

General Moly, Inc
Form 10-K
March 13, 2014
Table of Contents

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, 2013

- 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.)

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1726 Cole Blvd., Suite 115

Lakewood, CO
(Address of principal executive offices)

80401
(Zip Code)

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

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

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

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

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

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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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, 2013, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$73,525,424 based on the closing price as reported on the NYSE MKT.

As of March 6, 2014, 91,864,896 shares of the registrant's common stock, par value of \$0.001 per share, were outstanding.

Table of Contents

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be used in connection with its Annual Meeting of Stockholders and to be filed within 120 days of December 31, 2013 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

TABLE OF CONTENTS

	Page
<u>Part I</u>	
<u>ITEMS 1. & 2.</u> <u>BUSINESS AND PROPERTIES</u>	1
<u>ITEM 1A.</u> <u>RISK FACTORS</u>	20
<u>ITEM 1B.</u> <u>UNRESOLVED STAFF COMMENTS</u>	28
<u>ITEM 3.</u> <u>LEGAL PROCEEDINGS</u>	28
<u>ITEM 4.</u> <u>MINE SAFETY DISCLOSURES</u>	29
<u>Part II</u>	
<u>ITEM 5.</u> <u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	29
<u>ITEM 6.</u> <u>SELECTED FINANCIAL DATA</u>	30
<u>ITEM 7.</u> <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	31
<u>ITEM 7A.</u> <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	41
<u>ITEM 8.</u> <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	43
<u>ITEM 9.</u> <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	67
<u>ITEM 9A.</u> <u>CONTROLS AND PROCEDURES</u>	67
<u>ITEM 9B.</u> <u>OTHER INFORMATION</u>	67
<u>Part III</u>	
<u>ITEM 10.</u> <u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	67
<u>ITEM 11.</u> <u>EXECUTIVE COMPENSATION</u>	68
<u>ITEM 12.</u>	68

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE 68

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES 68

Part IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES 68

SIGNATURES 73

Table of Contents

PART I

ITEMS 1. & 2. BUSINESS AND PROPERTIES

The Company

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

We are 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 contains proven and probable molybdenum reserves totaling 1.4 billion pounds (1.1 billion pounds owned by us) of which 1.2 billion pounds (1.0 billion pounds owned by us) are estimated to be recoverable. We received final federal and state of Nevada regulatory approvals in November 2012 and are in the process of obtaining project financing for the Mt. Hope Project. In 2006, we acquired a second significant molybdenum and copper project, the Liberty Property (Liberty Property), located in Nye County, Nevada, which we wholly own. The Liberty Property is anticipated to become our second molybdenum and copper operation, after commencement of commercial production at the Mt. Hope Project, with initial production dependent on market conditions.

Mt. Hope Project

In August, 2007, we completed a Bankable Feasibility Study (Bankable Feasibility Study or BFS) that provided data on the viability, expected economics, and production and cost estimates of the project. Since publication of the BFS, we have revised several estimates, based primarily on engineering progress, which is approximately 65% complete at December 31, 2013. Our current estimates for the Mt. Hope Project capital cost requirements are referred to as the Project Capital Estimate and our current estimates for the Mt. Hope Project operating costs are referred to as the Project Operating Cost Estimate . On January 16, 2014, we filed a technical report (the January 2014 Technical Report) prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administration (NI 43-101) for the Mt. Hope Project. The NI 43-101 is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. The completed report estimates molybdenum reserves and resources, production, capital and operating cost parameters, along with project economics, as discussed in *Reserves and Mineralized Material* below.

Project Ownership

From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project, into Eureka Moly, LLC (the LLC), and in February 2008 entered into an agreement (LLC Agreement) for the development and operation of the Mt. Hope Project with POS-Minerals Corporation (POS-Minerals). Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada

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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, as commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals \$36.0 million of its capital contributions, with no corresponding reduction in POS-Minerals ownership percentage. This return of contributions payment is contingent upon the commencement of commercial production, as defined in the LLC Agreement, and will be due 20 days thereafter. Based on our current plan, subject to availability of full financing for construction of the Mt. Hope Project, we anticipate commercial production will be achieved following a 20 - 24 month construction period. Nevada Moly is obligated under the terms of the LLC Agreement to make capital contributions to the LLC to fund the return of contributions to POS-Minerals upon achievement of commercial production (i.e. when the contingency is resolved). If Nevada Moly does not fund their additional capital contribution in order for the LLC to return to POS-Minerals \$36 million of its total 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, 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, 2013, the aggregate amount of deemed capital contributions of both parties was \$1,063.5 million.

Table of Contents

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

Beginning in November 2012, the Company and POS-Minerals had begun making monthly pro rata capital contributions to the LLC to fund costs incurred as required by the LLC Agreement. The interest of a party in the LLC that does not make its monthly pro rata capital contributions to fund costs incurred is subject to dilution based on the Dilution Formula. The Company and POS-Minerals consented, effective July 1, 2013, to Nevada Moly accepting financial responsibility for POS-Minerals' 20% interest in costs related to Nevada Moly's compensation and reimbursement as Manager of the LLC, and certain owners' costs associated with Nevada Moly's ongoing progress to complete project financing for its 80% interest, resulting in approximately \$3.0 million to be paid by Nevada Moly on behalf of POS-Minerals during the term of the consensual agreement, which will be in place until the earlier of completion of Nevada Moly's financing efforts or June 30, 2014. POS-Minerals remains obligated to contribute its 20% interest in all other costs incurred by the LLC. Other than those costs noted, through December 31, 2013 and to date through 2014, all required monthly contributions have been made by both parties.

Permitting Completion and Project Restart

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

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

On August 22, 2013, the Court denied, without prejudice, the Motion for Preliminary Injunction based on the parties' Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the Court that as a result of current economic conditions, including the Company's ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project. The Court's without prejudice ruling means that upon the Company's decision to recommence significant ground-disturbing activities which were approved by the ROD, sixty days advance notice will be provided to Plaintiffs, or if Plaintiffs believe the scope of minor ongoing approved site activities exceeds the stipulated agreement, then Plaintiffs may elect to re-file their Motion for Preliminary Injunction at that time. The parties and the Court have agreed to address the Plaintiffs' claims under the pending Complaint based on the administrative record and the parties' motion for summary judgment briefing on the merits. Briefing by the parties and probable oral argument is anticipated to be completed in the second quarter of 2014.

