

General Moly, Inc
Form 10-K
March 02, 2011
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2010

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

For the transition period from to

Commission file number: 001-32986

GENERAL MOLY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

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

1726 Cole Blvd., Suite 115

Lakewood, CO
(Address of principal executive offices)

80401
(Zip Code)

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

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

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

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

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

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

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As of June 30, 2010, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$163,728,125 based on the closing price as reported on the NYSE Amex.

As of February 28, 2011, 90,590,011 shares of the registrant's common stock, par value of \$0.001 per share, were outstanding.

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, 2010 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, GMI and the Company refer to General Moly, Inc. and its consolidated subsidiary Eureka Moly, LLC.

We are a development stage company in the business of the exploration, development and mining of properties primarily containing molybdenum. Our primary asset is an 80% interest in the Mt. Hope Project (Mt. Hope Project), a primary molybdenum property, located in Eureka County, Nevada. The Mt. Hope Project has contained proven and probable molybdenum reserves totaling 1.3 billion pounds (1.1 billion pounds owned by GMI) of which 1.1 billion pounds (0.9 billion pounds owned by GMI) are estimated to be recoverable. In 2006, we acquired a second significant molybdenum project, the Liberty Property (Liberty Property), located in Nye County, Nevada which we own 100%. The Liberty Property is anticipated to become our second molybdenum operation, after completion of the Mt. Hope Project, with initial production dependent on market conditions.

Mt. Hope Project. In August, 2007, we completed a Bankable Feasibility Study (Bankable Feasibility Study or BFS) that provided data on the viability, expected economics, and production and cost estimates of the project. Since publication of the BFS, we have revised several estimates, based primarily on engineering progress, which is currently 60% complete. 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 .

Estimated costs for construction, equipment, owners cost, pre-stripping and contingency are \$1,039.3 million. Additionally, financial assurance and pre-paid items are estimated at \$114.6 million, resulting in a total Project Capital Estimate of \$1,153.9 million. These amounts do not include financing costs or amounts necessary to fund operating working capital. Through December 31, 2010, we have made deposits of \$68.4 million on \$116.2 million in equipment orders, have spent approximately \$90.2 million for the development of the Mt. Hope Project and have pre-paid \$12.0 million into an escrow arrangement for electricity transmission services.

Our Project Operating Cost Estimate projects (on a 100% basis) molybdenum production of approximately 40 million pounds per year for the first five years of operations at projected average direct operating costs of \$5.29 per pound, based on \$80 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 \$6.00 per pound. We currently estimate that, for each \$10 per barrel change in oil-equivalent energy costs, the Mt. Hope Project's direct operating costs will change by approximately \$0.10 per pound.

Processed ore grades are expected to average 0.103% over the first five years. The mine is anticipated to have a 44-year life with 32 years of open pit mining and processing operations followed by 12 years of processing lower grade stockpiled ore.

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The Company continues to operate under a cash conservation plan implemented in March 2009 designed to reduce expenditures and conserve cash in order to maximize financial flexibility. With our December 31, 2010 cash balance of \$53.6 million and early 2011 receipt of \$19.1 million in warrant exercise proceeds, we have the capacity to continue our current level of permitting efforts and secure and hold critical long lead equipment for the ultimate construction of the Mt. Hope Project through the end of 2011 without accessing new sources of financing while maintaining the current cash conservation strategy.

We anticipate that the Draft Environmental Impact Statement (DEIS) will be released for publication during the second quarter of 2011, followed by publication in the Federal Register in the third quarter, and receipt of the Record of Decision (ROD) six to nine months after publication. We plan to restart procurement and engineering efforts during 2011 as key milestones in the permitting process are reached and do not expect to generate revenues from operations before production of molybdenum begins at the Mt. Hope Project. Once financing is obtained and the major operating permits and the ROD from the United States Bureau of Land Management (BLM) are effective, it is expected that Mt. Hope can be constructed and in production within 20 months.

