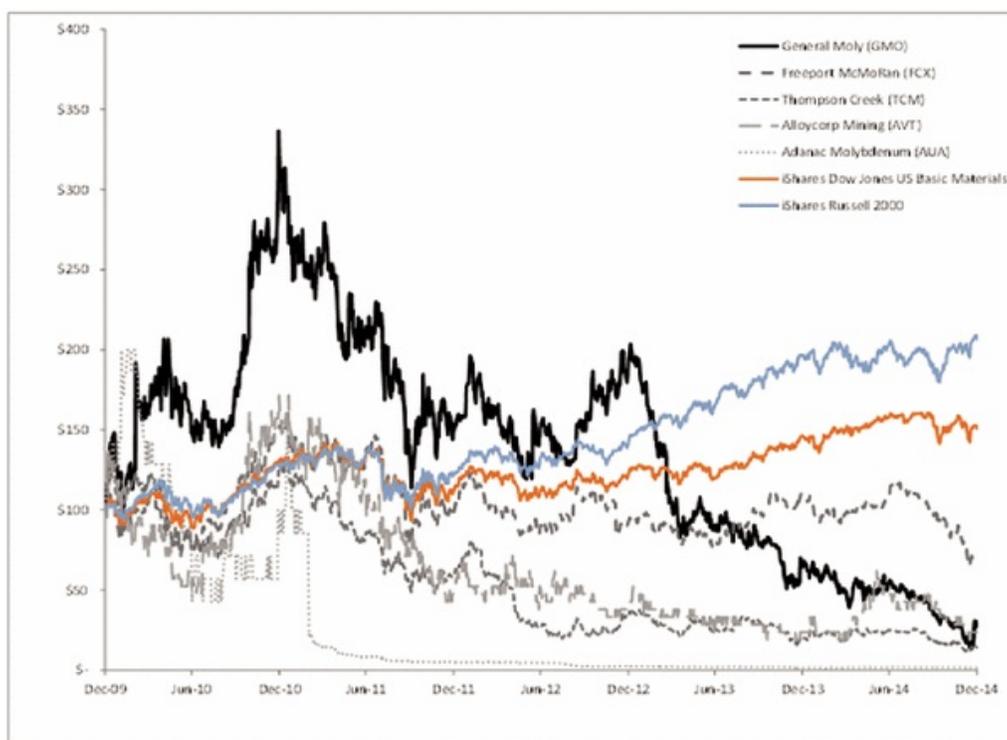
As of March 4, 2015, there were approximately 430 holders of record of our common stock.

Dividends

We have never declared or paid dividends on our common stock and we do not anticipate paying any dividends on our common stock in the foreseeable future. We will pay dividends on our common stock only if and when declared by our board of directors. Our board's ability to declare a dividend is subject to limits imposed by Delaware corporate law. In determining whether to declare dividends, the board will consider these limits, our financial condition, results of operations, working capital requirements, future prospects, and other factors it considers relevant.

Stock Performance Graph

The performance graph covers the period from December 31, 2009 through December 31, 2014. The graph compares the total return of our common stock (GMO) to the Dow Jones US Mining Index, the Russell 2000 Index and selected competitors in our industry, assuming an initial investment of \$100.00.



Company	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14
General Moly (GMO)	\$ 100.00	\$ 311.54	\$ 148.56	\$ 199.04	\$ 64.42	27.40
Thompson Creek Metals (TCM)	100.00	125.60	59.39	35.24	18.60	14.25
Alloycorp (AVT)	100.00	161.90	47.62	42.86	23.81	23.81
Freeport McMoRan (FCX)	100.00	152.66	96.41	94.31	111.01	71.24
Adanac Molybdenum (AUA)	100.00	85.63	4.95	2.38	1.62	1.71
iShares Dow Jones Basic Materials	100.00	130.98	111.08	124.32	146.4	150.82
iShares Russell 2000	100.00	126.93	121.63	145.78	196.86	206.78

ITEM 6. SELECTED FINANCIAL DATA

For the Years Ended December 31,	(in millions, except per share data)				
	2014	2013	2012	2011	2010
Loss from operations	(11.0)	(9.8)	(11.4)	(15.2)	(16.6)
Net loss	(11.0)	(16.3)	(9.9)	(14.8)	(16.7)
Basic and diluted net loss per share	\$ (0.12)	\$ (0.18)	\$ (0.11)	\$ (0.16)	\$ (0.22)
At December 31,	2014	2013	2012	2011	2010
Total assets	\$ 362.0	\$ 360.7	\$ 385.5	\$ 271.1	\$ 273.0
Long-term obligations	34.3	24.8	39.8	30.4	36.3
Contingently redeemable noncontrolling interest	210.3	209.0	201.9	98.1	98.8
Total stockholders' equity	\$ 126.7	\$ 134.8	\$ 148.1	\$ 143.1	\$ 136.4

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 years ended December 31, 2014, 2013 and 2012. This discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report.

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.

Project Ownership

From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project, into Eureka Moly, LLC ("the LLC"), and in February 2008 entered into an agreement ("LLC Agreement") for the development and operation of the Mt. Hope Project with POS-Minerals Corporation ("POS-Minerals"). Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada Moly, LLC ("Nevada Moly"), a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required capital contributions under the LLC Agreement can change as discussed below.

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

In addition, under the terms of the original LLC Agreement, since commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals \$36.0 million of its capital contributions ("Return of Contributions"), with no corresponding reduction in POS-Minerals' ownership percentage. Effective January 1, 2015, as part of a comprehensive agreement concerning the release of the reserve account described below, Nevada Moly and POS-Minerals agreed that the \$36.0 million will be due to POS-Minerals on December 31, 2020; provided that, at any time on or before November 30, 2020, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2021; and if the due date has been so extended, at any time on or before November 30, 2021, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2022. If the repayment date is extended, the unpaid amount will bear interest at a rate per annum of LIBOR plus 5%, which interest shall compound quarterly, commencing on December 31, 2020 through the date of payment in full. Payments of accrued but unpaid interest, if any, shall be made on the repayment date. Nevada Moly may elect, on behalf of the Company to cause the Company to prepay, in whole or in part, the \$36.0 million at any time, without premium or penalty, along with accrued and unpaid interest, if any. The \$36.0 million due to POS-Minerals will be reduced, dollar for dollar, by the amount of capital contributions required from POS-Minerals under approved budgets of the LLC, as discussed further below. If Nevada Moly does not fund its additional capital contribution in order for the LLC to make the required return to POS-Minerals of capital contributions set forth above, POS-Minerals has an election to either make a secured loan to the LLC to fund the Return of Contributions, or receive an additional interest in the LLC estimated to be 5%. In the latter case, Nevada Moly's interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid Return of Contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC ("Dilution Formula"). At December 31, 2014, the aggregate amount of deemed capital contributions of both parties was \$1,075.9 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 the 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' total contributions to the LLC, which, if not paid timely, would be subject to 10% interest per annum.

In November 2012, the Company and POS-Minerals began making monthly pro rata capital contributions to the LLC to fund costs incurred as required by the LLC Agreement. The interest of a party in the LLC that does not make its monthly pro rata capital contributions to fund costs incurred is subject to dilution based on the Dilution Formula. The Company and POS-Minerals consented, effective July 1, 2013, to Nevada Moly accepting financial responsibility for POS-Minerals' 20% interest in costs related to Nevada Moly's compensation and reimbursement as Manager of the LLC, and certain owners' costs associated with Nevada Moly's ongoing

[Table of Contents](#)

progress to complete project financing for its 80% interest, resulting in \$2.9 million paid by Nevada Moly on behalf of POS-Minerals during the term of the consensual agreement, which ended on June 30, 2014. From July 1 to December 31, 2014, POS-Minerals once again contributed its 20% interest in all costs incurred by the LLC. Subject to the terms above, all required monthly contributions have been made by both parties.

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which \$36.0 million held by the LLC in a reserve account established in December 2012 will be released over the next few years for the benefit of the Mt. Hope Project. The reserve account will initially fund a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of \$0.7 million to POS-Minerals and \$2.7 million to Nevada Moly. The funds will then be used to pay ongoing expenses of the LLC until the Company obtains full financing for its portion of the Mt. Hope Project construction cost, or until the reserve account is exhausted. Any remaining funds after financing is obtained will be returned to the Company. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of the Return of Contributions that the LLC is required to return to POS-Minerals, as described above.

Permitting Completion and Project Restart

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. The ROD approves the Plan of Operations (“PoO”) for construction and operation of the mining and processing facilities and also grants the Rights-of-Way for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD, developed in collaboration with the regulatory agencies involved throughout the permitting process, will avoid, minimize, and mitigate environmental impacts, and reflect the Company’s commitment to operate the Mt. Hope Project to the highest environmental standards.

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

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

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

On September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit of the U.S. District Court’s dismissal. Plaintiffs submitted their Opening Brief on January 23, 2015 and Defendants and the LLC’s deadline to file their Response Brief is March 27, 2015. All Mt. Hope Project permits remain in effect and the Company is confident in the BLM’s process and will continue to vigorously defend this subsequent appeal of the ROD.

On June 17, 2014, the LLC submitted an amendment to the approved PoO to reflect minor design changes that were identified during continued engineering and the initial phases of construction, and on November 6, 2014, submitted minor revisions to the amendment. The BLM has determined that an Environmental Assessment (“EA”) is required under the NEPA to analyze and disclose environmental impacts associated with these changes. As per the NEPA regulatory framework, the decision to complete an EA means that BLM has preliminarily determined that impacts will not be significant. The BLM has initiated the EA process, completion of which is anticipated to culminate in issuance of a Finding Of No Significant Impact (FONSI). We expect this process to be completed in the first half of 2015. During the amendment review and preparation of the EA, the approved PoO remains in effect and the LLC is authorized to continue construction under that existing approval. The changes proposed in the amendment are similar to approved activities, and we do not anticipate any additional baseline studies or mitigation will be required. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

The State of Nevada Division of Environmental Protection (“NDEP”) issued a Reclamation Permit for the Mt. Hope Project on November 19, 2012, which authorizes surface disturbance and construction of facilities. The Reclamation Permit also approved the Phase 1 reclamation cost estimate of approximately \$73.4 million and established bonding requirements based on this estimate. The BLM accepted the LLC’s reclamation surety bonding in satisfaction of financial guarantee requirements under the ROD for the Mt. Hope Project. The surety bond program remains funded with a cash collateral payment of \$5.6 million, which was reduced in November, 2014 to \$4.6 million.

[Table of Contents](#)

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

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

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

On January 2, 2013, the Public Utilities Commission of Nevada (“PUCN”) issued the LLC a permit to construct a 230kV power line that interconnects with Nevada Energy’s transmission system at the existing Machacek Substation located near the town of Eureka, Nevada and extend it approximately 25 miles to the planned Mt. Hope Substation. In addition, the BLM approved the LLC’s surety bonds for reclamation of disturbance associated with construction of the 230kV power transmission line. The PUCN permit and approved bond allows the LLC to build the transmission infrastructure in a timely manner and provide the necessary capacity to power construction activities and Mt. Hope Project operations. Construction of the transmission line will also include upgrades to the existing Machacek Substation near Eureka that will improve the reliability of electrical power to the community. At full production the Mt. Hope Project will have a total electrical demand load of approximately 75 megawatts. Transmission capacity was secured in 2008 and the LLC will negotiate for generating capacity prior to Mt. Hope Project commissioning activities, which will be available once the power line is constructed and energized.

The LLC initiated preliminary construction activities in early January 2013 including early wellfield development and clearing and grubbing of terrain. Completion of the wellfield and water distribution systems are key items necessary to begin major construction activities. Preliminary work also included clearing the open pit minesite, millsite, tailings dam and administrative office areas. Further activities have been suspended as a result of the delay in financing for the Mt. Hope Project and will resume as financing becomes available.

Capital & Operating Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of \$1,312 million, which includes development costs of approximately \$1,245 million and \$67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and is currently designed at approximately 65% engineering completion, with solid scope definition. The pricing associated with the estimate remains subject to escalation associated with equipment, construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as the Company experiences delays in achieving its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2013, the LLC spent approximately \$273.6 million of the estimated \$1,312 million on development of the Mt. Hope Project.

The LLC’s Project Operating Cost Estimate forecasts molybdenum production of approximately 40 million pounds per year for the first five years of operations at estimated average direct operating costs of \$6.28 per pound, based on \$90 per barrel oil equivalent energy prices. The Costs Applicable to Sales (“CAS”) per pound, including anticipated royalties calculated at a market price of \$15 per pound molybdenum, are anticipated to average \$7.00 per pound. For a reconciliation of direct operating costs, a non-GAAP measure, to CAS, see “*Business—Description of the Mt. Hope Project—Reserves and Mineralized Material—Production and Operating Cost Estimates*” above. These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation.

Equipment and Supply Procurement

Through December 31, 2014, the LLC has made deposits and/or final payments of \$74.2 million on equipment orders, has spent approximately \$187.4 million for the development of the Mt. Hope Project and has paid \$12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of \$273.6 million.

[Table of Contents](#)

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of \$1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2014, the LLC renegotiated the timelines for truck delivery, accepting a 4% price increase and delaying deliveries into December 2015. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of \$0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In the third quarter of 2014, the LLC accepted a change order which delayed delivery into December 2015 and triggered a \$0.3 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC's contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of \$3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

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

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. ("Hanlong"), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a \$745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements included a Securities Purchase Agreement (the "Purchase Agreement") that provided for the sale to Hanlong of shares of our common stock in two tranches that would have aggregated 25% of our outstanding stock on a fully diluted basis, conditioned on Hanlong procuring a project financing Term Loan from a Chinese bank; a Stockholder Agreement that provided Hanlong representation on our Board, governed how Hanlong would vote its shares of the Company, and limited Hanlong's ability to purchase or dispose of our securities; and a Bridge Loan whereby Hanlong provided \$10 million to the Company to preserve liquidity until availability of the Term Loan. Pursuant to the Purchase Agreement, in December, 2010, we issued 11.8 million shares of common stock for the first tranche to Hanlong, for a purchase price of \$40 million. After the share purchase, Hanlong became entitled to nominate one director to serve on our Board, and Nelson Chen was designated by Hanlong to serve in that capacity. We granted Hanlong registration rights with respect to those shares. The Company filed a Registration Statement on Form S-3 in December 2013, which, among other transactions included registration of the Hanlong shares, thereby allowing Hanlong to sell their shares to a third party. The registration statement was declared effective on January 29, 2014.

