General Moly, Inc
Form 10-K
March 21, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2018

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

For the transition period from to

Commission file number: 001-32986

GENERAL MOLY, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

(State or Other Jurisdiction of Incorporation or Organization)

1726 Cole Blvd.,

Suite 115

Lakewood, CO (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	NYSE American and Toronto Stock Exchange
(Title of Each Class)	(Name of each Exchange on Which Registered)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $33,127,513 based on the closing price as reported on the NYSE American.

As of March 7, 2019, 137,114,804 shares of the registrant's common stock, par value of $0.001 per share, were outstanding.

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DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be used in connection with its Annual Meeting of Stockholders and to be filed within 120 days of December 31, 2018 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

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PART I

ITEMS 1. & 2.BUSINESS AND PROPERTIES

The Company

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

We are in the business of the exploration, development and mining of properties primarily containing molybdenum. Our main asset is an 80% interest in the Mt. Hope Project ("Mt. Hope Project"), a primary molybdenum property, located in Eureka County, Nevada. 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.

Corporate Information

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

We maintain a website at www.generalmoly.com, on which we post free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, Extensible Business Reporting Language ("XBRL") documents, and any amendments to these reports under the heading "Investors" as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also routinely post important information about the Company on our website under the heading "Investors." We do not incorporate the information on our website into this document and you should not

consider any information on, or that can be accessed through, our website as part of this document. The SEC also maintains a website that contains our reports and other information at www.sec.gov.

Corporate Strategy and Objective

Our corporate strategy has been to acquire and develop highly profitable advanced stage mineral deposits. Our corporate objective is to profitably develop and operate the Mt. Hope Project and to complete our evaluation and commence development of the Liberty Project. Presently, we are focused on working cooperatively with federal and state of Nevada regulatory agencies to reobtain necessary permits for the Mt. Hope Project, advancing exploration of copper, silver and zinc at the Mt. Hope Project site and advancing our efforts to obtain 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 are working with the Nevada State Engineer to re-obtain our water permits following the October 2015 and September 2017 Nevada Supreme Court decisions which resulted in a reversal of our water permits and denial of water applications that previously were approved by the Nevada State Engineer. As discussed below, we have filed new water applications that are pending before the Nevada State Engineer and a hearing on these applications took place in September 2018. We are also working closely with the BLM to complete a draft supplemental Environmental Impact Statement ("EIS") to comply with issues raised by the Ninth Circuit, discussed below, and to have the ROD reissued.

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

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

- The Mt. Hope Project 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 are observing improving long-term market fundamentals for molybdenum based on strengthening global industrial growth and steel demand, and tightening molybdenum supply and believe that the molybdenum price has a better probability of continuing to appreciate than to depreciate further.

Products

We do not currently produce any products. When the Mt. Hope Project is developed, the LLC expects production of 40 million pounds of molybdenum ("Mo") 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 (based on a $12/lb Mo reserve). Using the $8/lb Mo reserve referenced later in this report, life of mine production declines to approximately 0.5 billion pounds of molybdenum. The Mt. Hope Project will primarily focus on producing Technical Grade Molybdenum Oxide ("TMO"), which is widely utilized by the steel industry. In the future, we may also consider producing ferromolybdenum ("FeMo"), which is also used by the steel industry and would make the Company an integrated supplier to the steel industry and have left space in the process plant design for the Mt. Hope Project to accommodate this process.

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

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

Competitive Conditions

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

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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. Annual molybdenum supply is estimated by the CPM Group to be 683 million pounds in 2017 and 700 million pounds in 2018. Although many companies produce molybdenum, some of which also mine other minerals, approximately two-thirds of global production is concentrated among ten companies.

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

Employees

The Company had a total of 13 employees, including 11 exempt and 2 hourly employees, as of December 31, 2018.

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 completion of a Bankable Feasibility Study (“BFS”) for the Mt. Hope Project. The BFS provides data on the viability, expected economics, and production and cost estimates of the project. Since publication of the BFS, we have revised several estimates, based primarily on engineering progress, which remains approximately 65% complete at December 31, 2018. 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”.

In 2005, we initiated the baseline studies necessary for development of an Environmental Impact Statement (“EIS”). We completed an initial Plan of Operations (“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, which culminated in the issuance of a Record of Decision ("ROD") in November 2012, approving the EIS. As discussed below, the ROD was challenged in the federal courts and vacated by the Ninth Circuit in 2016. Efforts are underway to supplement the EIS and receive a new ROD mid-2019.

On January 16, 2014, we filed an updated technical report (the "January 2014 Technical Report") prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administration ("NI 43-101") for the Mt. Hope Project, estimating molybdenum reserves and resources, production, capital and operating cost parameters and project economics. The 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.