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From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project into a newly formed entity, Eureka Moly, LLC, a Delaware limited liability company (LLC), and in February 2008 (Closing Date) entered into an agreement (LLC Agreement) for the development and operation of the Mt. Hope Project with POS-Minerals Corporation (POS-Minerals) an affiliate of POSCO, a large Korean steel company. Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through a wholly-owned subsidiary, owns an 80% interest. These ownership interests and/or required contributions under the LLC Agreement can change as discussed below.

Pursuant to the terms of the LLC Agreement, POS-Minerals made its first and second cash contributions to the LLC totaling \$100.0 million during the year ended December 31, 2008 (Initial Contributions). Additional amounts will be due from POS-Minerals within 15 days after the date (ROD Contribution Date) that specified conditions (ROD Contribution Conditions) have been satisfied. The ROD Contribution Conditions are the receipt of major operating permits for the project, that the ROD from the BLM for the Mt. Hope Project has become effective, and any administrative or judicial appeals with respect thereto are final. We are currently targeting the effectiveness of the ROD and the satisfaction of the other ROD Contribution Conditions to occur six to nine months after publication of the DEIS, but circumstances beyond our control, including delays by reviewing agencies and requests for additional information and studies, and requests for review or appeals of the BLM decision, could cause the effectiveness of the ROD and/or the satisfaction of the other ROD Contribution Conditions to be delayed.

To maintain its 20% interest in the LLC, POS-Minerals will be required to make an additional \$56.0 million contribution plus its 20% share of all Mt. Hope Project costs incurred from the Closing Date to the ROD Contribution Date within 15 days after the ROD Contribution Date. If POS-Minerals does not make its additional \$56.0 million contribution when due after the ROD Contribution Date, its interest will be reduced to 10%.

In addition, as commercial production at the Mt. Hope Project will not occur by December 31, 2011, the LLC may be required to return to POS-Minerals \$36.0 million of its contributions to the LLC, with no corresponding reduction in POS-Minerals' ownership percentage. Based on our current plan and assuming POS-Minerals has made its additional \$56.0 million contribution, a payment to POS-Minerals of \$36.0 million will be due 20 days after the commencement of commercial production, as defined by the LLC Agreement. If POS-Minerals does not make its additional \$56.0 million contribution when due, no return of contribution is required by us. Our wholly-owned subsidiary and 80% owner of the LLC, Nevada Moly, LLC (Nevada Moly), is obligated under the terms of the LLC Agreement to make capital contributions to fund the return of contributions to POS-Minerals, if required. If Nevada Moly does not make these capital contributions, POS-Minerals has an election to either make a secured loan to the LLC to fund the return of contributions, or receive an additional interest in the LLC of approximately 5%. In the latter case, our interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC (Dilution Formula). At December 31, 2010, the aggregate amount of deemed capital contributions of both parties was \$880.0 million.

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

The Initial Contributions of \$100.0 million that were made by POS-Minerals during 2008 were expended by the second quarter of 2009 in accordance with the program and budget requirements of the Mt. Hope Project. Nevada Moly is required, pursuant to the terms of the LLC Agreement, to advance funds required to pay costs for the development of the Mt. Hope Project that exceed the Initial Contributions until the ROD Contribution Date, at which point the contributions described above to be made by POS-Minerals will be applied to reimburse us for POS-Minerals' share of such development costs. All costs incurred after the ROD Contribution Date will be allocated and funded pro rata based

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on each party's ownership interest. The interest of a party in the LLC that does not make its pro rata capital contributions to fund costs incurred after the ROD Contribution Date is subject to dilution based on the Dilution Formula.

Securities Purchase Agreement with Hanlong (USA) Mining Investment Inc.

