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## **Registration Effective August 27<sup>th</sup> and Now Operational**

GENERAL MOLY, INC. (about-to-be renamed from Idaho General Mines, GMO \$6.81, rated Neutral) COVERAGE INITIATION AND FIELD TRIP HIGHLIGHTS

	2007E	2008E	2009E	2010E
Earnings per share	\$(0.59)	\$(0.37)	\$(0.21)	\$1.46
Spot = Realized Molybdenum	\$30	\$30	\$25	\$20
	2011E	2012E	2013E	2014E
Earnings per share	\$1.38	\$0.14	\$0.44	\$0.48
Spot = Realized Molybdenum	\$15	\$10	\$10	\$10

*We retained a geological consultant, Ellen and Jim Hodos of Onstream Resource Managers Inc. in Carson City, NV, to visit the Mt. Hope deposit, former Tonopah moly mine and Las Vegas moly market presentations of General Moly, Inc (the about-to-be-renamed from Idaho General Mines) on Sept. 20<sup>th</sup>. Our ability to retain a consultant illustrates the potential to improve our work as "John Tumazos Very Independent Research, LLC." Our practice in such collaborations will be for JTVIR, LLC to write the "front end" of the research report concerning metals prices, finances, valuation, earnings, corporate issues, investment opinion and risks and for the outside consultant's contribution to be a specific subsection of the report. No outside consultant will have input or edit our final investment conclusions, and we will not tamper with any geotechnical or other specific input opinions of our outside consultants.*

*Our policy is to provide freely the identity, contact information and credentials of our consultants in case any of our subscriber members wish to retain them directly. We are thankful for our blessings in life, and want to help our consultant friends or investment clients move forward for those situations that time does not permit us to address. We enclosed their resumes and project history as an appendix herein.*

## **FUNDAMENTAL CONCLUSIONS**

- GMO is fairly priced assuming our estimate of a \$10 per pound long-term moly price from 2012 onwards.
- GMO would be worth \$25 per share if the long-term moly price were \$15, or maybe \$40 per share at \$20 long-term moly.
- Alternatively, its viability might be in doubt at or below \$8 long-term moly.
- It is a reasonable candidate for a joint venture with a larger company or a takeover.
- We have estimated the company issues \$400 mm in equity or about 60 mm more shares (to total about 120 mm) and borrows \$500 mm to spend \$1.1-\$1.2 billion to complete both projects alone.

## MOLY MARKET OVERVIEW

- Considerable inherent molybdenum market volatility exists owing to its status as a “byproduct mineral.” In the cases of moly, cobalt, silver and some other minerals more than 75% of output occurs as a byproduct in which the economics of the primary mineral, usually copper for a byproduct moly producer, determines the output decision. This explains the thirty year historic price range of \$2 to \$30 per pound prior to the recent boom. FCX’s Henderson in CO, Thompson Creek in ID and Endako in BC are the only noteworthy pure primary moly mines operating outside China.
- We estimate the size of the global moly market at near 600 mm lbs, including roughly 100 mm lbs re-used from scrap, our estimate of a 50 mm lb primary demand under-measurement and our estimate of about a 50 mm lb mine output under-measurement possibly partly from China or other sources like catalyst recovery.
- Roughly 75% of ordinary steel or stainless steel contains no moly. We focus on the study of very specific sub-markets such as alloy plate, oilfield tubes, HSLA auto body panels, tool steels, 700 series “high temperature” metals mostly for jet engines or power generation, desalination, offshore drilling, refinery repair, diverse corrosion-resistant uses such as hydromet nickel refineries, medical uses and many others. Competent moly analysts recite the 200, 300, 400 and 700 series alloys from memory and visit steel mills often.
- Currently such applications grow over 5% annually.
- Innumerable new moly projects are moving forward, including FCX’s Climax, CO restart at 20-30 mm lbs, FCX existing mine debottlenecks, Aluminum Co. of China’s purchase of Peru Copper’s Toromacho deposit containing 840 mm lbs of moly within 22 billion lbs of cu, Quadra Mining’s purchase of International Molybdenum PLC’s Greenland deposit of similar size and grade as FCX’s Henderson, CO mine, Inca Pacific’s Magistral cu-mo deposit in Peru previously owned by Antofagasta PLC, GMO’s Mt. Hope and Hall-Tonopah, Northern Dynasty’s “Pebble” cu-au-mo in which Anglo-American bought 50% and in which Rio Tinto shares about a 19% stake in Northern Dynasty, Linear Metals small underground veins in western Ontario, over a dozen pure moly juniors for which we have had no time to rigorously study or meet and numerous established copper mines adding byproduct recovery circuits such as Baja de la Alumbrera in Argentina most recently. The four historic copper mines of Southern Copper in southern Peru and northern Mexico, for example, each are undertaking very large incremental expansions that may increase that company’s moly byproduct output over 50%, for example. Minera Collahuasi in Region One of Chile will develop its Rosario West zone containing about 250 mmt at about 1.5% copper with the goal of expanding its copper and minor moly output 50% over several years. Smaller mines like Taseko’s Gibraltar expand cu-mo output as well.