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

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The State of Nevada Division of Environmental Protection (NDEP) issued a Reclamation Permit for the Mt. Hope Project on November 19, 2012, which authorizes surface disturbance and construction of facilities. The Reclamation Permit also approves the Phase 1 reclamation cost estimate of approximately \$73.4 million to begin construction in 2013 and established bonding requirements based on this estimate. On December 18, 2012, BLM accepted the LLC s reclamation surety bonding in satisfaction of financial guarantee requirements under the ROD for the Mt. Hope Project. The surety bond program has been funded with an initial cash payment of \$5.6 million and requires additional cash funding of \$11.6 million through the construction process for a total of \$17.2 million, which is in alignment with the net cash bonding cost included in the December 2013 Project Capital Estimate (the Project Capital Estimate). This total, comprised of the \$17.2 million in cash and the remainder in surety bonding, covers the initial surface disturbance and facilities anticipated to be in place in the first three years following construction of the Mt. Hope Project, which are subject to ongoing evaluation thereafter. With the surety program in place and the initial contribution funded, the BLM has authorized that surface disturbance in conformity with the ROD may proceed.

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Table of Contents

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

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

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

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

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

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

Capital & Operating Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of \$1,312 million, which includes development costs of approximately \$1,245 million and \$67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and is currently designed at approximately 65% engineering completion, with solid scope definition. The pricing remains subject to escalation associated with equipment,

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construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as the Company experiences delays in achieving its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2013, the LLC spent approximately \$263.4 million of the estimated \$1,312 million on development of the Mt. Hope Project.

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

Table of Contents

Equipment and Supply Procurement

Through December 31, 2013, the LLC has made deposits and/or final payments of \$74.1 million on equipment orders, has spent approximately \$177.3 million for the development of the Mt. Hope Project and has paid \$12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of \$263.4 million.

In late 2012 and early 2013, the LLC made additional commitments for wellfield materials and equipment, and placed purchase orders for long-lead process equipment including the commitments for the engineering portion of flotation cells and roaster equipment. Based on such commitments at December 31, 2013, we expect to make additional payments of approximately \$2.6 million in 2014 and \$12.8 million in 2015. Based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity through the end of 2014. However, additional financing will be required to meet commitments and operating costs in 2015.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of \$1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2013, the LLC renegotiated the timelines for truck delivery, accepting a 3% price increase and delaying deliveries into late 2014. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of \$0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In June of 2013, the LLC signed a change order which delayed delivery into the second half of 2014 and triggered a \$0.2 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC's contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of \$3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In October 2013, the parties agreed to extend the letter of intent through June 30, 2014.

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

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. (Hanlong), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a \$745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements included: (a) a Securities Purchase Agreement (the Purchase Agreement) that provided for the sale to Hanlong of shares of our common stock in two tranches that would have aggregated 25% of our outstanding stock on a fully diluted basis for \$80 million (\$40 million per tranche), conditioned upon us receiving permits for the Mt. Hope Project and Hanlong's obligation to use commercially reasonable efforts to procure a \$665 million loan from a Prime Chinese Bank (Term Loan) for our use in constructing the Mt. Hope Project; (b) a Stockholder Agreement that provided Hanlong representation on our Board of Directors (Board) and provided Hanlong representation on the LLC management committee, governed how Hanlong would vote

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its shares of the Company and limited Hanlong's ability to purchase or dispose of our securities; (c) a Bridge Loan whereby Hanlong provided \$10 million to the Company to preserve liquidity until permits were received and the Term Loan was available; and (d) a long-term molybdenum supply off-take agreement (discussed further in Item 3 below) which required Hanlong to purchase the Company's entire share of the Mt. Hope Project's molybdenum production above that necessary for the Company to meet its pre-existing supply commitments until the expiration of those commitments (collectively, the Hanlong Transaction). Pursuant to the Purchase Agreement, on December 20, 2010, we closed on the first tranche and issued 11,843,341 shares of common stock to Hanlong for a purchase price of \$40 million, or approximately \$3.38 per share. We granted Hanlong registration rights with respect to those shares. The Company filed a Registration Statement on Form S-3 in December 2013, which, among other transactions included registration of the Hanlong shares, thereby allowing Hanlong to sell their shares to a third party. The registration statement was declared effective on January 29, 2014. After the closing of the first tranche, Hanlong became entitled to nominate one director to serve on our Board and one representative to the LLC management committee. Nelson Chen was designated by Hanlong to serve in both of these capacities.

On March 20, 2013, the Company was notified that China Development Bank (CDB) had suspended work on the Term Loan. This suspension relates to reports that Mr. Liu Han, Chairman of Hanlong had been detained by Chinese authorities.

In August 2013, the Company terminated its ongoing relationship with Hanlong. The Purchase Agreement provided that it could be terminated by either party (providing the terminating party was not in default) if the closing of the second tranche had not

Table of Contents

occurred on or before the earlier of December 31, 2012 or August 16, 2013 (the date which is nine months after the issuance of the ROD). In August 2013, the Company notified Hanlong that it was terminating the Purchase Agreement as Hanlong had not met its commitments under the agreement. Hanlong acknowledged and consented to the termination.

As a result of the termination of the Purchase Agreement, Hanlong was obligated to pay the Company a break fee of \$10.0 million because Hanlong failed to arrange the Term Loan within the above described deadline. The Company and Hanlong have agreed to offset the break fee against the repayment of the Bridge Loan. The outstanding balance of the Bridge Loan and related accrued interest were recorded on the income statement as constructive receipt of break fee for \$10.0 million and forgiveness of debt of bridge loan interest for \$0.8 million as of September 30, 2013, and upon the termination of the Purchase Agreement.

In connection with the termination of the Hanlong relationship, most of the provisions of the Stockholder Agreement were also terminated. Under the continuing provisions of the Stockholder Agreement, Hanlong's right to designate one nominee to the Board continues until such time that Hanlong's ownership percentage falls below 10%. Currently, Hanlong owns approximately 13.0% of our outstanding common stock on a fully diluted basis. In June, 2013, the Board recommended the election of Mr. Chen as a Class III member, in the Board's slate of nominees submitted to our stockholders, pursuant to the Stockholder Agreement. He was elected by a vote of the stockholders at the Company's 2013 Annual Meeting of Stockholders for a three-year term. In August 2013, Mr. Chen stepped down from the LLC management committee.

