

17 August 2010

ASX Limited
Exchange Plaza
2 The Esplanade
Perth, WA 6000

**AWARD OF CRUSHING CONTRACT
IRON ORE ACTIVITIES ON SCHEDULE
MOLYBDENUM/COPPER PROJECT FINANCING UPDATE**

Moly Mines Limited (ASX/TSX: MOL) (“**Moly Mines**”) is pleased to advise it has awarded a 5 year crushing contract to Perth based Rapid Crushing and Screening Pty Ltd (“**RC&S**”) for the 1 million tonne per annum Spinifex Ridge Iron Ore Project.

The RC&S circuit has the capacity to expand throughput to 1.3 million tonnes per annum with no additional capital. The plant will be mobilized to site to commence crushing in the second half of October. This continues the planned schedule of contract awards required to meet the first shipment date for the Spinifex Ridge Iron Ore Project by early December 2010.

Mining and haulage tender packages are expected to be awarded by the end of this month.

Mining is expected to commence in September 2010. Ore haulage to the Utah Point facility at Port Hedland is expected to commence in the first week of November 2010.

Site activities continue to progress well. Construction of a 30km water pipeline from the De-Grey borefield is complete and the contractor is demobilising from site. Construction of the haulage road from the iron ore deposits to the run-of-mine pad at the crushing facilities is near complete. Ground preparation for the crushing facilities is underway.

Offsite construction and assembly of camp accommodation units is progressing for transfer to site. The camp site has been cleared with ancillary roads and pads under construction.

US\$500 million Project Finance Loan Facility (“Loan Facility”)

Moly Mines is pleased to announce it has been advised that the Sichuan Province Development and Reform Commission has accepted that the Spinifex Ridge Molybdenum / Copper Project is compliant with China’s overseas investment policies. They have progressed the approval process to the next stage with

submission of their recommendations to the National Development and Reform Commission in Beijing. Whilst the ongoing financing process continues to be positive, Moly Mines understands that the 30 September 2010 deadline in relation to the Loan Facility is unlikely to be achieved. Accordingly the Hanlong Group and Moly Mines have initiated discussions in relation to an extension of this deadline and will keep the market informed as these discussions progress.

Yours Sincerely



Andrew Worland
Company Secretary
Moly Mines Limited

This news release includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Moly Mines' control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this news release, including, without limitation, those regarding Moly Mines' future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Moly Mines' actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for molybdenum and copper; fluctuations in exchange rates between the U.S. dollar and the Australian dollar; failure to recover the resource and reserve estimates of the Project; the failure of Moly Mines' suppliers and service providers to fulfill their obligations under construction, supply and tolling agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labor shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information