On March 4, 2010, we signed a Securities Purchase Agreement (the "Purchase Agreement") with Hanlong (USA) Mining Investment, Inc. ("Hanlong"), an affiliate of Sichuan Hanlong Group, a large privately held Chinese company. The

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Purchase Agreement and the related agreements described below form the basis of a significant investment by Hanlong in the Company that is intended to provide the Company with adequate capital to develop the Mt. Hope Project. The Purchase Agreement provides for the sale to Hanlong of shares of our common stock in two tranches that will aggregate 25% of our outstanding stock on a fully diluted basis. The average price per share, based on the anticipated number of shares to be issued, is \$2.88 for an aggregate price of \$80.0 million. The Company's stock closed at a price of \$2.60 per share on the NYSE Amex on the day the agreement was signed. The share issuance is part of a larger transaction that includes the commitment by Hanlong to use its commercially reasonable efforts to procure a \$665.0 million bank loan for the Company (the Term Loan) from a prime Chinese bank that will be guaranteed by an affiliate of Hanlong, a \$20.0 million bridge loan (the Bridge Loan) from Hanlong to the Company, and a long-term molybdenum supply off-take agreement pursuant to which a Hanlong affiliate will agree to purchase a substantial part of the molybdenum production from the Mt. Hope Project at specified prices.

The Purchase Agreement

Stock Purchase. The Purchase Agreement provides, subject to terms and conditions of the Purchase Agreement, for the purchase by Hanlong for an aggregate price of \$80.0 million, of approximately 27.6 million shares of our common stock which will equal 25% of our outstanding common stock on a fully-diluted basis following the purchase, or approximately 38.3% of our outstanding common stock at the time the transaction was announced. Fully diluted is defined as all of our outstanding common stock plus all outstanding options and warrants, whether or not currently exercisable.

On July 30, 2010, the Company and Hanlong executed an amendment to the Purchase Agreement extending the deadline for obtaining Chinese government approvals by two months to October 13, 2010, as well as extending the Company's deadline for publishing its Draft Environmental Impact Statement (DEIS) and receiving its ROD to February 28, 2011 and November 30, 2011, respectively. Hanlong received Chinese government approvals for equity investment from the National Development and Reform Commission and the Ministry of Commerce (MOFCOM) on October 8, 2010 and October 12, 2010, respectively. Hanlong filed the MOFCOM approval with the State Administration of Foreign Exchange on October 12, 2010, fulfilling Hanlong's Chinese government approval obligations.

On October 26, 2010, the Company and Hanlong executed a second amendment to the Purchase Agreement setting the closing of Hanlong's purchase of the first tranche of equity in the Company on December 20, 2010. The parties agreed that the publication of the Mt. Hope Project's DEIS was no longer a condition precedent to Hanlong's first tranche equity investment. Timely publication of the DEIS does, however, remain a requirement of the entire agreement, and, in conjunction with this amendment, the required date for DEIS publication has been extended to May 31, 2011 from February 28, 2011. See *Break Fees* below for additional discussion on the potential penalties incurred if DEIS publication occurs after May 31, 2011.

On December 20, 2010, Hanlong completed the purchase of 12.5% of our fully-diluted shares, or approximately 11.8 million shares (Tranche 1) for \$40.0 million, or approximately \$3.38 per share, following satisfaction of certain conditions, including receipt of stockholder approval of the equity issuances in connection with the transaction, receipt of necessary Chinese government approvals for certain portions of the transaction, assurances from Hanlong as to the availability of the Term Loan, approval of the shares for listing on the NYSE Amex and absence of certain defaults.

The second tranche (Tranche 2), which is anticipated to involve the purchase of approximately 15.8 million additional shares, will be for a purchase price of an additional \$40.0 million, or approximately \$2.53 per share. The actual number of shares and price per share will be adjusted for any change in the number of fully diluted shares before the closing of Tranche 2. Significant conditions to the closing of Tranche 2 include issuance of the ROD for the Mt. Hope Project by the BLM, approval of the plan of operations for the Mt. Hope Project (the POO) by the

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BLM, and the completion of documentation for and satisfaction of conditions precedent to lending under the Term Loan, described below. The Purchase Agreement may be terminated by either party (provided the terminating party is not in default) if the closing of Tranche 2 has not occurred by December 31, 2011, subject to extension under some circumstances to March 31, 2012.