The January 2014 Technical Report stated a proven and probable mineral reserve containing 984.6 million tons averaging 0.070% sulfide molybdenum, resulting in 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 (molybdenum pounds contained in Technical Grade Molybdenum Oxide ("TMO"). The proven and probable mineral reserves (eight-phase base plan) stated in the January 2014 Technical Report were developed at a price of $12.00/lb of molybdenum ("Mo"). Since the filing of the January 2014 Technical Report the molybdenum price has declined and the proven and probable mineral reserve has been updated and is shown in the section "Reserves and Mineralized Material" found later in this filing.

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The Mt. Hope Project — the Mt. Hope Lease

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

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

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

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

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

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

Property Description and Location

The Mt. Hope molybdenum 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

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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

For the production of molybdenum, 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, 2018, we have paid $25.6 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 that, based on the revised capital estimate discussed above and the current timeline for the commencement of commercial production, an additional $4.2 million will be due approximately 24 months after the commencement of construction. This amount was accrued as of December 31, 2018. The capital estimates will be subject to escalation as the Company experiences continued delays associated with current market conditions, the permitting process and its ability to seek and obtain full financing for the Mt. Hope Project.

The LLC is also obligated to make a minimum annual advance royalty payment ("Annual Advance Royalty") of $0.5 million each year 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 before late-2022, the Company has also accrued $2.0 million in Annual Advance Royalty payments which will be due in four $0.5 million installments in October 2019, 2020, 2021 and 2022, respectively. The 2018 payment was made on October 19, 2018. 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 molybdenum 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 will be consumed within the first five years of commercial production.

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On February 28, 2018, EMLLC and MHMI entered into an amendment to the Mt. Hope Lease. The amendment primarily concerns non-molybdenum royalty arrangements that are applicable to the copper-silver target and zinc mineralization, discussed below. The amendment provides for net returns production royalties of 4% for all non-molybdenum minerals. With respect to zinc production only, there is the potential to increase the 4% royalty to 5% dependent on increasing zinc prices. These royalties are consistent with other royalty mining practices in Nevada.

Production Royalty

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

(a) MHMI Production Royalty

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

(b) Exxon Production Royalty

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

Mt. Hope 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 the Mt. Hope Lease described above under "—The Mt. Hope Project—The Mt. Hope Lease," into Eureka Moly, LLC ("EMLLC" or "the LLC"), a

in February 2008 entered into a joint venture 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 LLC Agreement, since commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals $36.0 million, since reduced to $33.6 million as discussed below, of its capital contributions ("Return of Contributions"), with no corresponding reduction in POS-Minerals' ownership percentage. Effective January 1, 2015, as part of a comprehensive agreement concerning the release of the reserve account described below, Nevada Moly and POS-Minerals agreed that the Return of Contributions is to be payable 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

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may agree in writing to extend the due date to December 31, 2022. If the repayment date is extended, the unpaid amount will bear interest at a rate per annum of LIBOR plus 5%, which interest shall compound quarterly, commencing on December 31, 2020 through the date of payment in full. Payments of accrued but unpaid interest, if any, shall be made on the repayment date. Nevada Moly may elect, on behalf of the Company, to cause the Company to prepay, in whole or in part, the Return of Contributions at any time, without premium or penalty, along with accrued and unpaid interest, if any.

The original Return of Contributions amount due to POS-Minerals is reduced, dollar for dollar, by the amount of capital contributions for equipment payments required from POS-Minerals under approved budgets of the LLC, as discussed further below. During the period January 1, 2015 to December 31, 2018, this amount was reduced by $2.4 million, consisting of POS-Minerals 20% share of equipment payments, such that the remaining amount due to POS-Minerals is $33.6 million. If Nevada Moly does not fund its additional capital contribution in order for the LLC to make the required Return of Contributions to POS-Minerals set forth above, POS-Minerals has an election to either make a secured loan to the LLC to fund the Return of Contributions, or receive an additional interest in the LLC 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, 2018, the aggregate amount of deemed capital contributions of both parties was $1,088.5 million.

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

Effective January 1, 2015, Nevada Moly and POS-Minerals signed an amendment to the LLC Agreement under which a separate $36.0 million belonging to Nevada Moly, held by the LLC in a reserve account established in December 2012, is being released for the mutual benefit of both members related to the jointly approved Mt. Hope Project expenses into 2021. In January 2015, the reserve account funded a reimbursement of contributions made by the members during the fourth quarter of 2014, inclusive of $0.7 million to POS-Minerals and $2.7 million to Nevada Moly. The remaining reserve account funds are now being used to pay ongoing jointly approved 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. The balance of the reserve account was $6.2 million and $9.9 million at December 31, 2018 and December 31, 2017, respectively.

Exploration of Copper-Silver Target and Zinc Area at Mt. Hope Project

The Company has identified a potential high-grade, copper-silver exploration target along with a significant zinc mineralized area at the Mt. Hope Project site, southeast of the Mt. Hope's molybdenum deposit in central Nevada.