On October 26, 2012, we entered into an agreement with Hanlong pursuant to which Hanlong would provide us with a Subordinated Debt Facility (Sub Debt Facility) of up to \$125.0 million to assist the Company in financing capital cost increases. Simultaneously with the execution of the Sub Debt Facility, the Company issued a warrant to Hanlong with a 2.5-year maturity to purchase ten million shares of the Company's common stock.

On May 14, 2013, the Company and Hanlong mutually agreed to terminate the Sub Debt Facility and warrant to provide the Company with greater flexibility in securing an additional strategic partner. As the warrant was fully vested and exercisable at the time of termination, this resulted in an \$11.5 million non-cash charge to the income statement for the remaining unamortized value associated with the issuance of the warrant as of June 30, 2013.

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.

Since purchasing the Liberty Property, we have completed two drilling programs that, combined with previous evaluation work performed by former owners, identified mineralization totaling 541.4 million tons with ore grades averaging 0.067% molybdenum and 0.08% copper. In April 2008 we completed a pre-feasibility study outlining project viability, expected economics, and production and cost estimates. On October 3, 2011 the Company released an updated NI 43-101 compliant resource estimate and on November 15, 2011, released an updated pre-feasibility study detailing updated resource estimates 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 and copper reserves and resources, production, capital and operating cost parameters, along with project economics. We advanced metallurgical and environmental work in 2013, with dedicated internal resources and \$0.2 million in external costs, and will continue to examine project development options and feasibility.

Other Mining Properties

We also have mining claims and land purchased prior to 2006 which consist in part of (a) approximately 107 acres of fee simple land in the Little Pine Creek area of Shoshone County, Idaho, (b) six patented mining claims known as the Chicago-London group, located near the town of Murray in Shoshone County, Idaho, and (c) 34 unpatented mining claims in Marion County, Oregon, known as the Detroit property. Our efforts at these properties are minimal and consume no significant financial resources. The

Table of Contents

Company has retained production royalties of 1.5% of all net smelter returns on future production from two undeveloped properties in Skamania County, Washington and Josephine County, Oregon, which were sold in 2012 and 2013, respectively.

Corporate Information

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

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

Corporate Strategy and Objective

Our corporate strategy 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 financing 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 financing is received.

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

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

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- The Mt. Hope Project, of which we own 80%, currently in the development stage, is construction ready and fully permitted, and is anticipated to be one of the largest and lowest cost primary molybdenum projects in the world, driven, in part, by high ore grades that will be processed early in the mine life.
- Our Liberty Property 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 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 sound design.
- We have strong international support from the steel industry as evidenced by the strategic partnerships and off-take agreements we have in place with several of the world's largest steel companies.
- We anticipate favorable long-term market fundamentals for molybdenum.

Table of Contents

Products

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

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, such as those used in jet turbine blades and other advanced aerospace engine components, molybdenum dramatically improves high temperature strength, thermal expansion and contraction resistance and resistance to oxidation. The effects of molybdenum additions to steels are not readily duplicated by other elements and as such are not significantly impacted by substitution of other materials.

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

Competitive Conditions

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

The supply of molybdenum comes from both primary molybdenum mines, such as our proposed Mt. Hope Project, and as a byproduct of porphyry copper production. Each source of supply represents approximately 50% of the molybdenum produced annually, which was forecast by CPM Group to grow to 515 million pounds in 2013 and then to 534 million pounds in 2014. Although many companies produce molybdenum, some of which also mine other minerals, approximately two-thirds of global production is concentrated among ten companies.

When and if we commence production at either or both of our Mt. Hope Project and Liberty 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, favorable logistics and stable geo-political climate, the large size of our combined ore resources and anticipated production rate capacity as well as our intention to hire and retain a skilled workforce, and manage our costs.

Employees

The Company had a total of 38 employees, including 34 exempt and 4 hourly employees, as of December 31, 2013.

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 proceeding with the development of the Mt. Hope Project. The Mt. Hope Project will include the development of an open pit mine, construction of a concentrator and a roaster, and construction of all related infrastructure to produce TMO, the most widely used molybdenum product.

From November 2004 through August 2007 we conducted numerous exploration, drilling and evaluation studies, culminating in the BFS for the Mt. Hope Project. In 2005, we initiated the baseline studies necessary for development of an EIS. We completed an initial PoO, which the BLM accepted in September 2006. In December 2006, the BLM selected an environmental firm to complete

Table of Contents

the EIS for the Mt. Hope Project. The Company worked diligently with the environmental firm to complete the EIS, resulting in the ROD becoming effective on November 16, 2012.

The Mt. Hope Project the Mt. Hope Lease

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

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

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

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

The Mt. Hope Lease also contains an after acquired property clause, which requires that any property acquired by the LLC within two miles of the boundary of the Mt. Hope Project be conveyed to MHMI if requested within a certain time period following notification of such acquisition.

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MHMI has requested that we maintain ownership of all new claims filed by the LLC, which now includes 1,412 unpatented lode claims.

Property Description and Location

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

Table of Contents

Royalties, Agreements and Encumbrances

Advance Royalty

The Mt. Hope Lease requires a royalty advance (Construction Royalty Advance) of 3% of certain construction capital costs, as defined in the Mt. Hope Lease. The LLC is obligated to pay a portion of the Construction Royalty Advance each time capital is raised for the Mt. Hope Project based on 3% of the expected capital to be used for those certain construction capital costs defined in the Mt. Hope Lease. Through December 31, 2013, we have paid \$23.1 million of the total Construction Royalty Advance. Based on our Mt. Hope Project capital budget we estimate that a final reconciliation payment on the Capital Construction Cost Estimate (the Estimate) will be due following the commencement of commercial production, after as-built costs are definitively determined. The Company estimates, based on the revised capital estimate discussed above and the current timeline for the commencement of commercial production, that an additional \$4.2 million will be due approximately 20 - 24 months after the commencement of construction. This amount was accrued as of December 31, 2013. The capital estimates may be subject to escalation in the event the Company experiences continued delays in achieving full financing for the Mt. Hope Project.