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

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Break Fees. A break fee is payable by both the Company and Hanlong if the Purchase Agreement terminates because of the failure of certain conditions. A break fee of \$10.0 million is payable to the Company if the Purchase Agreement is terminated because Hanlong fails to obtain necessary Chinese government approvals or to give its assurances about the availability of the Term Loan. The Company has agreed to pay \$5 million to Hanlong if the conditions concerning our stockholder approval, the publication of the DEIS or the ROD are not timely satisfied or waived and the Purchase Agreement is terminated. The Company break fees may be increased by \$5.0 million if the Purchase Agreement is terminated and the Company has violated the no-shop provisions of the Purchase Agreement. The break fees may also be increased in other circumstances, not to exceed an additional \$3.0 million if the Company requests and Hanlong grants certain extensions of deadlines concerning the DEIS, and up to an additional \$2.0 million if the Company requests and Hanlong grants certain extensions concerning the ROD. Further to the break fees, the Company must pay a \$2.0 million fee to Hanlong at the granting of an extension concerning the ROD, and such fee will be credited against the arrangement fee described below. The break fee payable by the Company to Hanlong may be paid in cash, or, in certain circumstances, in shares of our common stock at our option. If paid in shares, the price would be the volume weighted average of our common stock on the NYSE Amex for the five days ending six days after the announcement of the termination.

Chinese Bank Loan. Pursuant to the Purchase Agreement, Hanlong is obligated to use its commercially reasonable efforts to procure the Term Loan in an amount of at least \$665.0 million with a term of at least 14 years after commercial production begins at the Mt. Hope Project. The Term Loan will bear interest at a rate of LIBOR plus a spread of between 2% and 4% per annum. The Purchase Agreement provides that the Term Loan will have customary covenants and conditions; however, the terms of the Term Loan have not been negotiated with the lender and we have no assurance as to the final terms of the Term Loan. Hanlong or an affiliate is obligated to guarantee the Term Loan. When funds can be drawn by the Company under the Term Loan, the Company will pay a \$15.0 million arrangement fee to Hanlong who will pay fees and expenses associated with the Term Loan before the Term Loan Closing, including those charged by the Chinese bank.

Bridge Loan

Hanlong has also agreed to provide a \$20.0 million Bridge Loan to the Company which will be available in two equal \$10.0 million tranches. On April 28, 2010, we drew down the first tranche in the amount of \$10.0 million. The second loan tranche became available five business days after receipt of stockholder approval and is subject to the satisfaction of customary conditions. The first tranche of the Bridge Loan bears interest at LIBOR plus 2% per annum. The second tranche of the Bridge Loan will bear interest at 10% per annum and remains undrawn by the Company as of December 31, 2010. The Bridge Loan will be repaid from the proceeds of the Term Loan. If Hanlong agrees, the second tranche may also be repaid, at the Company's election, in shares of the Company's common stock. If paid in shares, the price would be the volume weighted average of the Company's shares on the NYSE Amex for a five-day period after public announcement of the event that required repayment. The Company may offset its right to receive the break fee against its obligations to repay borrowings under the Bridge Loan. If not sooner repaid, the Bridge Loan will mature on the earliest of 120 days after the issuance of the ROD, the date on which the Purchase Agreement terminates, or March 31, 2012. The Bridge Loan and our obligation to pay a break fee to Hanlong under the Purchase Agreement are secured by a pledge by us of a 10% interest in the LLC.

Stockholder Agreement

In connection with the Tranche 1 closing, Hanlong signed a Stockholder Agreement with the Company that limits Hanlong's future acquisitions of our common stock, provides for designation of up to two directors to our Board, and places some restrictions on Hanlong's voting and disposition of our shares.