A high-intensity, ground-based Induced Polarization ("IP") survey completed in February 2018 by Quantec Geoscience indicates a fairly continuous group of high chargeability anomalies that appear aligned with the recently identified Cu-Ag Target. These anomalies lie between 100 feet and 1,000-plus feet from the surface and trend northeast for over 1,000 feet. The IP survey indicates that the anomalies could continue further to the north-northeast and to the south where they appear to dip to the east.

To date the preliminary exploration work has been undertaken solely at the expense of General Moly. The Company is presenting the promising findings to its 20% LLC joint venture partner at the Mt. Hope Project, POS-Minerals, and the parties are discussing value-sharing cost/investment options. Any mining operation to exploit economic mineralization at the Mt. Hope Project site will require the approval of POS-Minerals.

Geological review of historic logs and core was completed by Mine Mappers, LLC of Tucson, Arizona to update the geologic interpretation of the skarn area. Mine Mappers reviewed the geologic interpretations in conjunction with the IP results and recommended a 10-hole, 9,400-foot drilling confirmation and exploration program.

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In September 2018, the Company commenced a 10-hole drill program on the patented claims at the Mt. Hope Project. The drilling program is focused on copper-silver-zinc mineralized skarns and designed to confirm and extend the target defined by historical drilling as well as test for extensions of zinc mineralization horizons which were historically mined. The drill program was completed in late 2018. The project will progress toward a goal of completing a Preliminary Economic Assessment in 2019, if warranted by the drilling program results and the availability of funding.

Agreement with AMER

Private Placement

In April 2015, the Company and AMER entered into a private placement for 40.0 million shares of the Company's common stock and warrants to purchase 80.0 million shares of the Company's common stock, priced using the trailing 90-day volume weighted average price ("VWAP") of $0.50 on April 17, 2015, the date the Investment and Securities Purchase Agreement ("AMER Investment Agreement") was signed. General Moly received stockholder approval of the transaction at its 2015 Annual Meeting, and of material amendments to the transaction at a Special Meeting held in December 2017.

On November 2, 2015, the Company and AMER entered into an amendment to the AMER Investment Agreement, utilizing a three-tranche investment. The first tranche of the amended AMER Investment Agreement closed on November 24, 2015 for a $4.0 million private placement representing 13.3 million shares, priced at $0.30 per share, and warrants (the "AMER Warrants") to purchase 80.0 million shares of common stock at $0.50 per share, which will become exercisable upon availability of an approximately $700.0 million senior secured loan ("Bank Loan"). The funds received from the $4.0 million private placement were divided evenly between general corporate purposes and an expense reimbursement account available to both AMER and the Company to cover anticipated Mt. Hope Project financing costs and other jointly sourced business development opportunities. In addition, AMER and General Moly entered into a Stockholder Agreement allowing AMER to nominate a director to the General Moly Board of Directors, and additional directors following the close of Tranche 3, discussed below, and drawdown of the Bank Loan. The Stockholder Agreement also governs amer's acquisition and transfer of General Moly shares. Prior to closing, the parties agreed to eliminate certain conditions to closing. Following the closing, AMER nominated Tong Zhang to serve as a director of the Company, and Mr. Zhang was appointed to the Board of Directors on December 3, 2015. Mr. Zhang was nominated by the Board of Directors to stand for election at the 2018 General Meeting of Stockholders and was elected by the stockholders to serve as a Class II director for a three (3) year term expiring in 2021, subject to re-election.

On October 16, 2017, the Company and AMER announced the closure of the second tranche of the parties' three-tranche financing agreement. At the close of Tranche 2, General Moly issued 14.6 million shares to AMER, priced at the volume weighted average price ("VWAP") for the 30-day period ending August 7, 2017 (the date of the parties' Amendment No. 2 to the AMER Investment Agreement) of $0.41 per share for a private placement of $6.0

million by AMER. $5.5 million of the equity sale proceeds were available for general corporate purposes, while $0.5 million was held in the expense reimbursement account established at the close of Tranche 1 to cover costs related to the Mt. Hope Project financing and other jointly sourced business development opportunities.

The third tranche of the amended AMER Investment Agreement will include a $10.0 million private placement representing 20.0 million shares, priced at $0.50 per share. Completion of the third tranche is conditioned upon the earlier of completion of a joint business opportunity involving use of 10.0 million shares of General Moly stock or the reissuance of water permits for the Mt. Hope Project. After the third tranche of the agreement is completed, AMER may nominate a second director to General Moly's Board of Directors.

The further amended AMER Investment Agreement reaffirms continuation of the strategic partnership formed between the Company and AMER to assist in obtaining full financing for the Mt. Hope Project. The issuance of shares in connection with the third tranche of the AMER Investment Agreement was approved by General Moly stockholders in December 2017 at a Special Meeting of Stockholders.