The LLC is also obligated to make a minimum annual advance royalty payment (Annual Advance Royalty) of \$0.5 million each October 19 for any year wherein commercial production has not been achieved or the MHMI Production Royalty (as hereinafter defined) is less than \$0.5 million. As commercial production is not anticipated to commence until mid-2016, the Company has accrued \$1.0 million in Annual Advance Royalty payments which will be due in two \$0.5 million installments in October 2014 and 2015, respectively. An additional installment of \$0.5 million was paid in October 2013. The Estimate and the Annual Advance Royalty are collectively referred to as the Advance Royalties. All Advance Royalties are credited against the MHMI Production Royalties once the mine has achieved commercial production. After the mine

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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 and, further, the Estimate will be credited against MHMI Production Royalties owed at the rate of 50% of MHMI Production Royalties on an annual basis until fully consumed. Assuming a \$15 molybdenum price, the Annual Advance Royalties are consumed within the first three years of commercial production.

Production Royalty

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

(a) MHMI Production Royalty

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

Table of Contents

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

(b) Exxon Production Royalty

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

Environmental Regulations and Permits

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

Accessibility, Climate, Local Resources, Infrastructure, and Physiography

Access

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

Climate

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

Local Resources and Infrastructure

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

Water Rights and Surface Rights

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

Surface rights on the Mt. Hope Project include BLM open range grazing rights; stock 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 Company also has a right-of-way from the BLM for a microwave relay that provides network communications and voice radio capability for the minesite and will provide improved cellular service to the surrounding community.

Table of Contents

Physiography

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

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

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

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

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

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

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

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

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

History

Prior Ownership and Results of Exploration Work

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

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

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

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.

Table of Contents

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. The mineral zones or shells consist of quartz porphyry and hornfels cross-cut by quartz stockwork veining containing molybdenite. Drilling has proven strong ore grades near the surface and indications of deeper ore grade zones.

Mineralization

The main form of molybdenum mineralization that occurs within the orebody is molybdenite (MoS₂ - molybdenum disulfide). Much of the known molybdenite is distributed around two lobes and offshoots of the main quartz porphyry stock and within two separate mineralized zones. A concentration of higher-grade mineralization is present between the eastern and western mineral zones. 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 32 years. Lower grade ore will also be mined and stockpiled during the first 34 years and will be processed in the succeeding 8 years.

Exploration

Since acquiring access to the Mt. Hope Project, we have completed additional exploration drilling for molybdenum for the purposes of supporting our BFS and obtaining engineering information for items such as geotechnical design, hydrology, and condemnation for waste dumps and tailing ponds as well as infill drilling for ore calculation purposes.

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

Ore to Be Mined

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

Mill Feed Ore Statistics

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

The modeled pit, including the above mineralized material and waste, contains an estimated 2.7 billion tons of total material. Based on these estimates, from the inception of production through year 34, the mill will process 820 million tons of ore at an average ore grade of 0.076%. During this time period low-grade ore totaling 165 million tons with an average ore grade of 0.039% will be stockpiled for later feed into the mill from years 34 through 41. Waste material totaling 1.7 million tons will also be mined and disposed of on site. The total production is based on estimated life of mine and has a 0.034% Mo cutoff grade.

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

Table of Contents

Mining

The Mt. Hope Project is planned for production by conventional large-scale, hardrock, open-pit mining methods. The current mine plan provides for primary loading with a fleet of two electric cable shovels, one hydraulic shovel, and two front-end loaders. The mine fleet is expected to include 24 240-ton trucks by the end of the first full year of production. The Company 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 32 years of mining. The planned storage of low-grade ores is 165 million tons at a grade of 0.039% Mo.

Process Overview

The process circuit will include:

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

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The proposed mining and processing operation is expected to produce approximately 24 million tons of tailing (including SO₂ scrubber residue) per year. Approximately 990 million tons of tailing will be produced. The tailing storage facility layout provides for the construction of one tailing impoundment that will contain approximately 30 years of operations. A second facility is planned for the remaining years. Both tailing impoundments will be constructed with plastic liners to provide for groundwater protection.

Reserves and Mineralized Material

Our January 2014 Technical Report, which contained an updated statement of reserves and mineralized material, revised the previous proven and probable estimates supported by the 2007 BFS. The new statement establishes proven reserves totaling 320,473 thousand tons of ore at an average grade of 0.084% molybdenum and probable reserves totaling 664,129 thousand tons of ore at an average grade of 0.063% molybdenum, summarized as follows:

Statement of Reserves and Mineralized Material

Units = Short Tons

Reserves

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

Table of Contents

Additional Mineralized Material

Cutoff Grade		Measured		Indicated		Measured+Indicated	
% Mo	Ktons	Mo Grade%	Ktons	Mo Grade%	Ktons	Mo Grade%	
0.025	0.034%	12,976	0.033	52,267	0.033	65,243	0.033

Footnotes to Statements of Reserves and Mineralized Material

Mineralized material is tabulated at the cutoff grade of 0.025% Mo. The final reserve pit design was based on a molybdenum price of \$12/lb molybdenum in the saleable form of moly tri-oxide. As of December 31, 2013, the approximate three-year backward average price for molybdenum was \$12.86/lb, according to *Ryan's Notes*, a ferro-alloy industry news and pricing publication (and the spot price for molybdenum on the same date was approximately \$9.75/lb). The three-year backward average is above the pit design price.

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. Lerch Grossman pit design algorithms were used to establish the guidelines to design eight phases and the reserve pit. Mine planning utilized conventional mine equipment to prepare detailed mine cost estimates.

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

Capital Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of \$1,312 million, which includes development costs of approximately \$1,245 million and \$67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and is currently designed at approximately 65% engineering completion, with solid scope definition. The pricing remains subject to escalation associated with equipment, construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as the Company experiences delays in achieving its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through the year ended December 31, 2013, the LLC spent approximately \$263.4 million of the estimated \$1,312 million on development of the Mt. Hope Project.

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

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

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

Table of Contents

Pricing

The worldwide molybdenum price fluctuated between \$5.33 per pound in 2003 to over \$40.00 per pound in 2005 and traded in the mid-\$30s per pound prior to October 2008, when prices fell from approximately \$33.50 per pound to \$7.70 per pound in April 2009 as a result of the global financial crisis. Subsequent to April 2009, prices slowly rose finishing 2009 at \$12.00 per pound and further increasing to finish 2010 at \$16.40 per pound. By the end of 2011, prices had pulled back to \$13.30 per pound and decreased further to \$11.50 per pound at the end of 2012. During 2013, molybdenum traded in a range of \$9.10 per pound to \$11.90 per pound, and as of late February 2014 traded at approximately \$10.00 per pound according to *Ryan's Notes*.