In October 2012, we entered into an agreement with Hanlong for a Subordinated Debt Facility ("Sub Debt Facility") of up to \$125.0 million. Simultaneously with the execution of the Sub Debt Facility, the Company issued a warrant to Hanlong with a 2.5-year maturity to purchase ten million shares of the Company's common stock. In May 2013, the Company and Hanlong mutually agreed to terminate the Sub Debt Facility and warrant to provide the Company with greater flexibility in securing an additional strategic partner. As the warrant was fully vested and exercisable at the time of termination, this resulted in an \$11.5 million non-cash charge to the income statement for the remaining unamortized value associated with the issuance of the warrant.

As a result of Hanlong's failure to timely procure the Term Loan as required by the Purchase Agreement, in August 2013, the Company terminated certain agreements it had in place with Hanlong. In addition, as a result of the failure to procure the Term Loan, Hanlong was obligated to pay the Company a break fee of \$10.0 million. The Company and Hanlong agreed to offset the break fee against the repayment of the \$10.0 million Bridge Loan. The outstanding balance of the Bridge Loan and related accrued interest were recorded on the income statement as constructive receipt of break fee for \$10.0 million and forgiveness of debt of bridge loan interest for \$0.8 million. Concurrently, the Company wrote off \$6.4 million of debt issuance costs, as those costs were related to Hanlong's obligation to procure the Term Loan to construct the Mt. Hope Project, and that obligation was released upon termination of the Purchase Agreement.

In connection with the termination of the Hanlong agreements, most of the provisions of the Stockholder Agreement were also terminated. Under the continuing provisions of the Stockholder Agreement, Hanlong's right to designate one nominee to the Board continues until such time that Hanlong's ownership percentage falls below 10%. As of September 30, 2014, Hanlong owns approximately 13% of our outstanding common stock. In June, 2013, the Board recommended the election of Mr. Chen as a Class III member, in the Board's slate of nominees submitted to our stockholders, pursuant to the Stockholder Agreement. He was elected by a vote of the stockholders at the Company's 2013 Annual Meeting of Stockholders for a three-year term, expiring in June 2016.

Molybdenum Market Update

The worldwide molybdenum price fluctuated between \$5.33 per pound in 2003 to over \$40.00 per pound in 2005 and traded in the mid-\$30s per pound prior to October 2008, when prices fell from approximately \$33.50 per pound to \$7.70 per pound in April 2009 as a result of the global financial crisis. Subsequent to April 2009, prices slowly rose finishing 2009 at \$12.00 per pound and further increasing to finish 2010 at \$16.40 per pound. By the end of 2011, prices had pulled back to \$13.30 per pound, then decreased further to \$9.75 per pound at the conclusion of 2013. In 2014, molybdenum has traded in a range of \$8.83 per pound to \$15.15 per pound according to *Ryan's Notes*, with performance for the first eight months of the year driven by tighter supply of material and solidifying downstream demand, particularly in the stainless steel, energy infrastructure and transportation industries. Beginning in September 2014, molybdenum price experienced a sharp pullback reflecting softening spot market molybdenum demand, incremental supply entering the market, and a strengthening U.S. dollar, amongst other factors.

Liquidity, Capital Resources and Capital Requirements

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our total consolidated cash balance at December 31, 2014 was \$13.3 million compared to \$21.7 million at December 31, 2013. The decrease in our cash balances for the year ended December 31, 2014 was due primarily to ongoing care and maintenance for the Mt. Hope Project and general and administrative expenditures incurred of \$18.2 million offset by the receipt of ongoing cash contributions received from POS-Minerals of \$1.3 million and the private placement of \$8.5 million of units consisting of convertible notes and warrants in December 2014. Deposits on property, plant and equipment relate primarily to scheduled payments for long-lead time equipment for the Mt. Hope Project; see “— *Contractual Obligations*” below. The majority of funds expended were used to advance the Mt. Hope Project.

The LLC also established a \$36.0 million reserve account in December of 2012, at the direction of the LLC management committee. These funds are payable to Nevada Moly upon release, at which time they become available for use by the Company. Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which \$36.0 million held by the LLC in a reserve account established in December 2012 will be released over the next few years for the benefit of the Mt. Hope Project as discussed above.

The cash needs for the development of the Mt. Hope Project are significant and require that we arrange for financing to be combined with funds anticipated to be received from POS-Minerals in order to retain its 20% membership interest. The Company estimates the go-forward capital required for the Mt. Hope Project, based on 65% completed engineering, to be approximately \$1,038 million, of which the Company's 80% capital requirement is \$830 million.

The Company continues its efforts to obtain full financing of the fully permitted, construction-ready Mt. Hope Project. Negotiations on investment agreement terms, sponsorship requirements, and indicative loan terms associated with a \$700 to \$750 million debt and equity package are continuing to advance, with strong interest from a private Chinese industrial company and a large Chinese bank in advancing the fully permitted, construction-ready project. The Company is also continuing to explore other potential strategic options. There is no assurance that the Company will be successful in raising the financing required to complete the Mt. Hope Project, or in raising additional financing in the future on terms acceptable to the Company, or at all. Further, the Company does not have an estimated timeframe for finalizing any financing agreements.

In order to preserve our cash liquidity, effective September 7, 2013, we implemented a cost reduction and personnel retention program, which included reductions in base cash compensation for our executive officers, senior management employees and members of the Board of Directors. We approved cash and equity incentives for the executive officers who remained with the Company through the earliest to occur of a financing plan for the Mt. Hope Project approved by the Board of Directors, a Change of Control (as defined in the employment or change of control agreements between the Company and each of our executive officers); involuntary termination (absent cause); or January 15, 2015 (the “Vesting Date”), and a personnel retention program providing cash and equity incentives for other employees who remained with the Company. As part of the reduction in force implemented in late 2014, we paid \$0.3 million in the fourth quarter of 2014, and on the vesting date, we paid \$1.1 million under this plan and issued 726,493 shares of common stock to those employees remaining with the Company.

In December 2014, the Company sold and issued \$8.5 million in units consisting of Convertible Senior Notes (the “Notes”) and warrants to accredited investors, including several directors and officers of the Company, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Rule 506 thereunder. The Notes are unsecured obligations and are senior to any of the Company's future secured obligations to the extent of the value of the collateral securing such obligations. The warrants are

[Table of Contents](#)

exercisable between June 26, 2015 and December 26, 2019, for an aggregate of 8,535,000 shares of the Company's common stock at \$1.00 per share. The Company received net proceeds from the sale of the units of approximately \$8.0 million, after deducting discounts and offering expenses of approximately \$0.5 million. Net proceeds from the sale will be used to fund ongoing operations until the Company's portion of project financing is obtained.

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which the \$36.0 million held by the LLC in a reserve account will be released for the benefit of the Mt. Hope Project. The reserve account will initially fund a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of \$0.7 million to POS-Minerals and \$2.7 million to Nevada Moly. The funds will then be used to pay ongoing expenses of the LLC until the Company obtains full financing for its portion of the Mt. Hope Project construction cost, or until the reserve account is exhausted. Any remaining funds after financing is obtained will be returned to the Company. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of capital contributions that the LLC is required to return to POS-Minerals, as described above.

Based on our commitments as of December 31, 2014, we expect to make additional payments of approximately \$12.8 million under milling process equipment orders in 2015 and \$1.9 million in 2016, out of the LLC's \$36.0 million reserve account. With our cash conservation plan, our non-equipment related cash requirements have declined to approximately \$1.3 million per month, a portion of which is payable out of the aforementioned reserve account. Accordingly, based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity in order to fund our working capital needs through 2015.

When financing becomes available, the additional funding will allow us to restart equipment procurement, and agreements that were suspended or terminated will be renegotiated under current market terms and conditions, as necessary. In the event of an extended delay related to availability of the Company's portion of full financing for the Mt. Hope Project, the Company will make its best efforts to revise procurement and construction commitments to preserve liquidity, our equipment deposits and pricing structures.

Total assets as of December 31, 2014 increased to \$362.0 million compared to \$360.7 million as of December 31, 2013 primarily due to proceeds from the Notes issued in December 2014.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our total consolidated cash balance at December 31, 2013 was \$21.7 million compared to \$68.3 million at December 31, 2012. The decrease in our cash balances for the year ended December 31, 2013 was due primarily to development of the Mt. Hope Project and general and administrative expenditures incurred of \$53.7 million offset by the receipt of ongoing cash contributions received from POS-Minerals of \$7.1 million.

Total assets as of December 31, 2013 decreased to \$360.7 million compared to \$385.5 million as of December 31, 2012 primarily due to the write-off of capitalized debt issuance costs related to the warrants previously issued to Hanlong, costs incurred as part of the due diligence for the Term Loan, and general and administrative costs incurred during 2013 which reduced cash.

Results of Operations

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

For the year ended December 31, 2014 we had a consolidated net loss of \$11.0 million compared with a net loss of \$16.3 million in the same period for 2013. The 2013 net loss includes the constructive receipt of the Hanlong break fee for \$10.0 million, the write off of unamortized warrant expense for \$11.5 million, forgiveness of debt of bridge loan interest for \$0.8 million, and a \$6.4 million write off of debt issuance costs as discussed below.

For the years ended December 31, 2014 and 2013, exploration and evaluation expenses were \$2.1 million and \$0.8 million, respectively, reflecting some ongoing prefeasibility work and continuous care and maintenance expense at the Liberty Project, culminating in a new pre-feasibility study being issued in 2014.

For the years ended December 31, 2014 and 2013, general and administrative expenses, comprised largely of salaries and benefits, legal and audit fees, insurance costs, and outside contracted services, were \$8.9 million and \$9.0 million, respectively. The decrease in costs in 2014 compared to the previous year relates primarily to our efforts to reduce costs and conserve cash.

[Table of Contents](#)

For the years ended December 31, 2014 and 2013, the write off of unamortized warrant expense was nil and \$11.5 million, respectively, as a result of the write off of loan commitment costs associated with the termination of the warrant issued to Hanlong in connection with the Sub Debt Facility.

For the years ended December 31, 2014 and 2013, constructive receipt of break fee was nil and \$10.0 million, respectively, and forgiveness of debt of bridge loan interest for nil and \$0.8 million, respectively, as a result of the termination of the Hanlong relationship in August 2013.

For the years ended December 31, 2014 and 2013, write off of debt issuance costs was nil and \$6.4 million, respectively, as a result of the termination of the Hanlong relationship in August 2013.

For the years ended December 31, 2014 and 2013, interest income was nil as a result of low deposit interest rates on consolidated cash balances in 2014 and 2013. Interest expense for the year ended December 31, 2014 and 2013 was nil and \$0.8 million, respectively, as a result of interest accrued on the bridge loan outstanding during 2013 and amortization of loan commitment costs related to the Hanlong warrant in 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

For the year ended December 31, 2013 we had a consolidated net loss of \$16.3 million compared with a net loss of \$9.9 million in the same period for 2012. The 2013 net loss includes the constructive receipt of the Hanlong break fee for \$10.0 million, write off of warrant expense for \$11.5 million, forgiveness of debt of bridge loan interest for \$0.8 million, and a \$6.4 million write off of debt issuance costs as discussed below.

For the years ended December 31, 2013 and 2012, exploration and evaluation expenses were \$0.8 million and \$0.8 million, respectively, reflecting some ongoing prefeasibility work and continuous care and maintenance expense at the Liberty Project.

For the years ended December 31, 2013 and 2012, general and administrative expenses, comprised largely of salaries and benefits, legal and audit fees, insurance costs, and outside contracted services, were \$9.0 million and \$10.6 million, respectively. The decrease in costs in 2013 compared to the previous year relates primarily to overall decreases in consulting and legal costs as well as reduced spending on administrative costs as part of our cash conservation plan.

For the years ended December 31, 2013 and 2012, write-down of warrant expense was \$11.5 million and nil, respectively, as a result of the write off of loan commitment costs associated with the warrant issued to Hanlong in connection with the termination of the Sub Debt Facility. The unamortized value of the warrant was written off upon termination of the warrant.

For the years ended December 31, 2013 and 2012, constructive receipt of break fee was \$10.0 million and nil, respectively, and forgiveness of debt of bridge loan interest for \$0.8 million and nil, respectively, as a result of the termination of the Hanlong relationship in August 2013.

For the years ended December 31, 2013 and 2012, write off of debt issuance costs was \$6.4 million and nil, respectively, as a result of the termination of the Hanlong relationship in August 2013.

For the years ended December 31, 2013 and 2012, interest income was nil as a result of low deposit interest rates on consolidated cash balances in 2013 and 2012. Interest expense for the year ended December 31, 2013 and 2012 was \$0.8 million and \$0.5 million, respectively, as a result of interest accrued on the bridge loan outstanding during 2013 and 2012 and amortization of loan commitment costs related to the Hanlong warrant in 2013.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

Our contractual obligations as of December 31, 2014 were as follows, based on financing expectations:

Contractual obligations *	Payments due by period (in millions)			
	Total	2015	2016 - 2017	2017 & Beyond
Senior Convertible Notes**	8.5			8.5
Operating Lease Obligations	0.2	0.1	0.1	—
Agricultural Sustainability Trust Contributions	4.0	—	4.0	—
Equipment Purchase Contracts	14.7	12.8	1.9	—
Advance Royalties	5.7	0.5	5.2	—
Reclamation Surety Bonding	11.6	—	11.6	—
3M Plan Contributions	1.0	—	1.0	—
Total	\$ 45.7	\$ 13.4	\$ 23.8	\$ 8.5

[Table of Contents](#)

* With the exception of the Senior Notes, which are the obligation of the Company, all amounts are commitments of the LLC, and as a result of the agreement between Nevada Moly and POS-Minerals are to be funded by the reserve account until such time that the Company obtains financing for its portion of construction costs at the Mt. Hope Project or until the reserve account balance is exhausted, and thereafter are to be funded 80% by Nevada Moly and 20% by POS-Minerals. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of capital contributions that the LLC is required to return to POS-Minerals, as described above.