The Company and AMER have jointly evaluated other potential opportunities, ranging from outright acquisitions, privatizations, or significant minority interest investments with a focus on base metal and ferro-alloy prospects, where the Company would benefit from management fees, minority equity interests, or the acquisition of both core and non-core assets. The Company and AMER have considered but not completed any such transactions to date and we have taken a temporary break in the evaluation of potential opportunities with AMER. From commencement of

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the AMER Investment Agreement in 2015 to September 30, 2018, the Company and AMER have spent approximately $2.5 million from the expense reimbursement account described above in connection with such evaluations.

Bank Loan

AMER has agreed to work cooperatively with the Company upon the return of sustained improved molybdenum prices to procure and support a senior secured term loan ("Bank Loan") of approximately $700 million from a major Chinese bank or banks for development of the Mt. Hope Project, and to provide a guarantee for the Bank Loan.

When documentation is complete and drawdown of the approximately $700 million Bank Loan becomes available, pursuant to the amended warrant agreement described below, the AMER Warrant will become exercisable at $0.50. After drawdown of the Bank Loan, AMER will also be entitled to nominate a third Director to General Moly's Board of Directors. All conditions under the warrant agreement were originally required to be completed no later than April 17, 2017 in order for the AMER Warrant to vest and become exercisable. As the Bank Loan was not available on this date, on April 17, 2017, and again subsequently on June 16, 2017, July 16, 2017, and August 7, 2017, the Company and AMER entered into the First Amendment, Second Amendment, Third Amendment, and Fourth Amendment (the "Warrant Amendments") to the AMER Warrant. With the Fourth Amendment, the Company and AMER agreed to extend the deadline for satisfaction of all conditions to vesting of the AMER Warrant to the third anniversary of the re-issuance of the ROD for the Mt. Hope Project, as discussed below in Note 12, anticipated mid-2019.

Molybdenum Supply Agreement

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

Permitting

Permitting Process Overview

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

Environmental Evaluations

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 Nevada Department of Environmental Protection ("NDEP") have requirements to profile existing conditions and to evaluate what effects will result from developing the Mt. Hope Project.

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

Mt. Hope Permitting Requirements

The Mt. Hope Project requires both federal and state of Nevada permits before construction and operations can commence. Major permits required for the Mt. Hope Project include the ROD, a BLM issued permit, water appropriation permits from the Nevada Division of Water Resources, the Water Pollution Control ("WPC") permit and Reclamation Permit from the NDEP—BMRR, received in November 2012, and an Air Quality Permit ("AQP") from the NDEP—Bureau of Air Pollution Control ("BAPC"), received in May 2012. We continue to comply with the conditions of these permits and update or renew them as appropriate.

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The BLM prepared an EIS analyzing the environmental impacts of the Mt. Hope Project and alternatives in accordance with the National Environmental Policy Act (“NEPA”). Upon completion and approval of the EIS, in November 2012, the BLM issued the initial ROD for the Mt. Hope Project, authorizing development of the Mt. Hope Project, since vacated by the U.S. Court of Appeals for the Ninth Circuit in December 2016, discussed below. On April 23, 2015, the BLM issued a Finding of No Significant Impact (“FONSI”) supporting their Decision to approve an amendment to the PoO. The ROD and FONSI/Decision approve the PoO and amended PoO, respectively, for construction and operation of the mining and processing facilities and also grant the Right-of-Way, and amended Right-of-Way, respectively, for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the initial ROD and FONSI, developed in collaboration with the regulatory agencies involved throughout the permitting process, will avoid, minimize, and mitigate environmental impacts, and reflect the Company’s commitment to be good stewards of the environment. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

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, and on February 20, 2013 filed a Motion for Preliminary Injunction. The District Court allowed the LLC to intervene in the matter.

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

On July 23, 2014, the 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.

Thereafter, on September 22, 2014, the Plaintiffs filed their notice of appeal to the U.S. Court of Appeals for the Ninth Circuit (“Ninth Circuit”) of the District Court’s dismissal. Oral argument of the parties before the Ninth Circuit was completed on October 18, 2016. On December 28, 2016, the Ninth Circuit issued its Opinion rejecting many of the arguments raised by the Plaintiffs challenging the Environmental Impact Statement ("EIS") completed for the Mt. Hope Project, but issuing a narrow reversal of the BLM's findings related to air quality analysis. Because of this technical deficiency, the Court vacated the ROD, and the BLM is conducting additional evaluation of air quality impacts and resulting cumulative impact analysis under the NEPA and an SEIS will be prepared. The SEIS will disclose additional information to the public related to the selection of appropriate background concentrations to use for dispersion modeling of air pollutants and information related to public water resources. Because the SEIS must be prepared in accordance with the NEPA guidelines, the SEIS process will include three publications in the Federal Register, each of which may take several weeks to process. The first of these publications is the Notice of Intent

("NOI") which declares the BLM's intent to prepare the SEIS. The NOI was published in the Federal Register on July 19, 2017. On March 6, 2019, the BLM published the Notice of Availability ("NOA") in the Federal Register, commencing a 45-day public comment period. Upon completion of the public comment period, we will continue to work with the BLM to receive a new ROD, anticipated later in 2019, authorizing the eventual construction and operation of the Mt. Hope Project.

