



## General Moly Reports Full Year 2019 Results

**LAKESWOOD, COLORADO** – May 4, 2020, 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 full year 2019.

Fourth quarter 2019 and year-to-date highlights:

- In addition to receiving its water permits, the Mt. Hope Project became fully permitted and now construction ready when the federal Bureau of Land Management (“BLM”) issued the Record of Decision (“ROD”), authorizing the Mt. Hope Project’s Plan of Operations on September 27, 2019, and approving the Supplemental Environmental Impact Statement (“SEIS”). (See the Company news releases of November 5 and September 30, 2019.) The Company received the water permits for the Mt. Hope Project in the third quarter 2019.
- The Company raised capital totaling \$5.64 million through the sale of common stock and new promissory notes –
  - The Company and its largest shareholder Amer International Group Co. Ltd. settled their disagreement whereby an Amer affiliate (Amer International Group and Amer affiliate together, “Amer”) closed on a private placement of \$4.0 million at \$0.40 per common share as described in the Company’s December 10, 2019 news release. Amer also received common stock at \$0.27 per share for the \$300,000 fee paid to General Moly to extend the dispute negotiation.
  - The Company issued \$1.34 million in new 13% Senior Promissory Notes due December 2022 as described in the Company’s January 2, 2020 news release, with a \$0.35 common share warrant for each dollar invested.
- The Company also restructured maturing convertible promissory notes and promissory notes with the exchange of \$6.89 million of such notes for new 12% Senior Promissory Notes due December 2022 with a \$0.35 common share Warrant per dollar invested.
- Entering 2020, moly prices rebounded from the fourth quarter low of \$8.28 per pound (“/lb”), reaching \$10.90/lb in February 2020, before retreating to the \$8 range and rebounding to \$9.05 recently, near the year-end 2019 price of \$9.20/lb. The recent decline is largely believed to be related to demand contraction associated with the COVID-19 pandemic.

Chief Executive Officer and Chief Financial Officer Bruce D. Hansen said, “In 2019, we cleared the major milestone of achieving final permits for the Mt. Hope Project in Nevada, significantly lowering the project risks and advancing towards eventual development. We cleared several other important hurdles during 2019: we amicably resolved our disagreement concerning the Tranche 3 private placement with our largest shareholder, Amer, and welcomed Terry Lee, Amer’s director nominee, to augment our Board of Directors; we closed a successful exchange offer of maturing debt for 12% promissory notes and warrants as well as raised net capital of \$1.34 million in a supplemental offering of 13% promissory notes, both due December 2022; and earlier in 2019 we resolved the remaining protests and issues to re-obtain the water permits for the Mt. Hope Project. We are focused and working closely with our financial advisors on pursuing strategic options to unlock the value of our 80% interest in the Mt. Hope Project for our shareholders.”

Mr. Hansen continued, “However, clearly since February this year, our efforts related to incremental financing and the pursuit of strategic options have been slowed by the COVID-19 pandemic, and its impact on the moly market. In response,



we have reviewed our cost structure, selectively reducing some executive salaries and cutting other expenses. As a result of the COVID-19 pandemic and the resulting impacts on the financial and moly markets, and the Company, the Company applied for and received a loan of \$365,000 from the U.S. Government under the Paycheck Protection Program in April 2020.”

Consolidated net loss for the full year ended 2019 was \$7.90 million (-\$0.06 per share), compared with a consolidated net loss of \$11.12 million (-\$0.08 per share) in 2018. The 2019 net loss attributable to General Moly was \$7.88 million, 27% lower than the net loss of \$10.74 million in 2018, largely due to higher costs in 2018 incurred for due diligence efforts with Amer, a drilling exploration program at Mt. Hope and accelerated depreciation associated with software programs no longer in use. In addition, the net loss in 2019 included non-cash write-downs of \$2.9 million from non-core General Moly asset sales.

General and administrative expenses (“G&A”) were \$3.6 million in 2019, 62% lower than \$9.6 million in 2018, respectively. Higher G&A in 2018 reflected due diligence costs with Amer and non-cash accelerated depreciation associated with discontinued software programs. Lower G&A in 2019 also reflected cash conservation from ongoing temporary reductions in base salary to employees.

Exploration and evaluation expenses of \$527,000 for 2019 were for ongoing care and maintenance expenses for the Liberty Project. These expenses were higher at \$789,000 in 2018 due to costs for the repair to a legacy leach pad at the Liberty Project.