** The Company is obligated to pay interest on the senior convertible notes at a rate of 10% per year, payable quarterly.

Through December 31, 2014, the LLC has made deposits and/or final payments of \$74.2 million on equipment orders, has spent approximately \$187.4 million for the development of the Mt. Hope Project and has paid \$12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of \$273.6 million.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of \$1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2014, the LLC renegotiated the timelines for truck delivery, accepting a 4% price increase and delaying deliveries into December 2015. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of \$0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In the third quarter of 2014, the LLC accepted a change order which delayed delivery into December 2015 and triggered a \$0.3 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC's contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of \$3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

If the LLC does not make the payments contractually required under these purchase contracts, it could be subject to claims for breach of contract or to cancellation of the respective purchase contract. In addition, the LLC may proceed to selectively suspend, cancel or attempt to renegotiate additional purchase contracts if necessary to further conserve cash. See "*Liquidity, Capital Resources and Capital Requirements*" above. If the LLC cancels or breaches any contracts, the LLC will take all appropriate action to minimize any losses, but could be subject to liability under the contracts or applicable law. The cancellation of certain key contracts could cause a delay in the commencement of operations, and could add to the cost to develop the Company's interest in the Mt. Hope Project.

Through December 31, 2014, the LLC has made deposits and/or final payments of \$74.2 million on equipment orders. Of these deposits, \$64.4 million relate to fully fabricated items, primarily milling equipment, for which the LLC has additional contractual commitments of \$14.7 million noted in the table above. The remaining \$9.8 million reflects both partially fabricated milling equipment, and non-refundable deposits on mining equipment. As discussed in Note 12 to the consolidated financial statements contained elsewhere in this report, the mining equipment agreements remain cancellable with no further liability to the LLC. The underlying value and recoverability of these deposits and our mining properties in our consolidated balance sheets are dependent on the LLC's ability to fund development activities that would lead to profitable production and positive cash flow from operations, or proceeds from the disposition of these assets. There can be no assurance that the LLC will be successful in obtaining project financing, in generating future profitable operations, disposing of these assets or the Company securing additional funding in the future on terms acceptable to us or at all. Our audited consolidated financial statements do not include any adjustments relating to recoverability and classification of recorded assets or liabilities.

Obligations under capital and operating leases

We have contractual obligations under operating leases that will require a total of \$0.2 million in payments over the next three years. 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, 2015, 2016 and 2017, respectively.

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 to be probable, and as such \$4.0 million is accrued in the Company's December 31, 2014, 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 was required to obtain approval from the U.S. Bureau of Land Management ("BLM") to implement the Mt. Hope Project Plan of Operations ("PoO"). This approval, in the form of a Record of Decision ("ROD") was obtained only after successful completion of the process of environmental evaluation, which incorporates substantial public comment. The LLC was also required to obtain various state and federal permits including, but not limited to, water protection, air quality, water rights and reclamation permits. In 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. Maintaining, 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. In addition, it is possible that compliance with such permits may result in additional costs and delays.

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. The ROD approves the PoO for construction and operation of the mining and processing facilities and also grants the Rights-of-Way for a 230 kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD developed in collaboration with the regulatory agencies involved throughout the permitting process will avoid, minimize, and mitigate environmental impacts, and reflect the Company's commitment to operate the Mt. Hope Project to the highest environmental standards.

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

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

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

On September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit of the U.S. District Court's dismissal. Plaintiffs submitted their Opening Brief on January 23, 2015 and Defendants and the LLC's deadline to file their Response Brief is March 27, 2015. All Mt. Hope Project permits remain in effect and the Company is confident in the BLM's process and will continue to vigorously defend this subsequent appeal of the ROD.

[Table of Contents](#)

The Mt. Hope Project underwent exhaustive environmental analysis and review that lasted more than 6 years. The process to complete the final Environmental Impact Statement (“EIS”) included extensive public and cooperating agency input (including the BLM, the National Park Service, the U.S. Environmental Protection Agency, the Nevada Division of Wildlife and the County of Eureka). The Company supports the work completed by the BLM and believes that the ROD complies with all federal statutes and rules, and is very robust and defensible.

Water Rights Considerations

The Nevada State Engineer (“State Engineer”) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed an appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer’s approval of the Monitoring, Management and Mitigation Plan (“3M Plan”) of the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in the first half of 2015.

Two individual water rights holders appealed the State Engineer’s approval of the 3M Plan to the Nevada State District Court (“District Court”). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District’s Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal of the water permits. We remain confident the Nevada Supreme Court will uphold the District Court’s Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court’s ruling, the Company’s water permits have been granted and the water remains available, 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.

Critical Accounting Policies and Estimates

Estimates

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

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 for *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. At December 31, 2014 and 2013, we had deferred tax assets principally arising from net operating loss carryforwards for income tax purposes multiplied by an expected rate of 35%. As management of the Company has concluded that it is not 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.

Mining Properties, Land and Water Rights

The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable. If the sum of estimated future net cash flows on an undiscounted basis is less than

[Table of Contents](#)

the carrying amount of the related asset grouping, asset impairment is considered to exist. The related impairment loss is measured by comparing estimated future net cash flows on a discounted basis to the carrying amount of the asset. Changes in significant assumptions underlying future cash flow estimates may have a material effect on the Company's financial position and results of operations. To date no such impairments have been identified. Property and equipment are being depreciated over useful lives of three to twenty-seven and one-half years using straight-line depreciation.

Stock-Based Compensation

We account for stock-based compensation in accordance with authoritative guidance for *Share-Based Payments*. Under the fair value recognition provisions of this statement, share-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment; including estimating the expected term of the award, volatility of the underlying equity and estimating the amount of share-based awards that are expected to be forfeited. If actual results associated with share-based awards that are forfeited differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially impacted.

Contingently Redeemable Noncontrolling Interest ("CRNCI")

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. The carrying value of the CRNCI includes \$36.0 million that will be returned to POS-Minerals in 2020, unless further extended by the members of the LLC as discussed above. The expected return of capital to POS-Minerals is carried at redemption value as we believe redemption of this amount is probable. The remaining carrying value of the CRNCI has not been adjusted to its redemption value as the contingencies that may allow POS-Minerals to require redemption of its noncontrolling interest are not probable of occurring. Under GAAP, until such time as that contingency has been eliminated and redemption is no longer contingent upon anything other than the passage of time, no adjustment to the CRNCI balance should be made. Future changes in the redemption value will be recognized immediately as they occur and the Company will adjust the carrying amount of the CRNCI to equal the redemption value at the end of each reporting period.

Convertible Senior Notes and other Long-Term Debt

In December 2014, the Company sold and issued \$8.5 million in units consisting of Convertible Senior Notes (the "Notes") and warrants to accredited investors, including several directors and officers of the Company, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Rule 506 thereunder. The Notes are unsecured obligations and are senior to any of the Company's future secured obligations to the extent of the value of the collateral securing such obligations.

The Notes bear interest at a rate of 10.0% per annum, payable in cash quarterly in arrears on each March 31, June 30, September 30, and December 31 beginning March 31, 2015. The Notes are convertible at any time in an amount equal to 80% of the greater of (i) the average volume weighted average price ("VWAP") for the 30 Business Day period ending on the Business Day prior to the date of the conversion, or (ii) the average VWAP for the 30 Business Day period ending on the original issuance date of this note. Each Note will convert into a maximum of 100 shares per note, resulting in the issuance of up to 8,535,000 shares, or 9.3% of shares outstanding. General Moly's executive management team and board of directors who participate in the offering will be restricted from converting at a price less than \$0.32, the most recent closing price at the time that the Notes were issued. The Notes are mandatorily redeemable at par plus the present value of remaining coupons upon (i) the availability of cash from a financing for Mt. Hope and (ii) any other debt financing by the Company. In addition, 50% of any proceeds from the sale of assets cumulatively exceeding \$250,000 will be used to prepay the Notes at par plus the present value of remaining coupons. The Company has the right to redeem the Notes at any time at par plus the present value of remaining coupons. The Private Placement was negotiated by independent members of General Moly's board of directors, none of whom participated in the transaction.

The Company additionally has certain debt related to vehicle loans and a land mortgage. These items are allocated between long-term and current based on payments contractually required to be made within the next twelve months.

ITEM 7A. 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. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operation — Molybdenum Market Update*” for a discussion of molybdenum prices.

In order to better manage commodity price risk and to seek to reduce the negative impact of fluctuations in prices, we will seek to enter into long-term supply contracts for our 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. 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 supply 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 APERAM 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 had 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. As commercial production at the Mt. Hope Project has not commenced, Sojitz currently has the option to cancel its contract or participate in the molybdenum supply agreement as described above.

The 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 \$13.50 to \$14.25 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 20% 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 remain as contractual obligations and 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. In the event that our contract parties choose not to honor their contractual obligations or attempt to terminate these agreements as a result of the continuing delay in achieving production, our profitability may be adversely impacted. We may be unable to sell any product our contract parties fail to purchase in a timely manner, at comparable prices, or at all.

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.

[Table of Contents](#)

Interest Rate Risk

As of December 31, 2014, we had a balance of cash and cash equivalents of \$13.3 million and restricted cash of \$53.4 million. Interest rates on short term, highly liquid investments have not changed materially since December 31, 2010, and continue to be 1% or less on an annualized basis.

[Table of Contents](#)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

GENERAL MOLY, INC.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014

CONTENTS

Report of Independent Registered Public Accounting Firm	46
Financial Statements:	
Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013	47
Consolidated Statements of Operations and Comprehensive Loss for the twelve months ended December 31, 2014, December 31, 2013 and December 31, 2012	48
Consolidated Statements of Cash Flows for the twelve months ended December 31, 2014, December 31, 2013 and December 31, 2012	49
Consolidated Statements of Equity as of December 31, 2014, December 31, 2013, December 31, 2012, December 31, 2011	51
Notes to Consolidated Financial Statements	52

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of General Moly, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive loss, cash flows, and equity present fairly, in all material respects, the financial position of General Moly, Inc. at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Item 9A: Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 "Liquidity" to the consolidated financial statements, the ability of the Company to implement its current business plan is dependent upon the Company obtaining additional financing.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
March 11, 2015

**GENERAL MOLY, INC.
CONSOLIDATED BALANCE SHEETS**

(In thousands, except par value amounts)

	December 31, 2014	December 31, 2013
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,269	\$ 21,685
Deposits, prepaid expenses and other current assets	698	625
Total Current Assets	13,967	22,310
Mining properties, land and water rights	216,595	206,251
Deposits on project property, plant and equipment	74,151	74,108
Restricted cash held at EMLLC	36,000	36,000
Restricted cash held for electricity transmission	12,021	12,020
Restricted cash held for reclamation bonds	5,358	6,332
Non-mining property and equipment, net	519	669
Debt Issuance Costs	441	—
Other assets	2,994	2,994
TOTAL ASSETS	\$ 362,046	\$ 360,684
LIABILITIES, CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,633	\$ 4,691
Accrued advance royalties	500	500
Accrued payments to Agricultural Sustainability Trust and Hanlong	—	2,000
Current portion of long term debt	290	263
Total Current Liabilities	5,423	7,454
Provision for post closure reclamation and remediation costs	1,276	1,318
Accrued advance royalties	5,200	4,700
Accrued payments to Agricultural Sustainability Trust	4,000	2,000
Long term debt, net of current portion	249	538
Convertible Senior Notes	7,763	—
Other accrued liabilities	1,125	875
Total Liabilities	25,036	16,885
COMMITMENTS AND CONTINGENCIES — NOTE 12		
CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST	210,317	209,007
EQUITY		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 92,200,657 and 91,761,249 shares issued and outstanding, respectively	92	92
Additional paid-in capital	276,718	273,857
Accumulated deficit before exploration stage	(213)	(213)
Accumulated deficit during exploration and development stage	(149,904)	(138,944)
Total Equity	126,693	134,792
TOTAL LIABILITIES, CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY	\$ 362,046	\$ 360,684

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

GENERAL MOLY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except per share amounts)

	Years Ended		
	December 31, 2014	December 31, 2013	December 31, 2012
REVENUES	\$ —	\$ —	\$ —
OPERATING EXPENSES:			
Exploration and evaluation	2,097	772	778
General and administrative expense	8,872	8,985	10,600
TOTAL OPERATING EXPENSES	<u>10,969</u>	<u>9,757</u>	<u>11,378</u>
LOSS FROM OPERATIONS	(10,969)	(9,757)	(11,378)
OTHER INCOME/(EXPENSE):			
Interest and dividend income	—	2	6
Interest expense	(29)	(753)	(548)
Write-off of loan commitment fees (warrant)	—	(11,472)	—
Gain on forgiveness of debt	—	804	—
Constructive receipt of break fee	—	10,000	—
Write-off of debt issuance costs	—	(6,420)	—
Realized gain from sale of mining properties	—	1,292	2,000
TOTAL OTHER (EXPENSE)/INCOME, NET	<u>(29)</u>	<u>(6,547)</u>	<u>1,458</u>
LOSS BEFORE INCOME TAXES	(10,998)	(16,304)	(9,920)
Income Taxes	—	—	—
CONSOLIDATED NET LOSS	\$ (10,998)	\$ (16,304)	\$ (9,920)
Less: Net loss attributable to contingently redeemable noncontrolling interest	38	—	—
NET LOSS ATTRIBUTABLE TO GENERAL MOLY, INC.	<u>\$ (10,960)</u>	<u>\$ (16,304)</u>	<u>\$ (9,920)</u>
Basic and diluted net loss attributable to General Moly per share of common stock	\$ (0.12)	\$ (0.18)	\$ (0.11)
Weighted average number of shares outstanding — basic and diluted	91,907	91,568	91,230
COMPREHENSIVE LOSS	\$ (10,960)	\$ (16,304)	\$ (9,920)