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After the Tranche 1 closing, Hanlong became entitled to nominate one director to our Board, which right will remain in place so long as it maintains at least a 10% fully diluted interest in the Company. Hanlong nominated Hui (Steven) Xiao to serve on our Board, and he was appointed as a director in February 2011. After the Tranche 2 closing, and so long as Hanlong retains fully-diluted stock ownership of at least 20%, Hanlong will be entitled to nominate a second director. The Company has agreed to assure that each Hanlong nominee is included in the Board's slate of nominees submitted to our stockholders, subject to the Board's fiduciary obligations and compliance by the nominee with applicable law and Company requirements concerning disclosure of information. The Hanlong nominees may also serve on committees for which they are eligible. Following the Term Loan closing and until its guaranty has expired or otherwise been terminated, Hanlong will have the right to appoint one representative to the management committee of the LLC.

Hanlong has also agreed not to purchase additional shares, except as permitted by the Purchase Agreement, without the Company's prior consent following the Tranche 1 closing, and has agreed that it will not solicit proxies, join a group with respect to our equity securities, solicit or encourage an offer from another person for the Company, call a meeting of the

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Company's stockholders or make a proposal to the Company's stockholders, except to the Board. If our Board receives an offer for the Company, for its assets or a merger that the Board determines is in the best interests of the Company's stockholders, Hanlong is required to vote in favor of such a transaction or tender its shares unless it proposes an alternative transaction that our Board determines is more favorable to our stockholders than the offer received.

Under the Stockholder Agreement, Hanlong may not, without the prior written consent of the Board, transfer ownership in the securities if the recipient would acquire beneficial ownership of more than 5% of our common stock as of the date of such transfer. The restrictions on Hanlong's share ownership, voting, disposition and drag-along rights will terminate on the earlier of the time that Hanlong owns less than 12% of our Common Stock, the date that commercial production begins at the Mt. Hope Project, and June 30, 2014.

The equity issuance of the Company's common stock to Hanlong was subject to stockholder approval and was voted on and approved in connection with the Company's annual meeting of stockholders in May 2010.

ArcelorMittal Participation

The Company's November 2007 private placement of 8.257 million shares with ArcelorMittal, the world's largest steel company, included certain anti-dilution rights. Pursuant to those rights, ArcelorMittal had an option to participate in the Tranche 1 and Tranche 2 equity issuances. On April 16, 2010, the Company and ArcelorMittal entered into a Consent and Waiver Agreement (the "Agreement") whereby ArcelorMittal waived its anti-dilution rights with respect to the Company's proposed issuance of stock under the Hanlong investment. ArcelorMittal will retain anti-dilution rights for future issuances of Company stock outside of shares sold under the Hanlong investment. According to public filings, on January 25, 2011, the boards of directors of ArcelorMittal S.A. and APERAM each approved the transfer of the assets comprising ArcelorMittal's stainless and specialty steels businesses from its carbon steel mining businesses to APERAM, a separate entity incorporated in the Grand Duchy of Luxembourg. This transfer included the off-take agreement the Company had in place with ArcelorMittal and the shares of the Company's common stock previously owned by ArcelorMittal.

Liberty Property

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

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

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Since purchasing the Liberty Property, we completed two drilling programs that, combined with previous evaluation work performed by former owners, identified mineralization totaling 433 million tons with an ore grade averaging 0.071% molybdenum and 0.07% copper. In April 2008 we completed a pre-feasibility study outlining project viability, expected economics, and production and cost estimates. In January 2011, the Company announced plans to re-start its evaluation program at the Liberty Property focusing on collecting baseline data for the Nevada State-issued permits, hydro-geological groundwater characterization of the open pit, infill drilling, and logging and assaying prior drill core to improve and update the existing geologic model. The Company anticipates an update to the pre-feasibility study by the end of 2011, including an evaluation of full feasibility study options. These activities will be financed using funds received in early 2011 from the exercise of outstanding warrants.