In our BFS and for a portion of our financial evaluations, we use molybdenum prices prepared by an independent commodities research company, CPM Group. Their research is a comprehensive look at both the supply and demand side of the molybdenum market. Through their research, they forecast global growth rates for molybdenum for both supply and demand. CPM Group continues to forecast prices in excess of current spot prices over the long-term. In December 2013, CPM Group forecast that molybdenum prices would range between \$11.00 and \$13.00 per pound through 2018, then \$14.35 in 2019, \$15.65 in 2020, \$16.80 in 2021, and \$17.50 in 2022.

Production and Operating Cost Estimates

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

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

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

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

Description of the Liberty Property

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On March 17, 2006, we purchased the Liberty Property, 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 Property, from Equatorial Mining Pty. Limited, effectively eliminating all third party royalties on the property. The consideration paid for the Equatorial acquisition was \$4.8 million with an additional deferred payment of \$6.0 million, which will be due upon commencement of commercial production at the property. In connection with the transaction, we acquired \$1.2 million in cash accounts and assumed all environmental liabilities on the reclaimed site. Additionally in 2007, we purchased all outstanding mineral claims associated with this property that were not previously owned by us thus giving the Company 100% control over all mineral rights within the boundary of the property, as well as claims on BLM property adjacent to the patented grounds.

Since purchasing the Liberty Property, we completed two drilling programs that, combined with previous evaluation work performed by former owners, identified mineralization totaling 541.4 million tons with ore grades averaging 0.067% molybdenum and 0.08% copper. In April 2008, we completed a pre-feasibility study on the Liberty Property that detailed initial capital and operating costs, anticipated mining and milling rates and permitting requirements. On October 3, 2011 the Company released an updated NI 43-101 compliant resource estimate and on November 15, 2011 released a pre-feasibility study detailing updated resource estimates and

Table of Contents

project economics. The completed report estimates molybdenum and copper reserves and resources, production, capital and operating cost parameters, along with project economics. The Liberty Property is viewed by the Company as a follow-on project to the Mt. Hope Project that we intend to actively pursue following development of the Mt. Hope Project, and dependent on market conditions.

History

In 1955, Anaconda leased and optioned the Liberty molybdenum prospect and mine in order to evaluate extensive molybdenum and copper occurrences. From 1956 through 1966, Anaconda explored or delineated molybdenum mineralization over an approximate one square mile area. Drilling indicated extensive mineralization from the surface to a depth of approximately 2,000 feet. Drilling delineated approximately 200 million tons of mineralization grading 0.091 percent molybdenum, which was included in a long-term mining plan. Mine construction began in 1979 with production from the Hall Mine starting in 1981. Anaconda ceased operations in 1985 due to low metal prices. Between 1982 and 1991, Anaconda and successor operator Cyprus mined a total of 50 million tons of ore grading 0.11 percent molybdenum. No further molybdenum mining took place after 1991, leaving an estimated 150 million tons of un-mined ore at a grade of 0.09 percent molybdenum.

A 100 million ton copper ore zone independent of the molybdenum pit was the subject of a copper leach operation by Equatorial between 1995 and 2002. Approximately 10 million tons were mined before operations ceased in 2002.

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

Our combined purchases of the assets and mineral rights at the Liberty Property included all of the lands required for future operations and all of the mineral rights. The initial years for a new molybdenum mine and ore milling facility on this property could be entirely on fee lands owned by us. As a result, initial permitting is anticipated to be through state agencies, including the NDEP. There are minor BLM landholdings in the footprint of planned waste stockpiles and the open pit, and at some future time we will pursue acquisition of these lands or perform Federal National Environmental Policy Act (NEPA) evaluations to permit use of these lands. Based on this and the project 's previous operations, we would expect to have a shorter permitting schedule as compared to other greenfield start-up projects, such as Mt. Hope.

Geology

The ore body at the Liberty Property is geometrically displayed as a cylinder, roughly coincident with and draped across, the igneous contact of a Cretaceous quartz porphyry stock and the metamorphosed volcanic host rock. The cylinder plunges -35° to the southeast. Molybdenite occurs as selvages on stockwork quartz veins and on bedding planes and tensional shears in the country rock with the majority of the molybdenum resource located in the intrusive. Host rocks consist of fine-grained volcanoclastic rocks, formerly identified as schists and quartzites, intruded by Cretaceous coarse-grained quartz-feldspar porphyry. These are overlain by Tertiary volcanic rocks varying from rhyolitic-welded ash-flow tuffs to dacitic and basaltic lava flows. Tertiary andesite dikes intrude the welded tuffs.

The Cretaceous quartz-feldspar porphyry is extensively altered by quartz-muscovite and K-spar flooding. Internal textures are often obscured by overprinting alteration.

The deposit is crosscut and offset by a number of post mineral faults. Major structural trends are north-south and east by northeast-west by southwest.

Molybdenum mineralization is concentrated in molybdenite, molybdenum di-sulfide, with lesser amounts of molybdenum oxide. Copper is concentrated in a blanket of chalcocite above the oxidation boundary and in chalcopyrite below the oxide zone. Pyrite is a common constituent of most of the ore body.

Environmental Investigation - Shoshone County, Idaho

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

Table of Contents

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

Applicable Mining Laws

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

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

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

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

Permitting

Permit Acquisition and Fundamental Environmental Permitting Considerations

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

Permitting Process Overview

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

Table of Contents

Environmental Inventories

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

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

Mt. Hope Permitting Requirements

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

Plan of Operations Approval Bureau of Land Management

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

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

Potential impacts addressed in the ROD are primarily related to geochemistry and the associated potential for acid generation from waste rock, the water quality in the post-mining pit lake, and the potential mobilization of constituents in the tailings. Other significant potential impacts include effects of groundwater pumping on existing water rights and/or surface water flows, air emissions, reduction of wildlife habitat (including a federally listed sensitive species) and the socioeconomic impact to the community of Eureka. Extensive laboratory testing has been conducted to fully evaluate the geochemistry of all material types that will be mined. The waste rock disposal facilities and tailing impoundment designs incorporate components to minimize potential impacts, consistent with accepted and demonstrated industry practices. Hydrological and geochemical computer modeling predicts that the post-mining pit lake water quality will not pose a threat to wildlife and will therefore not require treatment. Air emissions will be reduced by using control technology and leading industry practices. A detailed reclamation plan has been developed to re-establish post-mining land uses, including wildlife habitat. Other resource-specific mitigation plans have been developed, including those for wild horses and burros, bats, cultural resources, the Pony Express Trail, sage grouse habitat, water resources, and fugitive