Environmental regulations related to reclamation require that the cost for a third-party contractor to perform reclamation activities on the minesite be estimated. In October 2015, we submitted a request to the BLM to reduce our reclamation liability to current surface disturbance. Simultaneously, we submitted an application to NDEP-BMRR to modify the Reclamation Permit to reflect this reduced reclamation liability. On October 26, 2015, NDEP-BMRR approved the proposed permit modification, including the reduced reclamation liability amount. On December 21, 2015, BLM approved the updated reclamation liability estimate, reducing the reclamation liability to approximately $2.8 million. We worked with the LLC's reclamation surety underwriters to satisfy the reduced $2.8 million financial guarantee requirements under the approved amended PoO for the Mt. Hope Project. As of December 31, 2018, the surety bond program is funded with a cash collateral payment of $0.3 million.

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

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located near the town of Eureka, Nevada and extend it approximately 25 miles to the planned Mt. Hope Substation. The PUCN permit allows the LLC to build the transmission infrastructure in a timely manner and provide the necessary capacity to power construction activities and Mt. Hope Project operations. Construction of the transmission line will also include upgrades to the existing Machacek Substation near Eureka that will improve the reliability of electrical power to the community. At full production, the Mt. Hope Project will have a total electrical demand load of approximately 75 megawatts. Transmission capacity will be secured using a network services agreement and the LLC will negotiate for generating capacity prior to the Mt. Hope Project commissioning activities, which will be available once the power line is constructed and energized.

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

Environmental regulations related to reclamation require that the cost for a third-party contractor to perform reclamation activities on the mine site be estimated. The BMRR administers the program for the WPC Permit, which is 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 WPC Permit requires renewal every five years. We received the WPC Permit in November 2012, and have submitted the renewal application of the WPC Permit and have received the renewed WPC permit.

Reclamation Permit —Nevada Division of Environmental Protection—Bureau of Mining Regulation and Reclamation and Bureau of Land Management

The BMRR administers the program for the Reclamation Permit, which is required for the Mt. Hope Project. The Reclamation Permit approves the proposed reclamation methods, specifies reclamation objectives, and requires bonding based on the reclamation cost estimate. Environmental regulations require that the reclamation cost estimate be based on the cost for a third-party contractor to perform the approved reclamation activities. We received the Reclamation Permit in November 2012. Regulations also require that the reclamation cost estimate be updated every three years. BMRR and BLM are jointly responsible for review and approval of the reclamation cost estimate. The three-year update has been submitted to BMRR and BLM and is undergoing review. The reclamation permit remains valid while the reclamation cost estimate is being reviewed.

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

The Nevada BAPC regulations categorize permit types as Class 1 or Class 2, based on the estimated emissions amounts. The Mt. Hope Project is subject to a Class 2 permit (smaller emissions) based on emissions estimates. The permit application included an emissions inventory and dispersion modeling to demonstrate that emissions from the project will not exceed established air quality standards. Emissions are primarily associated with the crush/grind

circuit (particulate matter) and the roaster (sulfur oxides). Roaster emissions will be controlled with a 99.7% estimated removal efficiency for sulfur oxides. We received the Air Quality Permit ("AQP") in May 2012.

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

Water Rights Considerations

In July 2011, the Nevada State Engineer ("State Engineer") approved our applications for new appropriation of water for mining and milling use, and applications to change existing water from agricultural use to mining and milling use for the Mt. Hope Project. Subsequently, the State Engineer granted water permits associated with the approved applications and approved a Monitoring, Management and Mitigation Plan ("3M Plan") for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of water rights holders in Diamond Valley and Kobeh Valley appealed the State Engineer's decision granting the water permits to the Nevada State District Court ("District Court") and then filed a further appeal to the Nevada Supreme Court challenging the District Court's decision affirming the State Engineer's decision to approve the applications and grant the water permits. In June 2013, the appeal was consolidated by the Nevada Supreme Court with an appeal of the State Engineer's approval of the 3M Plan filed by two water rights holders. The District Court previously upheld the State Engineer's approval of the 3M Plan and the two parties subsequently appealed the District Court's decision to the Nevada Supreme Court.

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

On September 27, 2017, the Nevada Supreme Court affirmed a March 4, 2016 District Court Order vacating the 3M Plan, denying the water applications and vacating the permits issued by the State Engineer in July 2011 and June 2012. This decision of the Nevada Supreme Court is final, and not subject to further appeal.

