



## General Moly Reports Second Quarter 2019 Results

**LAKEWOOD, COLORADO** – August 13, 2019, General Moly, Inc. (the “Company” or “General Moly”) (NYSE AMERICAN and TSX: GMO), the only western-exchange listed, pure-play molybdenum (“moly”) development company, announced its financial results for the second quarter ended June 30, 2019.

Second quarter 2019 and to-date highlights:

- The Company’s 80%-owned joint venture company, which operates the Mt. Hope Project, Eureka Moly, LLC (“EMLLC”) ended the quarter with a restricted cash balance of \$5.6 million (100% basis) in a reserve account, and remains self-funded into 2021, based on current estimated care and maintenance expenses.
- The Nevada State Engineer issued the water permits for the Mt. Hope Project as announced by the Company on July 29, 2019. The Company previously reached a settlement agreement with a Kobeh Valley, Nevada ranching family (“Ranchers”) resulting in the withdrawal of the last set of protests pertaining to the Mt. Hope Project’s water rights applications as announced by the Company on May 23, 2019.
- Following receipt of the water permits, the Company provided a Notice to Fund to AMER International Group (“AMER”) under the third tranche of the parties’ Investment and Securities Purchase Agreement (“Purchase Agreement”) on or before July 30, 2019 (“Tranche 3”). AMER failed to fund and close by the deadline and is now in default. The Company believes that receipt of AMER’s later correspondence on August 1, 2019 attempting to terminate the Purchase Agreement is ineffective as AMER was then in default.
- The federal Bureau of Land Management is preparing the final Supplemental Environmental Impact Statement (“SEIS”) ahead of issuing the anticipated Record of Decision (“ROD”) later this year authorizing the Mt. Hope Project’s Plan of Operations. The eventual construction and operation of the Mt. Hope project is further subject to positive market conditions and project financing.
- Chief Executive Officer and Chief Financial Officer Bruce D. Hansen and Chief Operating Officer Robert Pennington invested further in General Moly through a private placement purchase of \$400,000 of Series B Convertible Preferred Shares to provide interim incremental liquidity to the Company.
- The moly oxide daily global spot price per pound is currently at \$11.88, which is level with the price at yearend 2018 and \$10.25 at yearend 2017, according to Platts. The moly price ranged from a low of \$11.85/lb to a high of \$12.38/lb and averaged \$12.18/lb during the second quarter, 5% higher than the average of \$11.63/lb in 2Q 2018.

Consolidated net loss for the three months ending June 30, 2019 was \$2.5 million (\$0.02 per share), compared to a consolidated net loss of \$3.1 million (\$0.02 per share) for the 2Q 2018. The net loss for the second quarter included a non-cash loss of \$1.3 million from the sale of non-core land. At the end of the second quarter, the Company had \$0.4 million in unrestricted cash and equivalents.

Following the \$400,000 private placement described above, which closed on August 7, 2019, the Company has sufficient cash to fund its working capital needs through August 2019. With AMER’s default concerning its obligation to fund Tranche 3, the Company will have inadequate cash to continue operations and will have to evaluate its options going forward, including pursuing asset sales and short-term financing options. If unsuccessful in obtaining sufficient financing, the Company may consider bankruptcy protection, as stated in the Company’s July 29, 2019 news release.



The Company's financial advisors, XMS Capital Partners, Headwall Partners, and Odinbrook Global Advisors (collectively, the "Advisors"), are engaged by the Board of Directors to assist in securing interim financing and negotiating with debt holders and other potential stakeholders, as announced in the Company's March 13, 2019 news release.

Mr. Hansen said, "Our management and Board of Directors have been working diligently with our Advisors to address our financial liquidity issues. We are extremely disappointed that AMER failed to fulfill its obligation under the Purchase Agreement at a critical juncture for our Company. We are working closely with our legal consultants on the appropriate recourse to safeguard our legal rights under the Purchase Agreement.

"Now that we have received the water permits for the Mt. Hope Project, we are in the final stretch to receive a federal Record of Decision later this year for the eventual development and construction of the Mt. Hope Project with our joint venture partner, POS-Minerals ("POSCO"), subject to a positive molybdenum market and financing conditions. We are determined to realize value for the Mt. Hope Project, one of the largest, highest-grade, and undeveloped primary moly deposits in the world, and maximize value for our shareholders."

AMER, based in Shenzhen, China, is a non-ferrous metals and manufacturing conglomerate.

### **Cash Flow**

Consolidated uses of cash in 2Q 2019 included \$1.3 million in general and administrative cash costs, \$1.0 million advancement from General Moly to EMLLC, \$2.3 million in care and maintenance for the Mt. Hope Project, and \$0.2 million for care and maintenance at the Liberty Project.