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

GENERAL MOLY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended		
	December 31, 2014	December 31, 2013	December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (10,998)	\$ (16,304)	\$ (9,920)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	339	341	310
Interest expense	29	753	548
Stock-based compensation for employees and directors	1,718	1,829	1,414
Increase in deposits, prepaid expenses and other	(73)	(489)	(31)
Increase (decrease) in accounts payable and accrued liabilities	417	(8,170)	(3,569)
Increase in restricted cash held for electricity transmission	(1)	(7)	(8)
(Decrease) increase in post closure reclamation and remediation costs	(122)	691	40
Write-off of loan commitment fees (warrant)	—	11,472	—
Write-off of debt issuance costs	—	6,420	—
Constructive receipt of break fee	—	(10,000)	—
Forgiveness of debt (interest on bridge loan)	—	(804)	—
Realized gain related to sale of mining properties	—	(1,292)	(2,000)
Net cash used by operating activities	<u>(8,691)</u>	<u>(15,560)</u>	<u>(13,216)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and development of mining properties, land and water rights	(9,510)	(35,280)	(20,762)
Deposits on property, plant and equipment	(752)	(3,689)	(2,158)
Proceeds from option to purchase agreement	—	1,000	1,950
Decrease (increase) in restricted cash held for reclamation bonds	974	659	(5,858)
Increase in restricted cash — EMLLC	—	—	(36,000)
Net cash used by investing activities	<u>(9,288)</u>	<u>(37,310)</u>	<u>(62,828)</u>

GENERAL MOLY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended		
	December 31, 2014	December 31, 2013	December 31, 2012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of stock, net of issuance costs	(36)	49	583
Cash proceeds from POS-Minerals Corp.	1,348	7,127	103,807
Repayment of Debt	(261)	(250)	(142)
Proceeds from unit offering	8,535	—	—
Increase in capitalized debt issuance costs	(23)	(702)	(582)
Net cash provided by financing activities:	<u>9,563</u>	<u>6,224</u>	<u>103,666</u>
(Decrease) increase in cash and cash equivalents, net	(8,416)	(46,646)	27,622
Cash and cash equivalents, beginning of period	21,685	68,331	40,709
Cash and cash equivalents, end of period	<u>\$ 13,269</u>	<u>\$ 21,685</u>	<u>\$ 68,331</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Equity compensation capitalized as development	\$ 443	\$ 1,078	\$ 639
Accrued portion of advance royalties	500	—	5,200
Accrued portion of payments to the Agricultural Sustainability Trust and Hanlong	—	—	2,000
Installment purchase of equipment and land	—	139	730
Accrued portion of deposits on property, plant and equipment	(709)	728	1,059
Loan commitment costs	472	—	12,076

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

GENERAL MOLY, INC.
CONSOLIDATED STATEMENTS OF EQUITY

(In thousands, except number of shares and per share amounts)

	Common Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
Balances, December 31, 2011	90,818,248	\$ 91	\$ 255,894	\$ —	\$ (112,933)	\$ 143,052
Stock Options:						
Exercised at \$2.80 per share	50,971	—	125	—	—	125
Exercise of stock options	212,280	—	458	—	—	458
Stock-based compensation	—	—	2,053	—	—	2,053
Stock Warrants:						
Loan Commitment Fees	—	—	12,372	—	—	12,372
Issuance of Units of Common Stock :						
Issued pursuant to stock awards	251,593	—	—	—	—	—
Net loss for the year ended December 31, 2012	—	—	—	—	(9,920)	(9,920)
Balances, December 31, 2012	91,333,092	\$ 91	\$ 270,902	\$ —	\$ (122,853)	\$ 148,140
Stock Options:						
Exercised at \$2.41 per share	20,000	—	48	—	—	48
Exercise of stock option	46,165	—	—	—	—	—
Stock-based compensation	—	—	2,907	—	—	2,907
Issuance of Units of Common Stock:						
Issued pursuant to stock awards	361,992	1	—	—	—	1
Net loss for the year ended December 31, 2013	—	—	—	—	(16,304)	(16,304)
Balances, December 31, 2013	91,761,249	\$ 92	\$ 273,857	\$ —	\$ (139,157)	\$ 134,792
Issuance of Units of Common Stock:						
Issued pursuant to stock awards	439,408	—	(36)	—	—	(36)
Stock-based compensation	—	—	2,161	—	—	2,161
Issuance of Warrants	—	—	786	—	—	786
Debt issuance costs	—	—	(50)	—	—	(50)
Net loss for the year ended December 31, 2014	—	—	—	—	(10,960)	(10,960)
Balances, December 31, 2014	92,200,657	\$ 92	\$ 276,718	\$ —	\$ (150,117)	\$ 126,693

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

GENERAL MOLY, INC.

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 Corporation on 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.

The Company conducted exploration and evaluation activities 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 currently proceeding with the development of the Mt. Hope Project. We have not realized any revenue from operations. Previously, the Company had reported as a Development Stage Company, but those reporting requirements were eliminated during 2014. We are also conducting exploration and evaluation activities on our Liberty molybdenum and copper 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, into Eureka Moly, LLC (“the LLC”), and in February 2008 entered into an agreement (“LLC Agreement”) for the development and operation of the Mt. Hope Project with POS-Minerals Corporation (“POS-Minerals”). Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada Moly, LLC (“Nevada Moly”), a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required capital contributions under the LLC Agreement can change as discussed below.

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

In addition, under the terms of the original LLC Agreement, since commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals \$36.0 million of its capital contributions (“Return of Contributions”), with no corresponding reduction in POS-Minerals’ ownership percentage. Effective January 1, 2015, as part of a comprehensive agreement concerning the release of the reserve account described below, Nevada Moly and POS-Minerals agreed that the \$36.0 million will be due to POS-Minerals on December 31, 2020; provided that, at any time on or before November 30, 2020, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2021; and if the due date has been so extended, at any time on or before November 30, 2021, Nevada Moly and POS-Minerals may agree in writing to extend the due date to December 31, 2022. If the repayment date is extended, the unpaid amount will bear interest at a rate per annum of LIBOR plus 5%, which interest shall compound quarterly, commencing on December 31, 2020 through the date of payment in full. Payments of accrued but unpaid interest, if any, shall be made on the repayment date. Nevada Moly may elect, on behalf of the Company to cause the Company to prepay, in whole or in part, the \$36.0 million at any time, without premium or penalty, along with accrued and unpaid interest, if any. The \$36.0 million due to POS-Minerals will be reduced, dollar for dollar, by the amount of capital contributions required from POS-Minerals under approved budgets of the LLC, as discussed further below. If Nevada Moly does not fund its additional capital contribution in order for the LLC to make the required return to POS-Minerals of capital contributions set forth above, POS-Minerals has an election to either make a secured loan to the LLC to fund the Return of Contributions, or receive an additional interest in the LLC estimated to be 5%. In the latter case, Nevada Moly’s interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid Return of Contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC (“Dilution Formula”). At December 31, 2014, the aggregate amount of deemed capital contributions of both parties was \$1,075.9 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 the development and operation of the Mt. Hope Project as contemplated by the parties for a period of 12

[Table of Contents](#)

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' total contributions to the LLC, which, if not paid timely, would be subject to 10% interest per annum.

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

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which \$36.0 million held by the LLC in a reserve account established in December 2012 will be released over the next few years for the benefit of the Mt. Hope Project. The reserve account will initially fund a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of \$0.7 million to POS-Minerals and \$2.7 million to Nevada Moly. The funds will then be used to pay ongoing expenses of the LLC until the Company obtains full financing for its portion of the Mt. Hope Project construction cost, or until the reserve account is exhausted. Any remaining funds after financing is obtained will be returned to the Company. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of the Return of Contributions that the LLC is required to return to POS-Minerals, as described above.

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

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. ("Hanlong"), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a \$745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements included a Securities Purchase Agreement (the "Purchase Agreement") that provided for the sale to Hanlong of shares of our common stock in two tranches that would have aggregated 25% of our outstanding stock on a fully diluted basis, conditioned on Hanlong procuring a project financing Term Loan from a Chinese bank; a Stockholder Agreement that provided Hanlong representation on our Board, governed how Hanlong would vote its shares of the Company, and limited Hanlong's ability to purchase or dispose of our securities; and a Bridge Loan whereby Hanlong provided \$10 million to the Company to preserve liquidity until availability of the Term Loan. Pursuant to the Purchase Agreement, in December, 2010, we issued 11.8 million shares of common stock for the first tranche to Hanlong, for a purchase price of \$40 million. After the share purchase, Hanlong became entitled to nominate one director to serve on our Board, and Nelson Chen was designated by Hanlong to serve in that capacity. We granted Hanlong registration rights with respect to those shares. The Company filed a Registration Statement on Form S-3 in December 2013, which, among other transactions included registration of the Hanlong shares, thereby allowing Hanlong to sell their shares to a third party. The registration statement was declared effective on January 29, 2014.

In October 2012, we entered into an agreement with Hanlong for a Subordinated Debt Facility ("Sub Debt Facility") of up to \$125.0 million. Simultaneously with the execution of the Sub Debt Facility, the Company issued a warrant to Hanlong with a 2.5-year maturity to purchase ten million shares of the Company's common stock. In May 2013, the Company and Hanlong mutually agreed to terminate the Sub Debt Facility and warrant to provide the Company with greater flexibility in securing an alternative strategic partner. As the warrant was fully vested and exercisable at the time of termination, this resulted in an \$11.5 million non-cash charge to the income statement for the remaining unamortized value associated with the issuance of the warrant.

As a result of Hanlong's failure to timely procure the Term Loan as required by the Purchase Agreement, in August 2013, the Company terminated certain agreements it had in place with Hanlong. In addition, as a result of the failure to procure the Term Loan, Hanlong was obligated to pay the Company a break fee of \$10.0 million. The Company and Hanlong agreed to offset the break fee against the repayment of the \$10.0 million Bridge Loan. The outstanding balance of the Bridge Loan and related accrued interest were recorded on the income statement as constructive receipt of break fee for \$10.0 million and forgiveness of debt of bridge loan interest for \$0.8 million. Concurrently, the Company wrote off \$6.4 million of debt issuance costs, as those costs were related to Hanlong's obligation to procure the Term Loan to construct the Mt. Hope Project, and that obligation was released upon termination of the Purchase Agreement.

In connection with the termination of the Hanlong agreements, most of the provisions of the Stockholder Agreement were also terminated. Under the continuing provisions of the Stockholder Agreement, Hanlong's right to designate one nominee to the

[Table of Contents](#)

Board continues until such time that Hanlong's ownership percentage falls below 10%. As of September 30, 2014, Hanlong owns approximately 13% of our outstanding common stock. In June, 2013, the Board recommended the election of Mr. Chen as a Class III member, in the Board's slate of nominees submitted to our stockholders, pursuant to the Stockholder Agreement. He was elected by a vote of the stockholders at the Company's 2013 Annual Meeting of Stockholders for a three-year term, expiring in June 2016.

NOTE 2 — LIQUIDITY

Our consolidated unrestricted cash balance at December 31, 2014, was \$13.3 million compared to \$21.7 million at December 31, 2013, with the decrease primarily attributed to ongoing care and maintenance for the Mt. Hope Project and general and administrative expenses.

The cash needs for the development of the Mt. Hope Project are significant and require that we and/or the LLC arrange for financing to be combined with funds anticipated to be received from POS-Minerals in order to retain its 20% membership interest. If we are unsuccessful in obtaining financing, we will not be able to proceed with the development of the Mt. Hope Project.

The Company continues its efforts to obtain full financing of the fully permitted, construction-ready Mt. Hope Project. Negotiations on investment agreement terms, sponsorship requirements, and indicative loan terms associated with a \$700 to \$750 million debt and equity package are continuing to advance, with strong interest from a private Chinese industrial company and a large Chinese bank in advancing the fully permitted, construction-ready project. The Company is also continuing to explore other potential strategic options. There is no assurance that the Company will be successful in raising the financing required to complete the Mt. Hope Project, or in raising additional financing in the future on terms acceptable to the Company, or at all. Further, the Company does not have an estimated timeframe for finalizing any financing agreements.

In order to preserve our cash liquidity, effective September 7, 2013, we implemented a cost reduction and personnel retention program, which included reductions in base cash compensation for our executive officers, senior management employees and members of the Board of Directors. We approved cash and equity incentives for the executive officers who remained with the Company through the earliest to occur of a financing plan for the Mt. Hope Project approved by the Board of Directors, a Change of Control (as defined in the employment or change of control agreements between the Company and each of our executive officers); involuntary termination (absent cause); or January 15, 2015 (the "Vesting Date"), and a personnel retention program providing cash and equity incentives for other employees who remained with the Company. As part of the reduction in force implemented in late 2014, we paid \$0.3 million in the fourth quarter of 2014, and in January 2015, we paid \$1.1 million under this plan and issued 726,493 shares of common stock to those employees remaining with the Company.