After the Company received this final decision from the Nevada Supreme Court, it proceeded with new applications to change existing agricultural irrigation and mining/milling water rights owned by the Company to use at the Mt. Hope Project. These new change applications were filed with the State Engineer in 2015 and 2016 while the above described appeals were pending before the Nevada Supreme Court. Originally, these applications and other new appropriation applications were to be addressed at a pre-hearing conference scheduled on August 25, 2016 before the State Engineer. These applications were the subject of Writ of Prohibition or Mandamus ("Writ") filed by Eureka County on August 23, 2016 to the Nevada Supreme Court seeking the Supreme Court's intervention to stop further action by the State Engineer while the appeal discussed above was pending. On December 22, 2017, the Nevada Supreme Court denied Eureka County's Writ Petition. As a result, the State Engineer allowed a pre-hearing conference held on January 24, 2018. At the pre-hearing conference the State Engineer and his hearing officer scheduled review of the new change applications for a hearing that occurred on September 11, 2018 in Carson City, Nevada.

On January 2, 2018, Eureka County, and later joined by the other two protestants representing a rancher in Kobeh Valley and a ranching group in Diamond Valley, filed a motion to dismiss with the State Engineer asserting that our applications were precluded from review and approval asserting that they were repetitive of applications denied previously by the Nevada Supreme Court. On March 26, 2018, the State Engineer issued a non-final order denying the motion to dismiss finding that the applications to be reviewed at the upcoming hearing were not identical issues and that further consideration of the motion could be taken at the hearing. On May 14, 2018, Eureka County, joined by the other protestants filed a Writ to the Nevada Supreme Court and later a Motion to Stay the September hearing date, asserting that the denial of the Motion to Dismiss was erroneous and that the Nevada Supreme Court should order that the applications be denied and/or the hearing should be delayed until the Nevada Supreme Court can consider the Writ and underlying motion to dismiss. We filed our objection on June 27, 2018. On August 30, 2018, the Nevada Supreme Court denied the Writ, permitting the hearing before the Nevada State Engineer to proceed on September 11, 2018.

On the second day of the September hearing, all protest issues raised by Eureka County and the Diamond Natural Resources Protections & Conservation Association ("DNR") concerning the Mt. Hope water rights applications were resolved through a Stipulation, Settlement Agreement and Withdrawal of Protest ("Settlement"). After Eureka County

and DNR were excused, the hearing continued with evidence addressing concerns raised by another protestant representing a Kobeh Valley ranching family and cattle company that refused to participate in the Settlement. At the public hearing, the Company presented expert testimony in support of its augmentation and monitoring plan to the Nevada State Engineer, which will protect senior water rights in the Kobeh Valley basin when the Company commences construction and operation of its proposed molybdenum project near the town of Eureka, Nevada.

The hearing concluded on September 21, 2018. The Company anticipates a decision on its water applications from the Nevada State Engineer in mid-2019.

Key Terms of Settlement

Under the terms of the Settlement with Eureka County and the DNR, the Company agreed to convey all related water rights for Mt. Hope Project at the future cessation of all mining activity to assist Eureka County and the DNR's efforts to mitigate the pre-existing effects of agricultural groundwater pumping in Diamond Valley. Furthermore, upon construction of certain power infrastructure and grants of right of way by the Company at the Mt. Hope Project, the Company will work cooperatively with Eureka County to allow use of and access to such infrastructure to lessen the pre-existing effects of Diamond Valley groundwater pumping. Eureka County and the Company also agreed to work cooperatively to seek opportunities to improve and implement groundwater monitoring efforts.

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In addition, the Company withdrew its protests to Eureka County's pending applications with the Nevada State Engineer to appropriate water from the Kobeh Valley basin, and at the request of DNR, the Company also agreed to publicly support the proposed Diamond Valley Ground Water Management Plan currently pending before the Nevada State Engineer.

Upon receipt of the water permits, the LLC agreed to increase its financial contributions to the existing Sustainability Trust Agreement with the Eureka Producers' Cooperative ("EPC") in Diamond Valley. Eureka Moly paid $50,000 to EPC upon execution of the Settlement, and will make a second payment of $50,000 after receipt of the water permits.

Additional contributions of $750,000 each will be made after the commencement of molybdenum production at the Mt. Hope Project and on the one-year anniversary of production, for a total contribution obligation to the Sustainability Trust of $5.6 million, an increase of $1.6 million related to the terms of the Settlement. The amount has been accrued under mining properties, land, and water rights in the Company's financial statements in addition to the previously accrued $4.0 million resulting in a total accrual of $5.6 million.

The Sustainability Trust is tasked with developing and implementing programs that will serve to slow groundwater drawdown and thereby improve the sustainability of the agricultural economy in the Diamond Valley Hydrographic Basin.