Through an agreement with POSCO, General Moly advanced \$1.0 million on behalf of EMLLC for the initial settlement payment resolving the final protest to the Mt. Hope Project's water rights applications, as detailed in the Company's May 14, 2019 news release. General Moly sourced \$500,000 from its available cash, and \$500,000 from closing a Series A Preferred Convertible Shares private placement with Mount Hope Mines Inc. ("MHMI"), the project's claim and land lessor.

The Company's \$1.0 million advance is to be repaid by EMLLC from the proceeds of ongoing sales of non-critical Mt. Hope Project equipment assets and property. In June 2019, approximately \$300,000 was returned. Approximately \$700,000 will be returned upon future sales.

The general and administrative costs including non-cash stock compensation for 2Q 2019 of \$2.0 million were 28% lower than 2Q 2018 costs of \$2.7 million, which then included \$1.7 million in costs associated with accelerated non-cash depreciation of the acquisition and the installation costs of a new accounting software that lowered ongoing overhead costs.

Interest expense for the three months ended June 30, 2019 and 2018 was \$0.4 million and \$0.2 million, respectively, due primarily to a larger non-cash, mark-to-market adjustment related to the Senior Convertible Promissory Notes in 2019 than in 2018.

Cash outflows were partially offset by a combined \$900,000 received from closing the private placements of Series A Convertible Preferred Shares from March into the second quarter by Messrs. Hansen and Pennington. This equity investment provided liquidity for the Company's working capital needs, with the intent of bridging to the receipt of the expected \$10.0 million Tranche 3 private placement by AMER which later defaulted on the funding and closing of Tranche 3. Please refer to the Company's March 13, 2019 and July 31, 2019 news releases.



**Table 1: Financial Summary**

(\$ and Shares in 000, Except Per Share)	2Q 2019	2Q 2018	2Q YOY Variance	1H 2019	1H 2018	1H YOY Variance
Exploration & evaluation expenses	\$ 102	\$ 147	-31%	\$ 206	\$ 306	-33%
General and administrative expenses, including non-cash stock compensation	1,962	2,733	-28%	3,260	5,205	-37%
Total Operating Expenses	2,064	2,880	-28%	3,466	5,511	-37%
Interest expense	(387)	(225)	72%	(442)	(387)	14%
Consolidated Net Loss	\$ (2,451)	\$ (3,105)	-21%	\$ (3,908)	\$ (5,898)	-34%
Less: Net loss attributable to Contingently Redeemable Non-controlling Interest	\$ (25)	\$ 174	n.a.	\$ 11	\$ 358	n.a.
Net Loss attributable to General Moly	\$ (2,476)	\$ (2,931)	-16%	\$ (3,897)	\$ (5,540)	-30%
Net Loss Per Share	\$ (0.02)	\$ (0.02)	0%	\$ (0.03)	\$ (0.05)	-40%
Avg. Weighted Shares Outstanding	137,797	127,983	8%	137,635	115,877	19%

**Table 2: Balance Sheet Summary**

(\$ in 000)	June 30, 2019	Dec. 31, 2018
Cash and Cash Equivalents	\$ 409	\$ 2,016
Current Assets	648	2,078
Current Liabilities	8,386	8,221
Working Capital	(7,738)	(6,143)
Restricted cash held at EMLLC	5,595	6,167
Other restricted cash	416	834
Total Assets	327,762	329,494
Promissory notes	1,340	1,340
Senior convertible notes	5,885	5,807
Total Current Liabilities	8,386	8,221
Return of contributions payable to POS-Minerals	33,641	33,641
Other liabilities	15,412	15,094
Total liabilities	57,439	56,956
Contingently Redeemable Non-controlling Interest	172,250	172,261
Series A Convertible Preferred Shares*	1,400	-
Total Shareholders' Equity	\$ 96,673	\$ 100,277

\* Note that 4,000 Series B Convertible Preferred Shares were issued in August 2019.



## **Additional Management Private Placement – Series B Convertible Preferred Shares**

On August 7, 2019, Messrs. Hansen and Pennington's closed on a \$400,000 private placement, now in Series B Convertible Preferred Shares, that like the earlier Series A Convertible Preferred Share placement carry a 5% annual dividend and are priced at \$100.00/preferred share. The preferred shares are convertible at any time at the holder's discretion into common shares whereby one preferred share converts at a price of \$0.20/common share to 500 common shares. The conversion price was set as the closing price of the common stock on the day before the announcement of the private placement. Upon maturity or full repayment of the \$7.1 million notes from the 2014 private placement currently outstanding, the preferred shares will be mandatorily redeemed in exchange for equivalent cash for the principal invested, plus any accrued and unpaid dividends.