Interest expense for the full year 2019 and 2018 were \$845,000 and \$774,000, respectively.

At the end of 2019, the Company had \$4.6 million in unrestricted cash and equivalents. Following receipt of the federal loan, the Company anticipates having sufficient liquidity to fund its working capital needs into the fourth quarter of 2020. The Company’s financial advisors, XMS Capital Partners, Headwall Partners, and Odinbrook Global Advisors, continue to be engaged by the Board of Directors to assist the Company with securing incremental financing and evaluating other strategic alternatives, including the potential addition of new Mt. Hope Project partners, additional corporate strategic investors, merger opportunities, and/or the possible sale or privatization of the Company. There is no assurance that the Company will be successful in securing additional funding to be able to continue as a going concern. (See the Company’s July 29, 2019 and January 21, 2020 news releases.)

The Mt. Hope Project is owned 80% by General Moly and 20% by POS-Minerals Corporation (“POS-Minerals”) through their membership in a joint venture, Eureka Moly LLC (“EMLLC”), which operates the Mt. Hope Project. At the end of 2019, EMLLC had a restricted cash balance of \$3.4 million (100% basis) in a reserve account, sufficient to remain self-funded into 2021, based on current estimated care and maintenance expenses.

### **Senior Promissory Notes**

In November 2019, the Company announced a private offering to exchange (“Exchange Offer”) its outstanding Senior Convertible Promissory Notes and Senior Promissory Notes (together, the “Old Notes) due December 2019 for new units of 12% Senior Promissory Notes due December 2022 (“Exchange Notes”) and an accompanying Warrant for each dollar invested in the Exchange Notes.

The Exchange Offer closed with 95% of the outstanding Old Notes tendered for Exchange Notes and Warrants as announced in the Company’s January 2, 2020 news release. The Company paid approximately \$368,000 at maturity of the Old Notes not exchanged, including the unpaid principal and all accrued and unpaid interest to those eligible holders who



elected not to participate in the Exchange Offer.

In conjunction with the Exchange Offer, the Company successfully closed a Subscription Offer of new promissory notes and Warrants to the certain eligible holders who tendered their Old Notes in the Exchange Offer. The Company raised \$1.34 million in new capital from the Subscription Offer comprised of 13,355 units for \$100 each of new 13% Senior Promissory Notes (“New Notes”) due December 2022 and an accompanying Warrant for each dollar invested in the New Notes.

The Warrants accompanying the Exchange Notes and New Notes have an exercise price of \$0.35 per share over a three-year term.

### **EMLLC’s Repayment to General Moly**

Through an agreement with its Mt. Hope Project joint-venture partner POS-Minerals, General Moly advanced \$1.0 million on behalf of Eureka Moly, LLC (“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 private placement of Series A Preferred Convertible Shares with Mount Hope Mines Inc. (“MHMI”), the project’s claim and land lessor. (All the Preferred Shares initially issued to MHMI and its assignees were converted into 1.85 million common shares of General Moly at a price of \$0.27 per share in the fourth quarter of 2019).

In June 2019, approximately \$293,000 of the \$1.0 million advance was returned to the Company from the proceeds of ongoing sales of non-critical Mt. Hope Project-related equipment, assets and property from such sales. In September 2019, the Company and POS-Minerals entered into a Consent Agreement at EMLLC for a reimbursement schedule concerning the remaining balance of \$707,000 owed to the Company. Under the Consent Agreement, \$200,000 was reimbursed from the reserve account held at EMLLC to the Company on September 30, 2019 and an additional \$200,000 was reimbursed in November 2019.

The remaining \$307,000 was repaid to General Moly by EMLLC in March 2020 as a result of the sale of non-critical Mt. Hope Project related property.

In March 2020, General Moly also raised approximately \$82,000 from the sale of non-core property in Idaho.



**Table 1: Financial Summary**

(\$ and Shares in 000, Except Per Share)	Full Year 2019	Full Year 2018	Full Year YOY Variance
Exploration & evaluation expenses	\$ 526	\$ 789	-33%
General and administrative expenses, including non-cash stock compensation	3,643	9,553	-62%
Non-cash loss on sale of non-core properties and assets	2,885		
Total Operating Expenses	7,055	10,342	-32%
Interest expense	(845)	(774)	9%
Consolidated Net Loss	\$ (7,900)	\$ (11,116)	-29%
Less: Net loss attributable to Contingently Redeemable Non-controlling Interest	\$ 22	\$ 372	n.a.
Net Loss attributable to General Moly	\$ (7,878)	\$ (10,744)	-27%
Net Loss Per Share	\$ (0.06)	\$ (0.08)	-25%
Avg. Weighted Shares Outstanding	138,784	129,421	7%