In December 2014, the Company sold and issued \$8.5 million in units consisting of Convertible Senior Notes (the "Notes") and warrants to accredited investors, including several directors and officers of the Company, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Rule 506 thereunder. The Notes are unsecured obligations and are senior to any of the Company's future secured obligations to the extent of the value of the collateral securing such obligations. The warrants are exercisable between June 26, 2015 and December 26, 2019, for an aggregate of 8,535,000 shares of the Company's common stock at \$1.00 per share. The Company received net proceeds from the sale of the units of approximately \$8.0 million, after deducting discounts and offering expenses of approximately \$0.5 million. Net proceeds from the sale will be used to fund ongoing operations until the Company's portion of project financing is obtained.

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC agreement under which the \$36.0 million held by the LLC in a reserve account will be released for the benefit of the Mt. Hope Project. The reserve account will initially fund a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of \$0.7 million to POS-Minerals and \$2.7 million to Nevada Moly. The funds will then be used to pay ongoing expenses of the LLC until the Company obtains full financing for its portion of the Mt. Hope Project construction cost, or until the reserve account is exhausted. Any remaining funds after financing is obtained will be returned to the Company. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of capital contributions that the LLC is required to return to POS-Minerals, as described above.

We continue to work with our long-lead vendors to defer timing of contractual payments for mining and milling equipment in order to preserve current liquidity. The following table sets forth the LLC's cash commitments under these equipment contracts (collectively, "Purchase Contracts") at December 31, 2014 (in millions):

[Table of Contents](#)

Year	As of December 31 2014 *
2015	12.8
2016	1.9
Total	\$ 14.7

* All amounts are commitments of the LLC, and as a result of the agreement between Nevada Moly and POS-Minerals are to be funded by the \$36.0 million reserve account until such time that the Company obtains financing for its portion of construction costs at the Mt. Hope Project or until the reserve account balance is exhausted, and thereafter are to be funded 80% by Nevada Moly and 20% by POS-Minerals. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of capital contributions that the LLC is required to return to POS-Minerals, as described above.

If the LLC does not make the payments contractually required under these purchase contracts, it could be subject to claims for breach of contract or to cancellation of the respective purchase contract. In addition, the LLC may proceed to selectively suspend, cancel or attempt to renegotiate additional purchase contracts if necessary to further conserve cash. If the LLC cancels or breaches any contracts, the LLC will take all appropriate action to minimize any losses, but could be subject to liability under the contracts or applicable law. The cancellation of certain key contracts could cause a delay in the commencement of operations, and could add to the cost to develop the Company's interest in the Mt. Hope Project.

Through December 31, 2014, the LLC has made deposits and/or final payments of \$74.2 million on equipment orders. Of these deposits, \$64.4 million relate to fully fabricated items, primarily milling equipment, for which the LLC has additional contractual commitments of \$14.7 million noted in the table above. The remaining \$9.8 million reflects both partially fabricated milling equipment, and non-refundable deposits on mining equipment. As discussed in Note 12, the mining equipment agreements remain cancellable with no further liability to the LLC. The underlying value and recoverability of these deposits and our mining properties in our consolidated balance sheets are dependent on the LLC's ability to fund development activities that would lead to profitable production and positive cash flow from operations, or proceeds from the disposition of these assets. There can be no assurance that the LLC will be successful in generating future profitable operations, disposing of these assets or the Company securing additional funding in the future on terms acceptable to us or at all. Our consolidated financial statements do not include any adjustments relating to recoverability and classification of recorded assets or liabilities.

Based on our commitments as of December 31, 2014, we expect to make additional payments for reclamation bonding costs of \$0.5 million and advance royalties of \$0.5 million through the end of 2015. With our cash conservation plan, our non-equipment related cash requirements have declined to approximately \$1.3 million per month, a portion of which is payable out of the \$36.0 million reserve account. Accordingly, based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity in order to fund our working capital needs through 2015. Potential funding sources include public or private equity offerings, arranging for use of restricted cash, or sale of non-core assets owned by the Company. There is no assurance that the Company will be successful in securing additional funding. This could result in further cost reductions, contract cancellations, and potential delays which ultimately may jeopardize the development of the Mt. Hope Project.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("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%. The consolidated financial 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. The net loss attributable to contingently redeemable noncontrolling interest is reflected separately on the Consolidated Statement of Operations and reduces the Contingently Redeemable Noncontrolling Interest on the

[Table of Contents](#)

Consolidated Balance Sheet. Net losses of the LLC are attributable to the owners of the LLC based on their respective ownership percentages in the LLC. During 2014, the LLC had a \$0.2 million loss primarily associated with a reduction in force that occurred in late 2014, of which \$38,000 was attributed to the Contingently Redeemable Noncontrolling Interest.

Contingently Redeemable Noncontrolling Interest ("CRNCI")

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. The carrying value of the CRNCI includes \$36.0 million that will be returned to POS-Minerals in 2020, unless further extended by the members of the LLC as discussed above. The expected return of capital to POS-Minerals is carried at redemption value as we believe redemption of this amount is probable. The remaining carrying value of the CRNCI has not been adjusted to its redemption value as the contingencies that may allow POS-Minerals to require redemption of its noncontrolling interest are not probable of occurring. Under GAAP, until such time as that contingency has been eliminated and redemption is no longer contingent upon anything other than the passage of time, no adjustment to the CRNCI balance should be made. Future changes in the redemption value will be recognized immediately as they occur and the Company will adjust the carrying amount of the CRNCI to equal the redemption value at the end of each reporting period.

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 and Restricted Cash

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.

We consider all restricted cash to be long-term. In December 2012, the Company established a reserve account at the direction of the LLC management committee in the amount of \$36.0 million. Effective January 1, 2015, Nevada Moly and POS-Minerals agreed upon procedures for maintaining the Mt. Hope Project as described above. Under the agreement, the \$36.0 million held by the LLC, which funds were to remain until availability of the Company's portion of financing for the Mt. Hope Project is confirmed or until the LLC management committee agreed to release the funds, will be released for the benefit 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 the Company 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 awards as of December 31, 2014, 2013, and 2012, respectively, were as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Warrants	9,535,000	1,000,000	11,000,000
Stock Options	271,112	544,999	1,266,658
Unvested Stock Awards	1,723,328	2,280,890	1,136,223
Stock Appreciation Rights	1,923,144	2,096,653	1,639,631

These awards were not included in the computation of diluted loss per share for the twelve months December 31, 2014, 2013, and 2012, 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

[Table of Contents](#)

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 Mt. Hope Mines, Inc. ("MHMI") (discussed in Note 11 below) 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 December 31, 2014 and 2013, accumulated depreciation and amortization was \$2.3 and \$2.0 million, respectively, of which \$2.0 and \$1.7 million, respectively, was capitalized.

Convertible Senior Notes and other Long-Term Debt

In December 2014, the Company sold and issued \$8.5 million in units consisting of Convertible Senior Notes (the "Notes") and warrants to accredited investors, including several directors and officers of the Company, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Rule 506 thereunder. The Notes are unsecured obligations and are senior to any of the Company's future secured obligations to the extent of the value of the collateral securing such obligations.

The Notes bear interest at a rate of 10.0% per annum, payable in cash quarterly in arrears on each March 31, June 30, September 30, and December 31 beginning March 31, 2015. The Notes are convertible at any time in an amount equal to 80% of the greater of (i) the average volume weighted average price ("VWAP") for the 30 Business Day period ending on the Business Day prior to the date of the conversion, or (ii) the average VWAP for the 30 Business Day period ending on the original issuance date of this note. Each Note will convert into a maximum of 100 shares per note, resulting in the issuance of up to 8,535,000 shares, or 9.3% of shares outstanding. General Moly's executive management team and board of directors who participate in the offering will be restricted from converting at a price less than \$0.32, the most recent closing price at the time that the Notes were issued. The Notes are mandatorily redeemable at par plus the present value of remaining coupons upon (i) the availability of cash from a financing for Mt. Hope and (ii) any other debt financing by the Company. In addition, 50% of any proceeds from the sale of assets cumulatively exceeding \$250,000 will be used to prepay the Notes at par plus the present value of remaining coupons. The Company has the right to redeem the Notes at any time at par plus the present value of remaining coupons. The Private Placement was negotiated by independent members of General Moly's board of directors, none of whom participated in the transaction.

The Company additionally has certain debt related to vehicle loans and a land mortgage. These items are allocated between long-term and current based on payments contractually required to be made within the next twelve months.

[Table of Contents](#)

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.

Reclamation and Remediation

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Future obligations to retire an asset, including site closure, dismantling, remediation and ongoing treatment and monitoring, are recorded as a liability at fair value at the time of construction or development. The fair value determination is based on estimated future cash flows, the current credit-adjusted risk-free discount rate and an estimated inflation factor. The value of asset retirement obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount will be depreciated or amortized over the estimated life of the asset upon the commencement of commercial production. An accretion cost, representing the increase over time in the present value of the liability, will also be recorded each period as accretion expense upon the commencement of commercial production. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced.

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 8 — “Equity Incentives.”

Recently Adopted Accounting Pronouncements

Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists

In July 2013, the FASB issued Accounting Standards Update (“ASU”) 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists*. The update aims to clarify presentation and disclosure of unrecognized tax benefits to ensure consistency among organizations. The adoption of this guidance in the first quarter of 2014 did not have a material impact on the Company’s financial condition, results of operation, or cash flows.

Development Stage Entities (Topic 915) - Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation

In June 2014, the FASB issued ASU 2014-10, *Development Stage Entities (Topic 915) - Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*. The update removes all incremental financial reporting requirements from U.S. GAAP for development stage entities, including the removal of Topic 915, *Development Stage Entities*, from the FASB Accounting Standards Codification. The Company adopted this guidance in its financial statements for the year ended December 31, 2014 which resulted in removal of all references to development stage entities, modified disclosure and financial statements.

Presentation of Financial Statements — Going Concern (Topic 205): Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements — Going Concern (Topic 205): Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern*. The update requires management to evaluate whether there are conditions and events that raise substantial doubt about an entity’s ability to continue as a going concern within one

[Table of Contents](#)

year after the date the financial statements are issued and requires additional disclosures documenting such evaluation. The Company is currently reviewing the standard to determine the appropriate timing for adoption.

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 and the Liberty Project. We also have certain other, non-core, mining properties that are being evaluated for future development or sale.

The Mt. Hope Project. We are currently in the process of developing the Mt. Hope Project. In January 2014, the Company published an updated Technical Report on the Mt. Hope Project using Canadian Instrument NI 43-101 guidelines, which provided data on the viability and expected economics of the project. Based on the findings in the study, on a 100% basis, we reported 1.4 billion pounds of contained (1.2 billion pounds recoverable) molybdenum in proven and probable reserves.

Liberty Project. We are currently in the process of exploration and evaluation of the Liberty Project. In July 2014, the Company published an updated NI 43-101 compliant pre-feasibility study, which more closely examined the use of existing infrastructure and the copper potential of the property.

Other Mining Properties. We also have mining claims and land purchased prior to 2006 which consist in part of (a) approximately 107 acres of fee simple land in the Little Pine Creek area of Shoshone County, Idaho, (b) six patented mining claims known as the Chicago-London group, located near the town of Murray in Shoshone County, Idaho, (c) 34 unpatented mining claims in Marion County, Oregon, known as the Detroit property and (d) 83 unpatented mining claims in Sanders and Madison County, Montana.

Summary. The following is a summary of mining properties, land and water rights at December 31, 2014 and 2013 (in thousands):

	At December 31, 2014	At December 31, 2013
Mt. Hope Project:		
Development costs	\$ 165,785	\$ 156,436
Mineral, land and water rights	11,728	11,728
Advance Royalties	29,300	28,300
Total Mt. Hope Project	<u>206,813</u>	<u>196,464</u>
Total Liberty Project	9,701	9,706
Other Properties	81	81
Total	<u>\$ 216,595</u>	<u>\$ 206,251</u>

Development costs and Deposits on project property, plant and equipment

Development costs of \$165.8 million include 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 \$74.2 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 LLC has paid \$12.0 million into an escrow arrangement for electricity transmission services. The amount represents security for a third party transmission contract that will provide power to the Mt. Hope Project, and is accounted for as restricted cash. As electricity transmission was not delivered to the Mt. Hope Project by December 1, 2014, the LLC is working with the provider to renegotiate the existing agreement. To the extent that the transmission capacity cannot be resold or the agreement extended, the LLC will forfeit the \$12.0 million over a five-year period according to a contractual monthly drawdown schedule.

NOTE 5 — ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations arise from the acquisition, development, construction and normal operation of mining property, plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The exact nature of environmental issues and costs, if any, which the Company or the LLC may encounter in the future are subject to change, primarily because of the changing character of environmental requirements that may be enacted by governmental authorities.

[Table of Contents](#)

The following table shows asset retirement obligations for future mine closure and reclamation costs in connection with the Mt. Hope Project and within the boundaries of the Plan of Operations (“PoO”):

	<u>At December 31,</u> <u>2014</u>
	<u>(in thousands)</u>
At January 1, 2013	\$ —
Adjustments *	1,112
At December 31, 2013	\$ 1,112
Accretion Expense	80
Adjustments *	(115)
At December 31, 2014	\$ 1,077

* Includes annual changes to the escalation rate, the market-risk premium rate, or reclamation time periods

The estimated future reclamation costs for the Mt. Hope Project have been discounted using a rate of 8%. The total inflated and undiscounted estimated reclamation costs associated with current disturbance under the PoO at the Mt. Hope Project were \$7.0 million at December 31, 2014. Increases in ARO liabilities resulting from the passage of time are recognized as accretion expense.

The LLC is required by U.S. federal and state laws to provide financial assurance sufficient to allow a third party to implement approved closure and reclamation plans if the LLC is unable to do so. The laws govern the determination of the scope and cost of the closure, and the amount and forms of financial assurance. As of December 31, 2014, the LLC has provided the appropriate regulatory authorities with \$73.4 million in reclamation financial guarantees through the posting of surety bonds for reclamation of the Mt. Hope Project as approved in the ROD. As of December 31, 2014, we had \$4.3 million in cash deposits associated with these bonds, which are specific to the PoO disturbance and accounted for as restricted cash and are unrelated to the inflated and undiscounted liability referenced above.