## **Mt. Hope Project**

As announced in the Company's July 29, 2019 news release, the Mt. Hope Project received its water permits from the Nevada State Engineer. In addition, the period for judicial review of Nevada State Engineer's approval of the water applications for the issuance of the water permits has expired and no requests for review were received.

Engineering remains approximately 65% complete at the Mt. Hope moly project. Currently, there is no ongoing engineering and procurement effort.

## **Stable Moly Prices**

The recent molybdenum price was approximately \$11.88/lb, according to Platts. The molybdenum price ranged from a low of \$11.85/lb to a high of \$12.38/lb and averaged \$12.18/lb during the second quarter, 5% higher than the average of \$11.63/lb in 2Q 2018.

While prices can be volatile, molybdenum prices are expected to continue strengthening over the next several years, according to the CPM Group, a leading commodities research and consulting firm. CPM projects per pound average real prices of \$13.36 in 2019, \$15.03 in 2020, \$16.61 in 2021, and \$17.53 to \$17.71 in 2022-2025.

Approximately 70% of molybdenum's first use is for steel production as molybdenum is a premier alloy to strengthen steel and make it corrosion resistant. Most of moly in steel is consumed by the specialty steels, an expanding, value-added segment accounting for approximately 10% of overall steel production. Within the specialty steels segment, stainless steel accounts for the largest use of molybdenum at 21% and full alloy steel accounts for 20% of total molybdenum consumption.

The International Stainless Steel Forum ("ISSF") estimates that 2018 global stainless steel production increased by 5.5% from 2017 to 50.7 million metric tons. China led the expansion showing a year-over-year increase of 3.7% to 26.7 million metric tons, accounting for approximately 53% of global stainless steel output. During the first quarter 2019, ISSF reported that global stainless steel output softened by 2.5% year-over-year to 12.5 million metric tons mostly from declines in Europe and Asia, excluding China and South Korea.

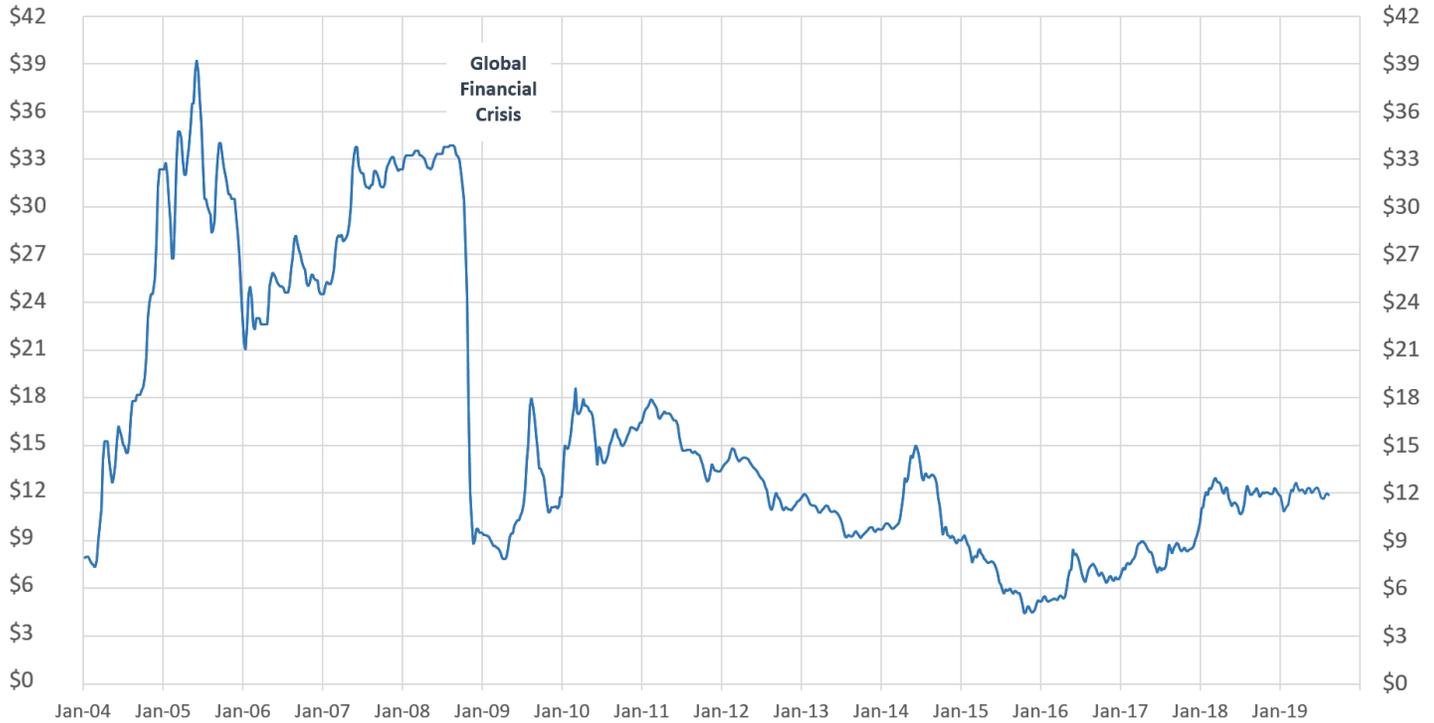
In addition, demand has been strong for molybdenum due to increased output in oil country tubular goods (steel containing molybdenum), driven by a more robust oil and gas industry. CPM estimates 16% of molybdenum was consumed by the oil and gas industry in 2018, which while being a notable increase is below the historical pre-2014 average of 20%. Oil and gas drilling, including the shale industry, relies on specialty steel and high-strength tubular steel. Worldwide oil and gas drilling increased 3% year-over-year in the second quarter 2019, according to the global oil and gas rig count by Baker Hughes, a GE company.