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dust. Environmental regulations related to reclamation require that the cost for a third party contractor to perform reclamation activities on the minesite be estimated. The \$73.4 million reclamation cost estimate is the basis for the required financial guarantee amount. The LLC was required to post a financial instrument held by the BLM to provide a guarantee that this amount will be available to BLM and NDEP for use in conducting reclamation should we become insolvent or default on our reclamation obligations. The BLM also holds a bond of \$0.1 million to provide funds to assure reclamation of previously approved exploration disturbance. Additionally, a reclamation cost estimate of \$1.3 million was approved to remove and reclaim disturbance associated with the grant of rights-of-way for the 230 kV power transmission line. A group of surety underwriters arranged by Marsh USA was assembled to satisfy these financial guarantees through the posting of bonds. The surety program was funded with an initial payment of \$5.6 million in December 2012 and requires additional payments of \$11.6 million throughout the construction period for a total cash funding amount of \$17.2 million for annual premiums and collateral. Although the Reclamation Permit is administered by the NDEP-BMRR, BLM review is required and the reclamation cost estimate was approved in conjunction with approval of the PoO.

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

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

Table of Contents

Water Appropriation Permits Nevada Division of Water Resources

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

The Nevada State Engineer (State Engineer) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed an appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer s approval of the LLC s Monitoring, Management and Mitigation Plan (3M Plan), discussed below, and remains pending before the Nevada Supreme Court.

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

We remain confident the Nevada Supreme Court will uphold the District Court s Orders regarding the 3M Plan and the water permits. We expect the Court to set the date for oral arguments for the second quarter of 2014, before the full panel of Justices.

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

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

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

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

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

Liberty Property Permitting Requirements

We anticipate that the permitting schedule for the Liberty Property could be shorter than for the Mt. Hope Project, due to the largely privately held property with existing water rights. We control over 14,000 acres, including 5,054 acres of fee land, 946 acres of patented lode claims, 63 acres of patented millsite claims and 7,984 acres of unpatented lode claims. Our ownership of the assets and mineral rights at the Liberty Property include most of the lands required for future operations and all of the mineral rights. Thus, we are evaluating the option of initiating a new molybdenum mine and ore processing operation completely on lands owned by us, thereby avoiding the Federal NEPA process for access and use of neighboring BLM land. Based on the pre-feasibility study completed in November 2011, the initial three years for a new molybdenum operation and mine on this property will be completely on fee land owned by us. As a result, construction and initial production could occur simultaneously with federal permitting efforts. State permits, including the water pollution control, reclamation and air quality permits comparable to those described in previous sections, would be required for the Liberty Property site and the level of analysis and time required is anticipated to be consistent with those described for the Mt. Hope Project.

In addition to land ownership, two other factors distinguish the Liberty property from the Mt. Hope Project with respect to environmental permitting. First, water consumption is not as significant an issue at Liberty. Unlike the Mt. Hope Project, the areas surrounding Liberty are not extensively irrigated. In addition, we own significant water rights at the Liberty site and have water wells

Table of Contents

in place. Second, the area has been mined previously which has resulted in significant surface disturbance. By conducting exploration drilling on pre-existing disturbance to the extent possible, the amount of disturbance created by exploration drilling is greatly reduced, and permitting requirements to support exploration are reduced. Furthermore, there is extensive environmental information developed to support permitting of the previous mine operation. We anticipate that this information can be used to streamline the permitting process by reducing the amount of baseline studies and other technical information that must be developed by the Company.

Other United States Regulatory Matters

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

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

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

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

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

We are committed to fulfilling or exceeding our requirements under applicable environmental laws and regulations. These laws and regulations are continually changing and, as a general matter, are becoming more restrictive. Our policy is to conduct our business in a manner that strives

to safeguard public health and mitigates the environmental effects of our business activities. To comply with these laws and regulations, we have made, and in the future may be required to make, capital and operating expenditures.

ITEM 1A. RISK FACTORS

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

Our investors may lose their entire investment in our securities

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

Table of Contents

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

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

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

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

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

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

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

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

The LLC Agreement gives POS-Minerals the right to approve certain major decisions regarding the Mt. Hope Project

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

- Approval of the operations to be conducted and objectives to be accomplished by the Mt. Hope Project (Program and Budget);
- Approval of the budget for costs to be incurred by the LLC and the schedule of cash capital contributions to be made to the LLC (Budget);
- Approval of cost overruns in excess of 15% of the approved Program and Budget;
- Approval of an expansion or contraction of the average tons per day (tpd) planned of 20% or more from the relevant tpd throughput schedule in the BFS;

Table of Contents

- Approval of the LLC's acquisition or disposition of significant real property, water rights or real estate assets;
- Approval of the incurrence of indebtedness by the LLC that requires (1) an asset of the LLC to be pledged as security, (2) the pledge of a membership interest in the LLC, or (3) a guaranty by either the Company or POS-Minerals, other than in each instance a purchase money security interest or other security interest in the LLC to finance the acquisition or lease of equipment; and
- Approval of the issuance by the LLC of an ownership interest to any person other than Nevada Moly or POS-Minerals.

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

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

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

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

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

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The volatility in metals prices is illustrated by the quarterly average price range from January 2002 through February 2014 for molybdenum: \$2.73 - \$35.37 per pound. Average molybdenum prices are quoted in *Platt's Metals Week*. After a period of high, sustained molybdenum prices in 2004 through September 2008, where the price of molybdenum averaged \$27.34 per pound, the price of molybdenum fell to approximately \$7.70 per pound in April 2009. Prices traded in a relatively narrow range during 2013 and finished the year at \$9.75 per pound. Although we estimate the Mt. Hope Project's average cost of production over the first five years to be approximately \$7.00 per pound, a sustained period of lower molybdenum prices would have material negative impacts on the Company's profitability. Actual molybdenum prices when and if we commence commercial production cannot be estimated and are subject to numerous factors outside our control.