An additional \$0.7 million in cash bonding has been posted by the Company for other disturbance outside the PoO at Mt. Hope, and at the Liberty Project.

The LLC has a smaller liability at the Mt. Hope Project for disturbance associated with exploration drilling which occurred outside the PoO boundaries. The LLC has not discounted this reclamation liability as the total amount is approximately \$0.1 million.

The Company’s Liberty Project is currently in the exploration stage. The Company has not discounted the reclamation liability incurred at the Liberty Project as the total is approximately \$0.1 million.

	<u>Mt. Hope Project</u> <u>outside PoO boundary</u>	<u>Liberty</u>
	<u>(in thousands)</u>	
At January 1, 2013	502	125
Adjustments *	(421)	—
At December 31, 2013	\$ 81	\$ 125
Additions	—	—
Adjustments *	—	(7)
At December 31, 2014	\$ 81	\$ 118

* Includes reduced / reclaimed disturbance, BLM rate changes, and transfer into the approved PoO

NOTE 6 — CONVERTIBLE SENIOR NOTES

In December 2014, the Company sold and issued 85,350 Units of Convertible Senior Notes (the “Notes”) with warrants (the “Warrants”) to qualified buyers pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, of which 23,750 Units were sold and issued to related parties, including several directors and officers of the Company. The Notes are unsecured obligations and are senior to any of the Company’s future secured obligations to the extent of the value of the collateral securing such obligations.

The transaction value of \$8.5 million was allocated between debt for the Notes and equity for the Warrants based on the relative fair value of the two instruments. This resulted in recording \$0.8 million in Additional Paid In Capital for the relative fair

[Table of Contents](#)

value of the Warrants and \$7.7 million as Convertible Senior Notes. The Company received net proceeds from the sale of the Notes of approximately \$8.0 million, after deducting offering expenses of approximately \$0.5 million, which was allocated between debt and equity. As a result, the Company recognized \$0.4 million as Debt Issuance Costs to be amortized over the expected redemption period, and \$0.1 million recognized as a reduction to Additional Paid in Capital. Net proceeds from the sale will be used to fund ongoing operations until the Company's portion of project financing is obtained.

The Notes bear interest at a rate of 10.0% per annum, payable in cash quarterly in arrears on each March 31, June 30, September 30, and December 31 beginning March 31, 2015. The Notes mature on December 26, 2019 unless earlier redeemed, repurchased or converted. The Company may redeem the Notes for cash, either in whole or in part, at any time, in exchange for the sum of (i) a cash payment equal to the unpaid principal plus all accrued but unpaid interest through the date of redemption and (ii) the present value of the remaining scheduled interest payments discounted to the maturity date at the annual percentage yield on U.S. Treasury securities with maturity similar to the notes plus 25 basis points (the "Optional Redemption"). The Notes are mandatorily redeemable at par plus the present value of remaining coupons upon (i) the availability of cash from a financing for Mt. Hope and (ii) any other debt financing by the Company. In addition, 50% of any proceeds from the sale of assets cumulatively exceeding \$250,000 will be used to prepay the Notes at par plus the present value of remaining coupons (the "Mandatory Redemption").

The Notes are convertible at any time in an amount equal to 80% of the greater of (i) the average VWAP for the 30 Business Day period ending on the Business Day prior to the date of the conversion, or (ii) the average VWAP for the 30 Business Day period ending on the original issuance date of this note. Each Note will convert into a maximum of 100 shares per note, resulting in the issuance of 8,535,000 shares, or 9.3% of shares outstanding (the "Conversion Option"). General Moly's executive management team and board of directors who participate in the offering will be restricted from converting at a price less than \$0.32, the most recent closing price at the time that the Notes were issued.

If the Company undergoes a "fundamental change", the Notes will be redeemed for cash at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any. Examples creating a "fundamental change" include the reclassification of the common stock, consolidation or merger of the Company with another entity or sale of all or substantially all of the Company's assets.

The Company had interest payable related to the Notes included in the line item "Accounts payable and accrued liabilities" on its Consolidated Balance Sheets of nil at December 31, 2014.

Based on the redemption and conversion features discussed above, the Company determined that there were embedded derivatives that require bifurcation from the debt instrument and accounted for under ASC 815. Embedded derivatives are separated from the host contract, the Notes, and carried at fair value when: (a) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract; and (b) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument. The Company has concluded that the Mandatory Redemption and Conversion Option features embedded within the Notes meet these criteria and, as such, must be valued separate and apart from the Notes as one embedded derivative and recorded at fair value each reporting period.

A probability-weighted calculation was utilized to estimate the fair value of the Mandatory Redemption. The Company used a binomial lattice model in order to estimate the fair value of the Conversion Option in the Notes. A binomial lattice model generates two probable outcomes, arising at each point in time, starting from the date of valuation until the maturity date. A lattice was initially used to determine if the Notes would be converted or held at each decision point. Within the lattice model, the Company assumes that the Notes will be converted early if the conversion value is greater than the holding value.

As of December 31, 2014, the carrying value of the Notes, absent the Embedded Derivatives, was \$6.9 million inclusive of an unamortized debt discount of \$1.7 million. The fair value of the Notes at December 31, 2014 was \$11.2 million.

As of December 31, 2014, the embedded derivatives recorded in Convertible Senior Notes at fair value were \$0.9 million. The changes in the estimated fair value of the embedded derivatives during the year ended December 31, 2014 were nil with nil gain or loss on embedded derivatives recognized in the Statement of Operations.

The Company has estimated the fair value of the Convertible Senior Notes and embedded derivatives based on Level 3 inputs. Changes in certain inputs into the valuation models can have a significant impact on changes in the estimated fair value. For example, the estimated fair value of the embedded derivatives will generally decrease with; (1) a decline in the stock price; (2) increases in the estimated stock volatility; and (3) an increase in the estimated credit spread.

[Table of Contents](#)

The following inputs were utilized to measure the fair value of the Notes and embedded derivatives: (i) price of the Company's common stock; (ii) Conversion Rate (as defined in the Note); (iii) Conversion Price (as defined in the Note); (iv) maturity date; (v) risk-free interest rate; (vi) estimated stock volatility; (vii) estimated credit spread for the Company; (viii) default intensity; and (ix) recovery rate.

The following tables set forth the inputs to the models that were used to value the embedded derivatives:

	December 26, 2014
Stock Price	\$0.64
Maturity Date	December 31, 2019
Risk-Free Interest Rate	1.75%
Estimated Stock Volatility	40.00%
Default Intensity	2.00%
Recovery Rate	30.00%

Type of Event	Expected Date	Probability of Event
Mandatory Redemption	June 30, 2016	80%
Conversion Option	March 31, 2017	10%
Note Reaches Maturity	December 31, 2019	10%

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

Year ended December 31, 2014

During the year ended December 31, 2014, 439,408 shares of common stock were issued pursuant to stock awards.

Year ended December 31, 2013

During the year ended December 31, 2013, options representing 20,000 shares were exercised for cash in the amount of \$0.1 million, options representing 250,000 shares were exercised in a cashless exchange resulting in the issuance of 46,165 shares and 361,992 shares of common stock were issued pursuant to stock awards.

Year ended December 31, 2012

During the year ended December 31, 2012, options representing 50,971 shares were exercised for cash in the amount of \$0.6 million, options representing 607,362 shares were exercised in a cashless exchange resulting in the issuance of 480,776 shares and 251,593 shares of common stock were issued pursuant to stock awards.

The following is a summary of common stock warrant activity for each of the three years ended December 31, 2014:

	Number of Shares Under Warrants	Exercise Price
Balance at December 31, 2011	1,000,000	\$ 5.00
Issuance of new warrants	10,000,000	\$ 4.23
Balance at December 31, 2012	11,000,000	\$ 4.23 to 5.00
Expiration of warrants	(10,000,000)	\$ 4.23
Balance at December 31, 2013	1,000,000	\$ 5.00
Issuance of new warrants	8,535,000	\$ 1.00
Balance at December 31, 2014	9,535,000	\$ 1.00 to \$5.00
Weighted average exercise price	\$ 1.42	

On October 26, 2012, the Company issued a warrant to Hanlong to purchase 10.0 million shares of the Company's common stock in connection with the signing of the subordinated debt agreement at a price of \$4.23 per share and had a value of \$12.4 million. In addition, the \$12.4 million value placed on the warrant issued to Hanlong in connection with the Sub Debt Facility was considered a loan commitment fee. These costs were to be amortized over the life of the Sub Debt Facility using the straight-line method from

[Table of Contents](#)

the date the loan agreement was effective. The termination of the Sub Debt Facility in May 2013 resulted in a non-cash charge to the income statement in the amount of \$11.5 million for the remaining unamortized value associated with the warrants.

On December 26, 2014, the Company issued 8.5 million warrants in connection with the private placement of its senior convertible notes at a price of \$1.00 per share and had a relative fair value of \$0.8 million. In addition, the \$0.8 million value placed on the warrants was considered a debt discount and is to be amortized over the expected redemption period.

Of the warrants outstanding at December 31, 2014, 1.0 million 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 with the remaining 8.5 million are exercisable at \$1.00 per share at any time from June 26, 2015 through their expiration on December 26, 2019.

Pursuant to our Certificate of Incorporation, we are authorized to issue 200.0 million 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.

NOTE 8 — 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 December 31, 2014, and 2013, no shares of preferred stock were issued or outstanding.

NOTE 9 — 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 1,964,204 remain available for issuance as of December 31, 2014. 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 December 31, 2014, there was \$1.9 million of total unrecognized compensation cost related to share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 2.0 years.

Stock Options and Stock Appreciation Rights

All stock options and SARs are approved by the Board of Directors 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 Year Ended December 31:	2014	2013	2012
Expected Life *	3.5 to 6.0 years	3.5 to 6.0 years	3.5 to 6.0 years
Interest Rate+	0.58% to 1.37%	0.36% to 1.37%	0.36% to 2.58%
Volatility **+	70.31% to 92.76%	62.04% to 87.82%	73.43% to 94.60%
Dividend Yields	—	—	—
Weighted Average Fair Value of Stock Appreciation Rights Granted During the Year	\$ —	\$ 2.74	\$ 3.72

[Table of Contents](#)

* 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.

At December 31, 2014, the aggregate intrinsic value of outstanding and exercisable (fully vested) options and SARs was nil and had a weighted-average remaining contractual term of 1.7 years. The total intrinsic value of options exercised during the years ended December 31, 2014, 2013 and 2012 was nil, nil, and \$0.3 million, respectively. The total intrinsic value of SARs exercised during the year ended December 31, 2014, 2013 and 2012 was nil in all years.

Restricted Stock Units and Stock Awards

Grants of restricted stock units and stock awards ("Stock Awards") have been granted as performance based or earned over a required service period to officers and employees, 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. Performance based grants are recognized as compensation based on the probable outcome of achieving the performance condition. Stock Awards issued to members of the Board and the Company Secretary that are fully vested at the time of issue are recognized as compensation 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 years ended December 31, 2014, 2013 and 2012 the weighted-average grant date fair value for Stock Awards was \$1.42, \$1.82, and \$4.22, respectively. The total fair value of stock awards vested during 2014 and 2013 is \$0.4 million and \$0.9 million, respectively.

Summary of Equity Incentive Awards

The following table summarizes activity under the Plans during the year ended December 31, 2014:

	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, 2014	\$ 7.44	544,999	\$ 2.79	2,096,653	\$ 2.70	2,280,890
Awards Granted	—	—	—	—	1.42	95,000
Awards Exercised or Earned	—	—	—	—	2.17	(484,330)
Awards Forfeited	—	—	2.29	(100,101)	3.18	(168,232)
Awards Expired	7.63	(273,887)	4.22	(73,408)	—	—
Balance at December 31, 2014	\$ 7.25	271,112	2.76	1,923,144	2.73	1,723,328
Exercisable at December 31, 2014	\$ 8.30	121,112	1.81	553,386		

A summary of the status of the non-vested awards as of December 31, 2014 and changes during the year ended December 31, 2014 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, 2014	\$ 6.40	150,000	\$ 3.06	1,524,908	\$ 2.70	2,280,890
Awards Granted	—	—	—	—	1.42	95,000
Awards Vested or Earned	—	—	2.45	(55,049)	2.17	(484,330)
Awards Forfeited	—	—	2.29	(100,101)	3.18	(168,232)
Balance at December 31, 2014	\$ 6.40	150,000	3.14	1,369,758	2.73	1,723,328

[Table of Contents](#)

Compensation Cost Recognized and Capitalized Related to Equity Incentives

The following table summarizes the compensation cost recognized and capitalized related to equity incentives:

Summary of Compensation Cost Recognized and Capitalized related to Equity Incentives for the Year Ended December 31 (in thousands):	2014	2013	2012
Stock Options*	\$ —	\$ —	\$ 1
SARs			
Performance based	382	417	419
Vesting over time	34	146	257
Stock Awards:			
Performance based*	1,160	810	309
Vesting over time	450	933	539
Board of Directors and Secretary	135	601	528
Total	\$ 2,161	\$ 2,907	\$ 2,053
Included in:			
Capitalized as Development	443	1,078	639
Expensed	1,718	1,829	1,414
	\$ 2,161	\$ 2,907	\$ 2,053

* The Company recorded significant forfeitures during 2014 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.