**Table 2: Balance Sheet Summary**

(\$ in 000)	Dec. 31, 2019	Dec. 31, 2018
Cash and Cash Equivalents	\$ 4,614	\$ 2,016
Current Assets	4,886	2,078
Current Liabilities	35,364	41,862
Working Capital	-	(39,784)
Restricted cash held at EMLLC	3,388	6,167
Other restricted cash	708	834
Total Assets	344,227	329,494
Promissory notes	-	1,340
Senior convertible notes	-	5,807
Return of contributions payable to POS-Minerals	33,641	33,641
Total Current Liabilities	35,364	8,221
Senior promissory notes	7,883	-
Other liabilities	-	48,735
Total liabilities	74,535	56,956
Contingently Redeemable Non-controlling Interest	172,239	172,261
Convertible Preferred Shares	1,300	-
Total Shareholders' Equity	\$ 96,153	\$ 100,277



## **Mt. Hope Project**

With receipt of the water permits and ROD, the Mt. Hope Project now has all major state and federal permits for the eventual construction and operation of the Mt. Hope Project, subject to positive stable molybdenum market conditions and project financing.

In the Company's November 5, 2019 news release, the Company stated that a Complaint was filed against the U.S. Department of Interior and the BLM in the U.S. District Court in Nevada, challenging the re-issuance of the ROD by Great Basin Resource Watch and the Western Shoshone Defense Project. In March 2020, the District Court approved EMLLC's unopposed motion to intervene on behalf of the Mt. Hope Project and accepted EMLLC's Answer to the Complaint.

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

## **Moly Prices**

The moly oxide daily global spot price per pound is currently at \$9.05/lb compared with \$9.20 at yearend 2019 and \$11.88 at yearend 2018, according to Platts. The moly price ranged from a low of \$8.28/lb to a high of \$12.70/lb during 2019.

Beginning in 2020 through mid-February, moly prices were resilient and rose to nearly \$11/lb, outperforming the vast majority of metal and energy commodities. Later in February 2020, moly prices again pulled back to the \$9-range and below \$9 in mid-March upon the global economic slowdown. Moly recovered to just above \$9 at the end of April.

While moly price has declined recently from softened demand due to the global economic impact caused by the COVID-19 pandemic and the breakdown in the oil and gas industry impacting moly-strengthened steel consumption, the global supply of moly for 2020 is anticipated to also be constrained.

The CPM Group ("CPM") anticipates that the global economic contraction will last into the second half of 2020 and possibly into early 2021. CPM anticipates revising its moly price forecasts after it analyzes the second quarter global economic impact from the pandemic lockdown in many leading economies.

Production has been suspended since March 2020 at Yichun Luming Mining in China, due to a leak from a tailings dam, according to Reuters' reports. Yichun Luming is estimated to produce 33 million pounds of moly annually, according to a MiningWeekly.com article. Based on this production estimate, CPM calculates that a six-month suspension of production would impact China's moly production by 6-7%.

In its last Molybdenum Quarterly, CPM reported that 2019 moly production increased less than 1.5% year-over-year ("YOY"), essentially flat-lining to 553.6 million pounds. CPM is an econometrics, metals research and advisory firm based in New York.

CPM highlighted reduced production in 2019 from 2018 from the largest moly producer in the U.S., Freeport McMoRan, (-5.3% to 90 million pounds), and the Sierra Gorda Mine in Chile (-25.2% to 20.5 million pounds) owned by KGHM and Sumitomo. CPM noted that declining production from Codelco's copper mines (-7% YOY) reflect structural changes from reduced Chilean government capital investment after reallocation of public funds to quell social unrest in late 2019.

These decreases were offset by higher production from Rio Tinto Kennecott's Bingham Canyon in Utah (+ 93% YOY to 12.8 million pounds in 2019) due to higher grades and increased plant capacity, from the world's largest



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producer China (+2.8% to 255.8 million pounds), as well as from Grupo Mexico (+10.8% to 59.3 million pounds), stated CPM.

**Chart 1: Moly Weekly Spot Price (1/6/2011 – 4/24/2020)**



Source: Platts

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## 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 or “moly” 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.

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**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, availability of insurance, 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, reclamation risks, political, operational and project development risks, 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 molybdenum, 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.