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

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

A sustained significant increase in molybdenum supply could also adversely affect our results. The CPM Group estimate that during the next five years a total of 128.0 million annual pounds of production could be added to the supply of molybdenum (including a portion of the supply from our Mt. Hope Project). In the event demand for molybdenum does not increase to consume the potential additional production, the price for molybdenum may be adversely affected.

Table of Contents

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

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

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

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

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

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

- Timely availability of equipment;
- Continued appeal or unfavorable order concerning the water rights ruling, 3M plan, or permits, including the ROD;
- Sustained low prices for molybdenum;

- Acquisition of surface land and easement rights required to develop and operate the project;
- Completion of advanced engineering;
- Timely availability of project financing to construct the Mt. Hope Project; and
- Timely availability of labor and resources from construction contractors throughout construction of the project.

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

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

There are numerous uncertainties inherent in estimating mineralization and reserves, including many factors beyond our control. The estimation of mineralization and reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing,

Table of Contents

production, and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. The volume and grade of mineralization and reserves recovered and rates of production may be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Further declines in the market price of molybdenum and copper may render mineralization and reserves containing relatively lower grades of ore uneconomic to exploit, which may materially and adversely impact our reserve and mineralization estimates at our projects. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may also materially and adversely affect mineralization and reserves.

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

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

- The accuracy of our mineralization and reserves estimates;
- The accuracy of assumptions regarding ore grades and recovery rates;
- Ground conditions and physical characteristics of the mineralization, such as hardness and the presence or absence of particular metallurgical characteristics;
- The accuracy of estimated rates and costs of mining and processing; and
- The ability to maintain all permits and construct a processing facility at Mt. Hope.

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

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

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

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

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

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

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

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

Table of Contents

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

Energy is anticipated to be a significant input in General Moly's operations. A number of governmental bodies have introduced or are contemplating legislative and regulatory change in response to the possible impacts of climate change. The United States (U.S.) Congress and several U.S. States have initiated legislation regarding climate change that could affect energy prices and demand. In December 2009, the U.S. EPA issued an endangerment finding under the U.S. Clean Air Act indicating that current and projected concentrations of certain mixed greenhouse gases in the atmosphere, including carbon dioxide, threaten the public health and welfare. It is possible that proposed regulation may be promulgated in the United States to address the concerns raised by the endangerment finding.

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

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

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

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

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

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

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

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

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

We are a small company with a limited operating history and relatively few employees. The development of any of our proposed projects, including the Mt. Hope Project, will place substantial demands on us. We depend on the services of key executives and a small number of personnel, including our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Corporate Counsel and Vice President of Human Resources, Mt. Hope Vice President and General Manager, Controller and Treasurer, and Vice President of Environmental and Permitting. We will be required to recruit additional personnel and to train, motivate and manage these new employees. The number of persons skilled in the development and operation of mining properties is limited and significant competition exists for these individuals. We implemented salary reductions to our executives and senior managers to reduce costs while the Company seeks to arrange project financing. Our retention program including cash stay incentives and equity incentives may not be successful in retaining our executives and key employees. We may not be able to attract and retain qualified personnel in the future. We do not maintain key person life insurance to cover our executive officers. Due to the relatively small size of our

Table of Contents

company and the specific skill sets of our key employees, the loss of any of our key employees or our failure to attract and retain key personnel may delay or otherwise adversely affect the development of the Mt. Hope Project, which could have a material adverse effect on our business.

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

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

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

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

Increased costs could affect our ability to become profitable

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

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

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

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

Cost estimates and timing of new projects are uncertain

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

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

Table of Contents

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

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

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

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

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

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

Forward-Looking Statements

Certain statements in this document may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of our company, the Mt. Hope Project and our other projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We use the words may, will, believe, expect, anticipate, intend, future, plan, estimate, potential, and other similar words to identify forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to the following:

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

Table of Contents

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

These forward-looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including those identified under Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations. Although we believe that the expectations reflected in these forward-looking statements are reasonable, our actual results could differ materially from those expressed in these forward-looking statements, and any events anticipated in the forward-looking statements may not actually occur.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

The Nevada State Engineer (State Engineer) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed an appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer s approval of the LLC s Monitoring, Management and Mitigation Plan (3M Plan), discussed below, and remains pending before the Nevada Supreme Court.

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

We remain confident the Nevada Supreme Court will uphold the District Court s Orders regarding the 3M Plan and the water permits. We expect the Court to set the date for oral argument for the second quarter of 2014, before the full panel of Justices.

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

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

On August 22, 2013, the Court denied, without prejudice, the Motion for Preliminary Injunction based on the parties Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the Court that as a result of current economic conditions, including the Company s ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project. The Court s without prejudice ruling means that upon the Company s decision to recommence significant ground-disturbing activities which were approved by the ROD, sixty days advance notice will be provided to Plaintiffs, or if Plaintiffs believe the scope of minor ongoing approved site activities exceeds the stipulated agreement, then Plaintiffs may elect to re-file their Motion

Table of Contents

for Preliminary Injunction at that time. The parties and the Court have agreed to address the Plaintiffs' claims under the pending Complaint based on the administrative record and the parties' motion for summary judgment briefing on the merits. Briefing by the parties and probable oral argument is anticipated to be completed in the second quarter 2014.

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information

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

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

Year	Quarter	High	Low
2013	First Quarter	\$ 4.23	\$ 2.17
	Second Quarter	\$ 2.24	\$ 1.72
	Third Quarter	\$ 2.05	\$ 1.59
	Fourth Quarter	\$ 1.73	\$ 1.06
2012	First Quarter	\$ 4.08	\$ 3.18
	Second Quarter	\$ 3.45	\$ 2.48
	Third Quarter	\$ 3.27	\$ 2.66
	Fourth Quarter	\$ 4.14	\$ 3.11

Holders

As of March 6, 2014, there were approximately 450 holders of record of our common stock.

Dividends

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

Table of Contents

Stock Performance Graph

The performance graph covers the period from December 31, 2008 through December 31, 2013. The graph compares the total return of our common stock (GMO) to the Dow Jones US Mining Index, the AMEX Russell 2000 Index and selected competitors in our industry, assuming an initial investment of \$100.00.