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 10 — CHANGES IN CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST (CRNCI)

Changes CRNCI (Dollars in thousands)	Activity for Year Ended	
	December 31, 2014	December 31, 2013
Total CRNCI January 1, 2014 and 2013, respectively	\$ 209,007	\$ 201,880
Plus: Capital Contributions Attributable to CRNCI	1,348	7,127
Less: Net Loss Attributable to CRNCI	(38)	—
Total CRNCI December 31, 2014 and 2013, respectively	\$ 210,317	\$ 209,007

NOTE 11 — INCOME TAXES

At December 31, 2014 and 2013 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 has concluded that it is not 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 December 31, 2014 and 2013. The significant components of the deferred tax asset at December 31, 2014 and 2013 were as follows (in thousands):

	December 31, 2014	December 31, 2013
Operating loss carry forward	\$ 212,710	\$ 195,733
Unamortized exploration expense	7,247	8,388
Fixed asset depreciation	17	(46)
Deductible stock based compensation	4,958	3,264
Other	279	220
Deductible temporary difference	\$ 225,211	\$ 207,559
Taxable temporary difference — Investment in Eureka Moly, LLC	\$ (120,679)	\$ (109,699)
Embedded derivative debt discount	\$ (875)	—
Net deductible temporary difference	\$ 103,657	\$ 97,860
Deferred tax asset	\$ 36,280	\$ 34,251
Deferred tax asset valuation allowance	\$ (36,280)	\$ (34,251)
Net deferred tax asset	\$ —	\$ —

[Table of Contents](#)

At December 31, 2014 and December 31, 2013 we had net operating loss carry-forwards of approximately \$212.7 million and \$195.7 million, respectively, which expire in the years 2021 through 2034. The change in the allowance account from December 31, 2013 to December 31, 2014 was \$2.0 million.

As of December 31, 2014, December 31, 2013, and December 31, 2012, 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 statutes of limitations. The Company is open to federal and state tax audits until the applicable statutes of limitations expire.

NOTE 12 — 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 Lease Agreement and failure to cure such breach. If the LLC terminates the Lease Agreement, termination is effective 30 days after receipt by MHMI of written notice to terminate the 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 Mt. Hope Lease requires a royalty advance (“Construction Royalty Advance”) of 3% of certain construction capital costs, as defined in the Mt. Hope Lease. The LLC is obligated to pay a portion of the Construction Royalty Advance each time capital is raised for the Mt. Hope Project based on 3% of the expected capital to be used for those certain construction capital costs defined in the Mt. Hope Lease. Through December 31, 2014, we have paid \$23.6 million of the total Construction Royalty Advance. Based on our Mt. Hope Project capital budget we estimate that a final reconciliation payment on the Capital Construction Cost Estimate (the “Estimate”) will be due following the commencement of commercial production, after as-built costs are definitively determined. The Company estimates, based on the revised capital estimate discussed above and the current timeline for the commencement of commercial production, that an additional \$4.2 million will be due approximately 20 — 24 months after the commencement of construction. This amount was accrued as of December 31, 2014. The capital estimates may be subject to escalation in the event the Company experiences continued delays in achieving full financing for the Mt. Hope Project.

The LLC is also obligated to make a minimum annual advance royalty payment (“Annual Advance Royalty”) of \$0.5 million each October 19 for any year wherein commercial production has not been achieved or the MHMI Production Royalty (as hereinafter defined) is less than \$0.5 million. As commercial production is not anticipated to commence until early 2018, the Company has accrued \$1.5 million in Annual Advance Royalty payments which will be due in three \$0.5 million installments in October 2015, 2016 and 2017, respectively. An additional installment of \$0.5 million was paid in October 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 MHMI Production Royalties will be in excess of the Annual Advance Royalties for the life of the Mt. Hope Project. Until the advance royalties are fully credited, the LLC will pay one half of the calculated Production Royalty annually. Assuming a \$12 molybdenum price, the Annual Advance Royalties are consumed within the first five years of commercial production.

Deposits on project property, plant and equipment

At December 31, 2014, 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. In late 2012 and early 2013, the LLC made additional commitments for wellfield materials and equipment, and placed purchase orders for long-lead milling process equipment including the commitments for the engineering portion of flotation cells and roaster equipment.

The following table sets forth the LLC’s cash commitments under mining and milling equipment contracts (collectively, “Purchase Contracts”) at December 31, 2014 (in millions):

[Table of Contents](#)

Year	As of December 31, 2014 *	
2015	\$	12.8
2016		1.9
2017		—
Total	\$	14.7

* All amounts are commitments of the LLC, and as a result of the agreement between Nevada Moly and POS-Minerals are to be funded by the reserve account until such time that the Company obtains financing for its portion of construction costs at the Mt. Hope Project or until the reserve account balance is exhausted, and thereafter are to be funded 80% by Nevada Moly and 20% by POS-Minerals. POS-Minerals remains obligated to make capital contributions for its 20% portion of equipment payments required by approved budgets of the LLC, and such amounts contributed by the reserve account on behalf of POS-Minerals will reduce, dollar for dollar, the amount of capital contributions that the LLC is required to return to POS-Minerals, as described above.

Equipment and Supply Procurement

Through December 31, 2014, the LLC has made deposits and/or final payments of \$74.2 million on equipment orders, has spent approximately \$187.4 million for the development of the Mt. Hope Project and has paid \$12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of \$273.6 million.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of \$1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2014, the LLC renegotiated the timelines for truck delivery, accepting a 4% price increase and delaying deliveries into December 2015. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of \$0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In the third quarter of 2014, the LLC accepted a change order which delayed delivery into December 2015 and triggered a \$0.3 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC's contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of \$3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

Obligations under capital and operating leases

We have contractual operating leases that will require a total of \$0.2 million in payments over the next three years. 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, 2015, 2016, and 2017, respectively.

Creation of Agricultural Sustainability Trust

On August 19, 2010, the LLC entered into an agreement with the Eureka Producers' Cooperative ("EPC") whereby the LLC will fund a \$4.0 million Sustainability Trust ("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, 2014, 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 was required to obtain approval from the BLM to implement the Mt. Hope Project PoO. This approval, in the form of a ROD was obtained only after successful completion of the process of environmental evaluation, which incorporates substantial public comment. The LLC was also required to obtain various state and federal permits including, but not limited to, water protection, air quality, water rights and reclamation permits. In 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. Maintaining, 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. In addition, it is possible that compliance with such permits may result in additional costs and delays.

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. The ROD approves the Plan of Operations ("PoO") for construction and operation of the mining and processing facilities and also grants the Rights-of-Way for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD, developed in collaboration with the regulatory agencies involved throughout the permitting process, will avoid, minimize, and mitigate environmental impacts, and reflect the Company's commitment to be good stewards of the environment.

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

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

On September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit of the U.S. District Court's dismissal. Plaintiffs submitted their Opening Brief on January 23, 2015 and Defendants and the LLC's deadline to file their Response Brief is March 27, 2015. All Mt. Hope Project permits remain in effect and the Company is confident in the BLM's process and will continue to vigorously defend this subsequent appeal of the ROD.

On June 17, 2014, the LLC submitted an amendment to the approved PoO to reflect minor design changes that were identified during continued engineering and the initial phases of construction, and on November 6, 2014, submitted minor revisions to the amendment. The BLM has determined that an Environmental Assessment ("EA") is required under the NEPA to analyze and disclose environmental impacts associated with these changes. As per the NEPA regulatory framework, the decision to complete an EA means that BLM has preliminarily determined that impacts will not be significant. The BLM has initiated the EA process, completion of which is anticipated to culminate in issuance of a FONSI. We expect this process to be completed in the first half of 2015. During the amendment review and preparation of the EA, the approved PoO remains in effect and the LLC is authorized to continue construction under that existing approval. The changes proposed in the amendment are similar to approved activities, and we do not anticipate any additional baseline studies or mitigation will be required. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

Water Rights Considerations

The Nevada State Engineer ("State Engineer") has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed a further appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer's approval of the Monitoring, Management and Mitigation Plan ("3M Plan") of the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in the first half of 2015.

Two individual water rights holders appealed the State Engineer's approval of the 3M Plan to the Nevada State District Court ("District Court"). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District's Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal also from the District Court of

[Table of Contents](#)

the water permits. We remain confident the Nevada Supreme Court will uphold the District Court's Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court's ruling, the Company's water permits have been granted and the water remains available, 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 13 — UNAUDITED SUPPLEMENTARY DATA

The following is a summary of selected unaudited quarterly financial information (in thousands except per share amounts):

<u>Year Ended December 31, 2014</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Loss from operations	\$ (2,359)	\$ (2,827)	\$ (3,238)	\$ (2,545)
Other (expense)/income	(12)	—	—	(17)
Consolidated net loss	(2,370)	(2,827)	(3,238)	(2,525)
Basic net income/(loss) per share	(0.03)	(0.03)	(0.04)	(0.02)
<u>Year Ended December 31, 2013</u>				
Loss from operations	\$ (2,639)	\$ (2,569)	\$ (1,795)	\$ (2,754)
Other income/(expense)	(361)	(11,732)	4,352	1,194
Consolidated net loss	(3,000)	(14,301)	2,557	(1,560)
Basic net income/(loss) per share	\$ (0.03)	\$ (0.16)	\$ 0.03	\$ (0.02)
Diluted net income/(loss) per share	\$ (0.03)	\$ (0.16)	\$ 0.03	\$ (0.02)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Annual Report on Form 10-K. 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 December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") published an updated Internal Control — Integrated Framework (2013) and related illustrative documents. The Company adopted the new framework in 2014.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's financial statements; providing reasonable assurance that receipts and expenditures of the Company's assets are made in accordance with management's authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's financial statements would be prevented or detected.

Management conducted its evaluation of the effectiveness of the Company's internal controls over financial reporting based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework in 2013. Based on this evaluation, management concluded that, at December 31, 2014, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's assessment of internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding directors and executive officers of registrant is presented under the heading “Directors and Executive Officers” in our definitive proxy statement for use in connection with the 2015 Annual Meeting of Stockholders (“2015 Proxy Statement”) to be filed within 120 days after our fiscal year ended December 31, 2014, and is incorporated herein by this reference thereto.

Information regarding Section 16(a) beneficial ownership reporting compliance report is presented under the heading “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2015 Proxy Statement, and is incorporated herein by this reference thereto. Information regarding our code of ethics is presented under the heading “Code of Business Conduct and Ethics” in our 2015 Proxy Statement, and is incorporated herein by reference thereto. Information regarding our Audit Committee, Compensation Committee, Finance Committee, Technical Committee and our Nominating Committee is presented under the heading “The Board of Directors, Board Committees and Director Independence” in our 2015 Proxy Statement, and is incorporated herein by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is presented under the heading “Executive Compensation” in our 2015 Proxy Statement, and is incorporated herein by this reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding certain information with respect to our equity compensation plans as of December 31, 2014 is set forth under the heading “Equity Compensation Plan Information” in our 2015 Proxy Statement, and is incorporated herein by this reference thereto.

Information regarding security ownership of certain beneficial owners and management is set forth under the heading “Voting Securities and Principal Holders” in our 2015 Proxy Statement, and is incorporated herein by this reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions is presented under the heading “Certain Relationships and Related Transactions” in our 2015 Proxy Statement, and is incorporated herein by this reference thereto.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services is presented under the headings “Audit Fees,” “Audit-Related Fees,” “Tax Fees,” and “All Other Fees” in our 2015 Proxy Statement, and is incorporated herein by this reference thereto.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

See the Index to Consolidated Financial Statements included on page 50 for a list of the financial statements included in this Form 10-K.

(2) Financial Statement Schedules

Financial statement schedules are omitted because they are not required or are not applicable.

[Table of Contents](#)

(3) Exhibits

Exhibit Number	Description
3.1†	Certificate of Incorporation (Filed as Exhibit 3.1 to our Current Report on Form 8-K filed on October 5, 2007.)
3.2†	Certificate of Designation of Series A Junior Participating Preferred Stock (Filed as Exhibit 3.1 to our Current Report on Form 8-K filed on March 5, 2010.)
3.3†	Amended and Restated Bylaws (Filed as Exhibit 3.2 to our Current Report on Form 8-K filed on February 10, 2015.)
4.1†	Form of Senior Convertible Promissory Note (Filed as Exhibit 4.1 to our Current Report on Form 8-K filed on December 30, 2014.)
4.2†	Form of Common Stock Purchase Warrant (Filed as Exhibit 4.2 to our Current Report on Form 8-K filed on December 30, 2014.)
4.3†	Registration Rights Agreement dated as of December 26, 2014, by and among General Moly, Inc. and the several investors signatory thereto (Filed as Exhibit 4.3 to our Current Report on Form 8-K filed on December 30, 2014.)
10.1†	Lease Agreement, dated October 17, 2005, between the Company and Mount Hope Mines, Inc. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on January 23, 2006.)
10.2†	Modification to Mount Hope Mines Lease Agreement, dated January 26, 2006 (Filed as Exhibit 10.11 to our Annual Report on Form 10-KSB filed on March 31, 2006.)
10.3†	Amendment to Lease Agreement, made effective as of November 20, 2007, between the Company and Mount Hope Mines, Inc. (Filed as Exhibit 10.3 to our Annual Report on Form 10-KSB filed on March 21, 2008.)
10.4†	Option to Lease, dated November 12, 2004, between the Company and Mount Hope Mines, Inc. (Filed as Exhibit 10.1 to our Annual Report on Form 10-KSB filed on April 6, 2005.)
10.5†	Stock Purchase Agreement, dated December 11, 2006, between the Company and Equatorial Mining Limited (Filed as Exhibit 10.17 to our Annual Report on Form 10-KSB filed on April 3, 2007.)
10.6†	Securities Purchase Agreement, dated as of November 19, 2007, between the Company and ArcelorMittal S.A. (Filed as Exhibit 10.6 to our Annual Report on Form 10-KSB filed on March 21, 2008.)
10.7†	Consent and Waiver Agreement, dated April 16, 2010, by and between the Company and ArcelorMittal S.A. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 19, 2010.)
10.8†+	Amended and Restated Employment Agreement, dated January 1, 2012, between the Company and Bruce D. Hansen (Filed as Exhibit 10.8 to our Annual Report on Form 10-K filed on March 1, 2012.)
10.9†+	First Amendment to Amended and Restated Employment Agreement, dated as of September 6, 2013, between the Company and Bruce D. Hansen (Filed as Exhibit 10.01 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.10†+	Salary Reduction and Stay Incentive Agreement, dated as of September 6, 2013, between the Company and Bruce D. Hansen (Filed as Exhibit 10.021 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.11†+	First Amendment to Salary Reduction and Stay Incentive Agreement dated as of January 14, 2015, by and between General Moly, Inc. and Bruce D. Hansen (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on January 21, 2015.)
10.12†+	Amended and Restated Employment Agreement, dated January 1, 2012, between the Company and David Chaput (Filed as Exhibit 10.9 to our Annual Report on Form 10-K filed on March 1, 2012.)