# GENERAL MOLY

On the supply side, the CPM Group estimates that the molybdenum market was near equilibrium with a growing deficit in 2019-2021. CPM projects that the deficit will shrink in 2022 followed by small surpluses in 2023-2025.

**Chart 1: Moly Weekly Spot Price (1/8/2004 – 8/9/2019)**



Source: Platts

## 2019 Priorities

General Moly's ongoing priorities for 2019 are to:

- Continue to reduce costs and obtain financial liquidity to provide near-term and longer term sustainability of the Company.
- Move the Mt. Hope Project into construction-ready status by completing the final SEIS and receiving the ROD from the BLM.
- Fully evaluate all strategic options available to the Company to create the best value for shareholders, given a positive outlook for rising molybdenum prices and anticipated receipt of final Mt. Hope Project permits.

\*\*\*\*\*



## About General Moly

General Moly is a U.S.-based, molybdenum mineral exploration and development company listed on the NYSE American, recently known as the NYSE MKT and former American Stock Exchange, and the Toronto Stock Exchange under the symbol GMO. The Company's primary asset, an 80% interest in the Mt. Hope Project located in central Nevada, is considered one of the world's largest and highest grade molybdenum deposits. Combined with the Company's wholly-owned Liberty Project, a molybdenum and copper property also located in central Nevada, General Moly's goal is to become the largest primary molybdenum producer in the world.

Molybdenum is a metallic element used primarily as an alloy agent in steel manufacturing. When added to steel, molybdenum enhances steel strength, resistance to corrosion and extreme temperature performance. In the chemical and petrochemical industries, molybdenum is used in catalysts, especially for cleaner burning fuels by removing sulfur from liquid fuels, and in corrosion inhibitors, high performance lubricants and polymers.

### Contact:

Scott Roswell  
(303) 928-8591  
[info@generalmoly.com](mailto:info@generalmoly.com)

Website: [www.generalmoly.com](http://www.generalmoly.com)

## Forward-Looking Statements

Statements herein that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and are intended to be covered by the safe harbor created by such sections. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, expected, or implied by the Company. These risks and uncertainties include, but are not limited to availability of cash to continue ongoing operations, metals price and production volatility, global economic conditions, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, exploration risks and results, political, operational and project development risks, including the Company's ability to obtain a re-grant of the Record of Decision, ability to maintain required federal and state permits to continue construction, and commence production of molybdenum, copper, silver, lead or zinc, ability to identify any economic mineral reserves of copper, silver, lead or zinc; ability of the Company to obtain approval of its joint venture partner at the Mt. Hope Project in order to mine for copper, silver, lead or zinc, ability to raise required project financing or funding to pursue an exploration program related to potential copper, silver lead or zinc deposits at Mt. Hope, ability to respond to adverse governmental regulation and judicial outcomes, and ability to maintain and /or adjust estimates related to cost of production, capital, operating and exploration expenditures. For a detailed discussion of risks and other factors that may impact these forward looking statements, please refer to the Risk Factors and other discussion contained in the Company's quarterly and annual periodic reports on Forms 10-Q and 10-K, on file with the SEC. The Company undertakes no obligation to update forward-looking statements.