Equipment and Supply Procurement

Through December 31, 2018, the LLC has made deposits and/or final payments of $88.1 million on equipment orders.

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. Since that time, the LLC has renegotiated the timelines for truck delivery and delayed deliveries into December 2019. 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. Since that time, the LLC has renegotiated the contract to further delay delivery into December 2019. 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. Since that time, the parties have agreed to extend the letter of intent through December 31, 2019.

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.

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Local Resources and Infrastructure

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

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" above 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 mine site and will provide improved cellular service to the surrounding community.

Physiography

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

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

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

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

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

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

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

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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

Mt. Hope 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. Exxon retains a perpetual 1% royalty interest, as discussed above in "—Description of the Mt. Hope Project—Royalties, Agreements and Encumbrances—Production Royalty."

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

Geology

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

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

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

Mineralization

The main form of molybdenum mineralization that occurs within the orebody is molybdenite (MoS_2 - 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

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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.

Exploration

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

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

Ore to Be Mined

The table below summarizes the ore grades we would expect to mill under an $8.00/lb Mo open pit design:

Mill Feed Ore Statistics

Category	Ktons	Average Grade Sulfide Mo%	Mo Recovery %
Ore in Years 1-5	120,736	0.094	89.8
Ore in Years 1-10	242,441	0.086	89.5
Ore Life of Mine	367,385	0.079	89.3

Based on these estimates, from the inception of production through year 16, the mill will process 367 million tons of ore at an average ore grade of 0.079% sulfide molybdenum ("sulfide Mo"). Waste material totaling 818 million tons will also be mined and stockpiled on site.

If the molybdenum price is above $12.00/lb, the Mt. Hope Project will operate under a $12.00/lb Mo open pit design. Based on this design, from the inception of production through year 34, the mill would process 820 million tons of ore at an average ore grade of 0.076% sulfide Mo. During the active mining period, low-grade ore totaling 165 million tons with an average ore grade of 0.039% sulfide Mo will be stockpiled for later feed into the mill from years 34 through 41. Waste material totaling 1.7 billion tons will also be mined and stored on site.

During the first thirteen years of production, there would be no meaningful change in ore tonnage and grades between the $8.00 and $12.00 designs. The divergence would come in later years resulting in the economic processing of lower grade ores at higher molybdenum prices.

Mining

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

Ore will be hauled directly to the crusher at the southeast side of the pit. Waste will be delivered to one of four waste sites located around the mine. One low grade stockpile will be located to the east of the pit. The low-grade material will be re-handled and processed through the plant following the initial mining of higher grade ore.

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Process Overview

The process circuit will include:

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

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

· Flotation Circuit—Following the grinding circuit, the ore will be processed in a conventional flotation plant. The molybdenum ore will be treated through two banks of rougher/scavenger flotation, one stage of first cleaners followed by regrind, and six additional stages of cleaner flotation. Some molybdenum concentrates with higher levels of included metals will be treated through a concentrate leach facility to produce the cleaned, final molybdenum concentrate. Metallurgical results have indicated that an estimated mill recovery of approximately 89% is achievable across grades ranging from 0.04% through 0.10% 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 gypsum generated by the scrubber) per year. The tailing storage facility layout provides for the construction of one tailing impoundment that could contain approximately 30 years of operations. The tailing impoundment will be constructed with plastic liners to provide for groundwater protection.

Reserves and Mineralized Material

Based on the $8.00/lb Mo pit design, the current statement of proven reserves totals 177.5 million tons of ore at an average grade of 0.094% molybdenum and probable reserves totaling 189.8 million tons of ore at an average grade of 0.066% molybdenum, as summarized below:

Statement of Reserves and Mineralized Material

Units = Short Tons

Reserves

Cutoff Grade		Proven Reserves			Probable Reserves			Proven+Probable Reserves		
			Grade			Grade			Grade	
Sulfide Mo		Ktons	Sulfide Mo		Ktons	Sulfide Mo		Ktons	Sulfide Mo	
0.039	%	177,537	0.094	%	189,848	0.066	%	367,385	0.080	%

Additional Mineralized Material

Cutoff Grade	Mineralized Material		
		Grade	
Sulfide Mo	Ktons	Sulfide Mo	
0.025	682,460	0.061	%

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Footnotes to Statements of Reserves and Mineralized Material

The Company tabulated reserves at a cutoff grade of 0.039% sulfide Mo and a pit design based on a price of $8.00/lb of contained molybdenum as saleable molybdenum tri-oxide ("TMO"). As of December 31, 2018, the 4 year backward average price (2014-2018) for molybdenum was $8.32/lb, as reported by Platts. As of March 12, 2019, the spot price was $12.70/lb. The 4 year forward looking nominal average price (2019-2022) forecast by the CPM Group (a leading commodities research and consulting firm) is $15.67/lb. Average the past 4 years and the future 4 years yields $11.94/lb. At this average price, the estimated mineral sales from the $8.00/lb molybdenum pit mine plan generates a positive non-discounted, forward-looking cash flow. Consequently, the $8.00/lb reserve pit design is again maintained.