Other Properties

We also have mining claims and land purchased prior to 2006 which consist in part of (a) approximately 107 acres of fee simple land in the Little Pine Creek area of Shoshone County, Idaho, (b) six patented mining claims known as the Chicago-London group, located near the town of Murray in Shoshone County, Idaho, (c) 265 acres of private land with three unpatented claims in Josephine County, Oregon, known as the Turner Gold project, and (d) an undivided 50% interest in the

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reserved mineral rights known as the Margaret Property and 105 unpatented mining claims comprising the Red Bonanza Property, situated in the St. Helens Mining District, Skamania County, Washington.

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 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 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 is deemed a successor to Idaho General Mines, Inc. Our common stock is traded on the NYSE Amex under the symbol GMO and, in February 2008, the Company began trading on the Toronto Stock Exchange (TSX) under the same symbol. Our registered and principal executive office is located at 1726 Cole Blvd., Suite 115, Lakewood, Colorado 80401 and the phone number for that office is (303) 928-8599.

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

Corporate Strategy and Objective

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

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

- A strong, proven management team with experience in mine development, project financing, and operations.
- The Mt. Hope Project, of which we own 80%, currently in the permitting and development stage, is anticipated to be one of 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 Property has the potential to become a second, significant, molybdenum operation and is wholly-owned by the Company and royalty-free.
- The Mt. Hope Project and the Liberty Property 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 Property have near-by infrastructure for power, access roads, and water and have an environmentally friendly design.
- We have strong international support from the steel industry.
- We anticipate favorable long-term market fundamentals for molybdenum.

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Products

We do not currently produce any products. When the Mt. Hope Project is developed, we expect production (on a 100% basis) of 40 million pounds of molybdenum per year over the first five years on average and approximately 1.1 billion pounds of molybdenum over the expected 44-year life of the project. The Mt. Hope Project will primarily focus on producing Technical Grade Molybdenum Oxide (TMO), which is widely utilized by the steel industry. In the future, we may also consider producing FerroMolybdenum (FeMo), and have designed the Mt. Hope Project plant to accommodate this process, which is also used by the steel industry and would make the Company a more complete supplier to the steelmaking industry. We may also ultimately produce Ammonium Dimolybdate (ADM), which is a chemical used in the manufacture of desulfurizing catalysts for use in petroleum refining.

Molybdenum is a refractory metal with very unique properties. Approximately 70% to 80% of molybdenum applications are in steel making. Molybdenum, when added to plain carbon and low alloy steels, increases strength, corrosion resistance and high temperature properties of the alloy. The major applications of molybdenum containing plain and low alloy steels are automotive body panels, construction steel and oil and gas pipelines. When added to stainless steels, molybdenum imparts specialized corrosion 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, molybdenum dramatically improves high temperature strength, thermal expansion and contraction resistance and resistance to oxidation in such applications as advanced aerospace engine components. The effects of molybdenum additions to steels are not readily duplicated by other elements and as such are not significantly impacted by substitution of other materials.

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

Competitive Conditions

The molybdenum exploration, development and production business is a competitive business. We anticipate competing with numerous producing companies once the Mt. Hope Project achieves production.

The supply of molybdenum comes from both primary molybdenum mines, such as our proposed Mt. Hope Project, and as a byproduct of porphyry copper production. Each source of supply represents approximately 50% of the global 455 million pounds of molybdenum produced annually. Although many companies produce molybdenum, many of which also mine other minerals, approximately two-thirds of global production is concentrated among ten companies.

After we commence production at both our Mt. Hope Project and Liberty Property, our competitive position will be based on the quality and grade of our ore bodies and our ability to manage costs compared with other producers. Our costs are driven by the grade and nature of our ore bodies as well as input costs, including energy, labor and equipment. Our ability to have a competitive position over the long-term will be based on, among other things, our ability to receive necessary permits, successfully finance and develop the Mt. Hope Project and Liberty Property, acquire additional quality deposits, hire and retain a skilled workforce, and manage our costs.