Company	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13
General Moly (GMO)	\$ 100.00	\$ 176.27	\$ 549.15	\$ 261.86	\$ 339.83	\$ 113.56
Thompson Creek Metals (TCM)	100.00	293.73	368.92	174.44	104.01	54.64
Moly Mines (MOL)	100.00	223.68	331.58	81.58	36.84	31.58
Freeport McMoRan (FCX)	100.00	328.51	506.06	319.64	306.79	338.55
Augusta Resources (AZC)	100.00	526.09	828.26	673.91	532.61	310.87
iShares Dow Jones Basic Materials	100.00	166.37	221.30	189.52	210.69	252.56

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iShares Russell 2000	100.00	130.51	167.84	161.76	190.44	264.14
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ITEM 6. SELECTED FINANCIAL DATA

For the Years Ended December 31,	(in millions, except per share data)					
	2013	2012	2011	2010	2009	
Loss from operations	(9.8)	(11.4)	(15.2)	(16.6)	(10.5)	
Net loss	(16.3)	(9.9)	(14.8)	(16.7)	(10.5)	
Basic and diluted net loss per share	\$ (0.18)	\$ (0.11)	\$ (0.16)	\$ (0.22)	\$ (0.14)	

At December 31,	2013	2012	2011	2010	2009	
Total assets	\$ 360.7	\$ 385.5	\$ 271.1	\$ 273.0	\$ 209.6	
Long-term obligations	24.8	39.8	30.4	36.3	94.3	
Contingently redeemable noncontrolling interest	209.0	201.9	98.1	98.8	99.8	
Total stockholders' equity	\$ 134.8	\$ 148.1	\$ 143.1	\$ 136.4	\$ 104.9	

Table of Contents

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

The following discussion and analysis of our financial condition and results of operations constitutes management's review of the factors that affected our financial and operating performance for the years ended December 31, 2013, 2012 and 2011. This discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report.

Overview

We are a development stage company and began the development of the Mt. Hope Project on October 4, 2007. During the year ended December 31, 2008 we also completed work on a pre-feasibility study of our Liberty Property, which we updated during 2011.

Project Ownership

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

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

In addition, as commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals \$36.0 million of its capital contributions, with no corresponding reduction in POS-Minerals' ownership percentage. This return of contributions payment is contingent upon the commencement of commercial production, as defined in the LLC Agreement, and will be due 20 days thereafter. Based on our current plan, subject to availability of full financing for construction of the Mt. Hope Project, we anticipate commercial production will be achieved following a 20-24 month construction period. Nevada Moly is obligated under the terms of the LLC Agreement to make capital contributions to the LLC to fund the return of contributions to POS-Minerals upon achievement of commercial production (i.e. when the contingency is resolved). If Nevada Moly does not fund their additional capital contribution in order for the LLC to return to POS-Minerals \$36 million of its total 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, 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, 2013, the aggregate amount of deemed capital contributions of both parties was \$1,063.5 million.

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

Beginning in November 2012, the Company and POS-Minerals had begun making monthly pro rata capital contributions to the LLC to fund costs incurred as required by the LLC Agreement. The interest of a party in the LLC that does not make its monthly pro rata capital contributions to fund costs incurred is subject to dilution based on the Dilution Formula. The Company and POS-Minerals consented, effective July 1, 2013, to Nevada Moly accepting financial responsibility for POS-Minerals' 20% interest in costs related to Nevada Moly's compensation and reimbursement as Manager of the LLC, and certain owners' costs associated with Nevada Moly's ongoing progress to complete project financing for its 80% interest, resulting in approximately \$3.0 million to be paid by Nevada Moly on behalf of POS-Minerals during the term of the consensual agreement, which will be in place until the earlier of completion of Nevada Moly's financing efforts or June 30, 2014. POS-Minerals remains obligated to contribute its 20% interest in all other costs incurred by the LLC. Other than those costs noted, through December 31, 2013 and to date through 2014, all required monthly contributions have been made by both parties.

Table of Contents

Permitting Completion and Project Restart

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

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

On August 22, 2013, the Court denied, without prejudice, the Motion for Preliminary Injunction based on the parties' Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the Court that as a result of current economic conditions, including the Company's ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project. The Court's without prejudice ruling means that upon the Company's decision to recommence significant ground-disturbing activities which were approved by the ROD, sixty days advance notice will be provided to Plaintiffs, or if Plaintiffs believe the scope of minor ongoing approved site activities exceeds the stipulated agreement, then Plaintiffs may elect to re-file their Motion for Preliminary Injunction at that time. The parties and the Court have agreed to address the Plaintiffs' claims under the pending Complaint based on the administrative record and the parties' motion for summary judgment briefing on the merits. Briefing by the parties and probable oral argument is anticipated to be completed in second quarter 2014.

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

The State of Nevada Division of Environmental Protection (NDEP) issued a Reclamation Permit for the Mt. Hope Project on November 19, 2012, which authorizes surface disturbance and construction of facilities. The Reclamation Permit also approves the Phase 1 reclamation cost estimate of approximately \$73.4 million to begin construction in 2013 and established bonding requirements based on this estimate. On December 18, 2012, BLM accepted the LLC's reclamation surety bonding in satisfaction of financial guarantee requirements under the ROD for the Mt. Hope Project. The surety bond program has been funded with an initial cash payment of \$5.6 million and requires additional cash funding of \$11.6 million through the construction process for a total of \$17.2 million, which is in alignment with the net cash bonding cost included in the December 2013 Project Capital Estimate. This total, comprised of the \$17.2 million in cash and the remainder in surety bonding, covers the initial surface disturbance and facilities anticipated to be in place in the first three years following construction of the Mt. Hope Project, which are subject to ongoing evaluation thereafter. With the surety program in place and the initial contribution funded, the BLM has authorized that surface disturbance in conformity with the ROD may proceed.

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

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

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

On January 2, 2013, the Public Utilities Commission of Nevada (PUCN) issued the LLC a permit to construct a 230kV power line that interconnects with Nevada Energy s transmission system at the existing Machacek Substation located near the town of Eureka, Nevada and extend it approximately 25 miles to the planned Mt. Hope Substation. In addition, the BLM approved the LLC s surety bonds for reclamation of disturbance associated with construction of the 230kV power transmission line. The PUCN permit

Table of Contents

and approved bond allows the LLC to build the transmission infrastructure in a timely manner and provide the necessary capacity to power construction activities and Mt. Hope Proje