[Table of Contents](#)

Exhibit Number	Description
10.13††	First Amendment to Amended and Restated Employment Agreement, dated as of September 6, 2013, between the Company and David A. Chaput (Filed as Exhibit 10.03 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.14††	Salary Reduction and Stay Incentive Agreement, dated as of September 6, 2013, between the Company and David A. Chaput (Filed as Exhibit 10.04 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.15††	Form of Indemnification Agreement (Filed as Exhibit 10.18 to our Current Report on Form 8-K filed on October 5, 2007.)
10.16††	General Moly, Inc. 2006 Equity Incentive Plan, as Amended and Restated (Filed as Exhibit 10.1 to our Registration Statement on Form S-8 filed on May 21, 2010.)
10.17††	Form of Stock Option Grant Notice and Agreement under 2006 Equity Incentive Plan of the Company (Filed as Exhibit 10.13 to our Annual Report on Form 10-KSB filed on April 3, 2007.)
10.18††	Form of Restricted Stock Agreement under 2006 Equity Incentive Plan of the Company (Filed as Exhibit 10.14 to our Annual Report on Form 10-KSB filed on April 3, 2007.)
10.19††	Form of Non-Employee Option Award Agreement (Filed as Exhibit 99.1 to our Registration Statement on Form S-8 filed on January 12, 2007.)
10.20††	Form of Employee Stock Option Agreement (Filed as Exhibit 99.2 to our Registration Statement on Form S-8 filed on January 12, 2007.)
10.21††	Form of Stock Appreciation Right Grant Notice and Agreement under the Company's 2006 Equity Incentive Plan (Filed as Exhibit 10.3 to our Current Report on Form 8-K filed on March 5, 2009.)
10.22††	Form of Restricted Stock Unit Agreement under 2006 Equity Incentive Plan of the Company (Filed as Exhibit 10.4 to our Quarterly Report on Form 10-Q Filed on October 29, 2010.)
10.23†*	Molybdenum Supply Agreement between General Moly and ArcelorMittal Purchasing SAS, dated as of December 28, 2007 (Filed as Exhibit 10.19 to our Annual Report on Form 10-KSB filed on March 31, 2008.)
10.24†*	Extension Molybdenum Supply Agreement, dated as of April 16, 2010, by and between the Company and ArcelorMittal S.A. (Filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on July 30, 2010.)
10.25†	Contribution Agreement between Nevada Moly, LLC, a wholly-owned subsidiary of the Company, Eureka Moly, LLC, and POS-Minerals Corporation (Filed as Exhibit 10.20 to our Quarterly Report on Form 10-Q filed on May 7, 2008.)
10.26†	Amended and Restated Limited Liability Company Agreement of Eureka Moly, LLC (Filed as Exhibit 10.20 to our Quarterly Report on Form 10-Q filed on May 7, 2008.)
10.27†	Amendment No. 1 to Limited Liability Company Agreement of Eureka Moly, LLC, dated as of October 28, 2008, between Nevada Moly, LLC and POS-Minerals Corporation (Filed as Exhibit 10.27 to our Annual Report on Form 10-K filed on February 27, 2009.)
10.28†	Amendment No. 2 to Limited Liability Company Agreement of Eureka Moly, LLC, dated as of January 20, 2010, between Nevada Moly, LLC and POS-Minerals Corporation (Filed as Exhibit 10.3 to our Current Report on Form 8-K filed on January 25, 2010.)
10.29†	Amendment No. 4 to Limited Liability Company Agreement of Eureka Moly, LLC dated as of January 1, 2015, by and between Nevada Moly, LLC and POS-Minerals Corporation (Filed as Exhibit 10.4 to our Current Report on Form 8-K filed on January 22, 2015).
10.30†	Third Installment Election, dated as of March 3, 2010, between Nevada Moly, LLC and POS-Minerals

[Table of Contents](#)

Exhibit Number	Description
	Corporation (filed as Exhibit 10.4 to our Current Report on Form 8-K filed on March 5, 2010.)
10.31†	Guarantee and Indemnity Agreement, dated February 26, 2008, by POSCO Canada Ltd., in favor of Nevada Moly, LLC and the Company (Filed as Exhibit 10.20 to our Quarterly Report on Form 10-Q filed on May 7, 2008.)
10.32†*	Molybdenum Supply Agreement between the Company and SeAH Besteel Corporation, dated as of May 14, 2008 (Filed as Exhibit 10.25 to our Quarterly Report on Form 10-Q filed on August 4, 2008.)
10.33†*	Molybdenum Supply Agreement between the Company and Sojitz Corporation, dated as of August 8, 2008 (Filed as Exhibit 10.26 to our Quarterly Report on Form 10-Q filed on November 3, 2008.)
10.34†+	Employment Agreement, dated as of December 27, 2012, between the Company and Robert I. Pennington (Filed as Exhibit 10.28 to our Annual Report on Form 10-K filed on March 8, 2013.)
10.35†+	First Amendment to Amended and Restated Employment Agreement, dated as of September 6, 2013, between the Company and Robert I. Pennington (Filed as Exhibit 10.05 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.36†+	Salary Reduction and Stay Incentive Agreement, dated as of September 6, 2013, between the Company and Robert I. Pennington (Filed as Exhibit 10.06 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.37†+	Employment Agreement, dated November 6, 2007, between the Company and Lee M. Shumway (Filed as Exhibit 10.49 to our Annual Report on Form 10-K filed on March 5, 2010.)
10.38†+	Change of Control Severance Agreement, dated effective as of January 1, 2012, between the Company and Lee M. Shumway (Filed as Exhibit 10.40 to our Annual Report on Form 10-K filed on March 1, 2012.)
10.39†+	Stay Incentive Agreement, dated as of September 6, 2013, between the Company and Lee M. Shumway (Filed as Exhibit 10.09 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.40†+	First Amendment to Change of Control Severance, Confidentiality and Non-Solicitation Agreement, dated as of September 6, 2013, between the Company and Lee M. Shumway (Filed as Exhibit 10.10 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.41†	Securities Purchase Agreement between the Company and Hanlong (USA) Mining Investment, Inc. dated March 4, 2010 (Filed as Annex B to our Definitive Proxy Statement filed on April 6, 2010.)
10.42†	Amendment No. 1 to Securities Purchase Agreement dated July 30, 2010, between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 29, 2010.)
10.43†	Amendment No. 2 to Securities Purchase Agreement dated October 26, 2010, between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.3 to our Registration Statement on Form S-3 filed on November 23, 2010.)
10.44†	Amendment No. 3 to Securities Purchase Agreement dated December 20, 2010, between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 7(e) to Hanlong (USA) Mining Investment, Inc.'s Schedule 13D filed on December 30, 2010.)
10.45†	Amendment No. 4 to Securities Purchase Agreement dated July 7, 2011, between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on July 13, 2011.)
10.46†	Amendment No. 5 and Notice Pursuant to Securities Purchase Agreement dated June 14, 2012, by and between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on June 15, 2012.)

[Table of Contents](#)

Exhibit Number	Description
10.47†	Option Agreement with respect to Securities Purchase Agreement dated January 9, 2012, between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.46 to our Annual Report on Form 10-K filed on March 1, 2012.)
10.48†	Stockholder Agreement dated December 20, 2010, between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on December 21, 2010.)
10.49†	Amendment No. 1 to Stockholder Agreement dated as of October 26, 2012, by and between General Moly, Inc. and Hanlong (USA) Mining Investment, Inc. (Filed as Exhibit 10.3 to our Current Report on Form 8-K filed on October 31, 2012.)
10.50†	Common Stock Purchase Warrant dated April 16, 2010, issued to CCM Qualified Master Fund, Ltd. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 19, 2010.)
10.51†	Common Stock Purchase Warrant dated April 16, 2010, issued to Coghill Capital Management, LLC. (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 19, 2010.)
10.52†	Agreement to Reprice and Exercise Warrants between the Company and CCM Master Qualified Fund, Ltd. Dated December 21, 2010 (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on January 5, 2011.)
10.53†	Agreement to Reprice and Exercise Warrants between the Company and CCM Special Holdings Fund, LP. Dated December 21, 2010 (Filed as Exhibit 10.2 to our Current Report on Form 8-K filed on January 5, 2011.)
10.54†	Cooperation Agreement dated August 10, 2010, between Eureka Moly, LLC and the Eureka Producers Cooperative (Filed as Exhibit 10.1 to our Current Report on Form 8-K/A filed on August 26, 2010.)
10.55†	Employment Offer Letter dated August 17, 2010, between General Moly, Inc. and Robert Scott Roswell (Filed as Exhibit 10.60 to our Annual Report on Form 10-K filed on March 2, 2011.)
10.56††	Change of Control Severance Agreement dated January 1, 2012, between General Moly, Inc. and Robert Scott Roswell (Filed as Exhibit 10.60 to our Annual Report on Form 10-K filed on March 1, 2012.)
10.57††	Stay Incentive Agreement, dated as of September 6, 2013, between the Company and R. Scott Roswell (Filed as Exhibit 10.07 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.58††	First Amendment to Change of Control Severance, Confidentiality and Non-Solicitation Agreement, dated as of September 6, 2013, between the Company and R. Scott Roswell (Filed as Exhibit 10.08 to our Quarterly Report on Form 10-Q filed on November 4, 2013.)
10.59††	Form of Restricted Stock Unit Agreement for the Company's 2006 Equity Incentive Plan (performance-based vesting) (Filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on May 2, 2011.)
10.60††	Form of Restricted Stock Unit Agreement for the Company's 2006 Equity Incentive Plan (time-based vesting) (Filed as Exhibit 10.7 to our Quarterly Report on Form 10-Q filed on May 2, 2011.)
10.61††	Form of Stock Appreciation Rights Grant Notice for the Company's 2006 Equity Incentive Plan (Filed as Exhibit 10.8 to our Quarterly Report on Form 10-Q filed on May 2, 2011.)
10.62†	Unit Subscription Agreement dated as of December 22, 2014, by and among General Moly, Inc. and the several investors signatory thereto (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on December 30, 2014.)
10.63††	Leave of Absence Letter Agreement dated effective as of February 6, 2015 between General Moly, Inc. and Patrick M. James (Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 10, 2015.)
21.1	Subsidiaries of General Moly, Inc. (Filed herewith)
23.1	Consent of PricewaterhouseCoopers LLP (Filed herewith)

[Table of Contents](#)

Exhibit Number	Description
31.1	Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a) (Filed herewith)
31.2	Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a) (Filed herewith)
32.1	Certification of CEO pursuant to Section 1350 (Furnished herewith)
32.2	Certification of CFO pursuant to Section 1350 (Furnished herewith)
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.

† Previously filed as indicated and incorporated herein by reference.

+ Management contract.

* Confidential treatment has been granted for certain portions of this exhibit, and such confidential portions have been separately filed with the Securities Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Lakewood, Colorado on March 11, 2015.

GENERAL MOLY, INC.

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

Pursuant to the requirements of the Exchange Act, this report has been signed below on March 11, 2015 by the following persons, on behalf of the Registrant, and in the capacities indicated.

<u>/s/ Bruce D. Hansen</u> Bruce D. Hansen	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ David A. Chaput</u> David A. Chaput	Chief Financial Officer (Principal Financial Officer)
<u>/s/ Lee M. Shumway</u> Lee M. Shumway	Controller and Treasurer (Principal Accounting Officer)
<u>Patrick M. James*</u>	Chairman of the Board
<u>/s/ Ricardo M. Campoy</u> Ricardo M. Campoy	Lead Director and Interim Chairman of the Board
<u>/s/ Mark A. Lettes</u> Mark A. Lettes	Director
<u>/s/ Gary A. Loving</u> Gary A. Loving	Director
<u>/s/ Gregory P. Raih</u> Gregory P. Raih	Director
<u>/s/ Nelson F. Chen</u> Nelson F. Chen	Director

* On leave of absence as previously disclosed.

SUBSIDIARIES OF GENERAL MOLY, INC.

Net Smelter, Inc., a Delaware corporation

Moly Royalty, Inc., a Delaware corporation

Copper Royalty, Inc., a Delaware corporation

Eureka Moly, LLC, a Delaware limited liability company

Nevada Moly, LLC, a Delaware limited liability company

Kobeh Valley Ranch, LLC, a Nevada limited liability company

Liberty Moly, LLC, a Delaware limited liability company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-149208 and 333-166999) and Registration Statement on Form S-3 (No. 333-192668) of General Moly, Inc. of our report dated March 11, 2015 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado

March 11, 2015

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce D. Hansen, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Moly, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 11, 2015

By: /s/ Bruce D. Hansen
Name: Bruce D. Hansen
Title: Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David A. Chaput, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Moly, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 11, 2015

By: /s/ David A. Chaput
Name: David A. Chaput
Title: Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bruce D. Hansen, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of General Moly, Inc. for the year ended December 31, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of General Moly, Inc.

Dated: March 11, 2015

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

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David A. Chaput, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of General Moly, Inc. for the year ended December 31, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of General Moly, Inc.

Dated: March 11, 2015

By: /s/ David A. Chaput
Name: David A. Chaput
Title: Chief Financial Officer