Employees

The Company had a total of 37 employees, including 32 exempt and 5 hourly employees, as of December 31, 2010.

Description of the Mt. Hope Project

Overview

Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project into the LLC, and on the Closing Date entered into the LLC Agreement for the development and operation of the Mt. Hope Project with POS-Minerals. Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through a wholly-owned subsidiary, owns an 80% interest. The discussion in this section **Description of the Mt. Hope Project** is based on the entire project, of which we own an 80% interest.

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The LLC is proceeding with the permitting and development of the Mt. Hope Project. The 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 marketed molybdenum product.

From November 2004 through August 2007 we conducted numerous exploration, drilling and evaluation studies, culminating in the BFS for the Mt. Hope Project. In 2005, we initiated the baseline studies necessary for development of an Environmental Impact Statement (EIS). We completed an initial POO which the BLM accepted in September 2006. In December 2006, the BLM selected an environmental firm to complete the EIS for the Mt. Hope Project. Since that time, the Company has been working with the environmental firm to complete the EIS. The current schedule for the development of the Mt. Hope Project estimates that the DEIS will be released for publication during the second quarter of 2011, followed by publication in the Federal Register in the third quarter, and receipt of the ROD six to nine months after publication.

In addition to working to complete the EIS, the LLC is working to finalize the transfer of water rights to mining use. In October of 2008, we completed a water rights hearing in Carson City, Nevada and in March 2009 were granted our water rights in a ruling by the State Engineer. An appeal of that ruling was granted in April 2010 by a Nevada District Court, overturning the original ruling and remanding the matter for another hearing by the State Engineer. In December 2010, we completed a second water rights hearing in Carson City, Nevada and currently anticipate a ruling by the State Engineer late in the first quarter or during the second quarter of 2011 (see Permitting-Mt. Hope Permitting Requirements-Water Appropriation Permits-Nevada Division of Water Resources below).

On August 19, 2010, the LLC entered into an agreement with the Eureka Producers Cooperative (the EPC) whereby Eureka Moly will fund a Sustainability Trust (the Trust) in exchange for the cooperation of the EPC with respect to Eureka Moly s water rights and permitting of the Mt. Hope Project. The Trust will be tasked with developing and implementing programs that will serve to enhance the sustainability and well-being of the agricultural economy in the Diamond Valley Hydrographic Basin through reduced water consumption, which may include the Trust purchasing and relinquishing water rights in Diamond Valley to help bring the Diamond Valley basin into a more sustainable water balance. The Trust s activities will be governed by a five member Board including one Eureka Moly representative.

The Trust may be funded by Eureka Moly in the amount of \$4.0 million, contributed to the Trust over several years, contingent on the achievement of certain milestones. The achievement of these milestones is considered to be probable as of December 31, 2010. As such, the \$4.0 million has been accrued in the Company s December 31, 2010 financial statements. At least 50% of the contributions would be provided upon receipt of all permits, full financing and the Company s Board of Directors decision to proceed with construction. The remaining payments would be split evenly with one payment due no later than 150 days from the commencement of commercial production at the Mt. Hope Project and the remaining payment due one year thereafter.

In addition to the ROD and the water rights, three state-issued permits are viewed as major environmental permits. These are the Water Pollution Control (WPC) Permit, the Air Quality Permit and the Reclamation Permit. The LLC continues to develop the applications and supporting information for these permits. These permits are anticipated to be received on or before the date that the ROD is received (see Permitting- Mt Hope Permitting Requirements below).

Once financing has become available and the major operating permits and the ROD from the BLM are effective, it is expected that the Mt. Hope Project can be constructed and in production within 20 months.

The Mt. Hope Project the LLC

The Mt. Hope Project is owned and will be operated by the LLC under the LLC Agreement. The LLC currently has a 30-year renewable lease with Mount Hope Mines, Inc. (MHMI) for the Mt. Hope Project (Mt. Hope Lease). 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 unpaten