The reserve at the Mt. Hope Project is based on a revised, non-optimized mine plan and production schedule, which was supervised by John M. Marek, P.E., President, Independent Mining Consultants, as a Qualified Person. Mr. Marek also served as the Qualified Person for the January 2014 Technical Report entitled "Mount Hope Project, Form 43-101F1 Technical Report Feasibility Study, January 15, 2014" and, among other, was specifically responsible for Chapter 14 Mineral Resource Estimates and Chapter 15 Mineral Reserves.

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 the reserve pit. Mine planning utilized conventional mine equipment to prepare mine cost estimates.

Mineralized material is tabulated within the $12.00/lb pit outline that defined the previous reserves in January of 2014. The additional mineralized material is proven and probable category above a 0.025% Sulfide Mo cutoff that is inside of the historic $12.00/lb Mo pit but does not include the reserve material contained in the $8.00/lb Mo pit.

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 89.3% for the life of mine. The molybdenum roaster recovery was held constant at 99.2%.

Capital & Operating Cost Estimates

Presently, the development of the Mt. Hope Project has a Project Capital Estimate of $1,312 million, which includes development costs of approximately $1,245 million and $67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of

2012 and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and remains currently designed at approximately 65% engineering completion, with solid scope definition. The pricing associated with this estimate remains subject to escalation associated with equipment, construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as financing activities for construction of the Mt. Hope Project are delayed and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2018, the LLC spent approximately $295.1 million of the estimated $1,312 million on development of the Mt. Hope Project.

The LLC's Project Operating Cost Estimate (for the $8.00/lb mineral reserve) forecasts molybdenum production of 41 million pounds per year for the first five years of operations at estimated average direct operating costs of $6.16 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 $6.84 per pound for the first 5 years. For a reconciliation of direct operating costs, a non-GAAP measure, to CAS, see "—Production and Operating Cost Estimates" below. These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation.

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

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

Furthermore, ongoing replacement and sustaining mine equipment and process plant capital over a $12.00/lb Mo pit 41-year operating life is currently estimated to be approximately $786 million (in 2013 dollars). For a shorter mine life of 16 years ($8.00 pit), the sustaining capital would be $222 million. These amounts exclude 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

In the first half of 2018, molybdenum prices were bell-shaped as it rose from $10.25/lb at the end of 2017, reached 2018 high of $13.00/lb in March and then decreased to the low for 2018 of $10.60/lb at the end of June, according to Platts. The molybdenum price remained volatile through the second half of 2018, increased to $12.38 in early December before retreating to end 2018 at $11.88/lb. The March 12, 2019 molybdenum price was $12.70/lb, 21 percent higher than year-end 2017, based on Platts' data.

Further details are described in "Molybdenum Market Update" below.

In its February 2019 Molybdenum Quarterly publication, CPM forecasts average nominal prices for molybdenum to increase from $13.36/lb in 2019 to $17.67/lb in 2022.

Production and Operating Cost Estimates

Production over the life of the Mt. Hope Project is estimated to be 517 million pounds of saleable molybdenum on a 100% basis ($8.00/lb reserve). Average yearly production over the first full five years is estimated at 41 million pounds of molybdenum. Direct operating costs for the Mt. Hope Project over the first full five years of operation are anticipated to average $6.16 per pound, using $90 per barrel oil equivalent energy costs, and Costs Applicable to Sales ("CAS") per pound over the first full five years of operation, including anticipated royalties calculated at $15 per pound molybdenum, are anticipated to average $6.84 per pound. Life of mine CAS are estimated to be approximately $7.61 per pound of molybdenum at $90 per barrel oil, inclusive of anticipated royalty payments calculated at $15 per pound molybdenum. These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation. The Company will update the operating cost projections with new commodity pricing adjustments at the time of project construction restart.

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

Description	First Five Years	Life of Mine
Direct operating costs	$ 6.16	$ 6.84
Royalty payments (1)	0.68	0.77
Total CAS	$ 6.84	$ 7.61

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

These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation. The U.S. Bureau of Labor Statistics "Producer Price Index by Commodity for Intermediate Demand by Commodity Type: Processed Goods for Intermediate Demand" (WPSID61) dropped from a value of 200.0 in 2013 to 196.2 as of December 2017, indicating that our capital and operating cost estimates are still valid and conservative.

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. We later purchased all outstanding mineral claims associated with this property that were not previously owned by us thus giving the Company 100% control over all mineral rights within the boundary of the property, as well as claims on BLM property adjacent to the patented grounds.

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