

26 June 2013
ASX Limited
Exchange Plaza
2 The Esplanade
Perth, WA 6000

MINE GATE SALE UNCONDITIONAL

UPDATE ON COMPANY STRATEGY- FOCUS ON COPPER AND GOLD

Moly Mines Limited (ASX/TSX: MOL) (Company) is pleased to provide the following update.

Following the approval of the Company's shareholders obtained at today's General Meeting, the mine gate sale agreement for iron ore produced at the Company's Spinifex Ridge Iron Ore Mine with Mineral Resources Limited (ASX: MIN) (MRL) (Transaction), has become unconditional. The Company and MRL have agreed that the Transaction will take effect from 1 July 2013.

Under the Transaction, the Company's wholly owned subsidiary Moly Metals Australia Pty Ltd (MMA) will sell ore from the Spinifex Ridge Iron Ore Mine to MRL at the mine gate. MRL will pay MMA a purchase price calculated on the basis of an agreed minimum product tonnage. The actual minimum product tonnage will be determined on the basis of the tonnage available under the current mine plan as at 1 July 2013. Based on current estimates the purchase price will total approximately A\$38 million. This price is payable in two installments, mostly by a substantial upfront payment and the remainder by a final payment once the economic life of the Spinifex Ridge Iron Ore Mine has been exhausted. The upfront payment will be payable in cash or MIN shares at MRL's election on 12 July 2013. MRL has informed the Company that it intends to pay in cash. The final payment is subject to adjustments to reflect the quantity and quality of iron ore mined during the term of the mine gate sale agreement.

After settlement of the Transaction, the Company will have a significant cash and liquid assets position of at least A\$80 million (equivalent to approximately 21 cents per share on a fully diluted basis).

The Company will continue to actively look for merger and acquisition opportunities and specifically for copper and gold assets. Current market volatility, combined with a strong balance sheet, puts our Company in a strong position to acquire projects. The focus will be on near term production assets where the Company's surplus cash can be applied in the short term. The Company would seek to avoid high sovereign risk jurisdictions. The ultimate objective, however, is to find an appropriate project for the Company, which means that the criteria will not be rigidly applied.

The Company also advises that its Chief Financial Officer, Mr. John McEvoy, has been appointed Company Secretary effective today. The Company's current General Counsel & Company Secretary, Mr. Martijn Bosboom, will leave the Company and cease as Company Secretary on 28 June 2013. The Company would like to thank Mr. Bosboom for his valuable contribution.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Collis Thorp', with a stylized flourish at the end.

Collis Thorp
Acting Chief Executive Officer