- Some existing copper mines could decline, such as Codelco's Chuquicamata mine that plans to go underground within a decade and accounts for about 5% of world moly supply. It is common for copper mines to experience ore grade declines as miners extract richer ores first.
- Taken together, we estimate world moly mine output will increase a minimum of somewhere near 200 mm lbs in five to seven years.
- In our September 19<sup>th</sup> FCX research report we estimated average annual "spot" moly prices at \$30, \$30, \$25, \$20 \$15, \$10 and \$10 per pound, respectively from 2007 to 2013.
- Our moly price basis used, for example, in our FCX reports, is different than GMO's or GMO's chosen consultant, which uses a \$31.72 nominal mo price in year 1 (say 2011) or \$18.88 nominal price in year 7 (say 2017), or about \$17 higher than or nearly three times our own 2011 and \$9 higher than or nearly twice our own 2017 estimate. The moly price forecasts GMO presented to investors on September 20<sup>th</sup> would produce better economics than our own.

## **SPECIFIC CONCLUSIONS CONCERNING THIS COMPANY**

- GMO estimates the internal rate of return of its key 1.3 billion pound Mt. Hope primary moly project is near zero near \$9 per pound molybdenum based on a \$852 mm capital expenditure budget.
- We estimate the Mt. Hope roughly 36 mm pound annual output (6% increase to current world mo supply) begins full throttle in 3Q 2010 based on the company's schedule for 1Q 2009 completion of permitting.
- It is possible that mill construction could begin ahead of full permits in early 2009 because the mill site is on private (patented) mining claims. We have given GMO credit for one-half year of 2010 output or 18 mm lbs based on this possibility, although risky, to enjoy hopefully better prices ahead of competing projects.
- The company employs many noteworthy veterans of prestigious large mining companies, and has an above-average management.
- A company of this size would have no chance of moving forward without splendid name recognition from the many executives well known from prior affiliations, such as CEO Bruce Hansen formerly of NEM, Santa Fe Pacific Gold and predecessors.
- The Hall-Tonopah mo-cu deposit has not completed feasibility study, recovery rate, operating cost, capital cost or permitting study. GMO believes such studies or at least many components will be completed in October in a November 2007 prefeasibility study.
- We estimate its timing falls two to three years after Mt. Hope or roughly 2013. GMO's human resources and financial resources, that is cash balances, suggest it would be tough to build two mines at once especially when the

feasibility study, historic records and reserves are just being collected for Hall-Tonopah.

- A plausible Hall-Tonopah scenario might be 9.6 mm lbs of annual mo output based on 22,046 tons per day (20,000 metric tonnes) of ore processed at 0.076% mo ore grade and 83% mo recovery.
- Hall-Tonopah capital costs, operating costs, copper ore grades, 70% copper recoveries and overall economics are not known.
- We have used \$300 mm for a Hall-Tonopah capital estimate “blindly” ahead of the prefeasibility study hopefully public in November.
- It is possible that existing infrastructure at Hall-Tonopah from past mining by Pennzoil and Cyprus Amax Minerals reduces up front capital costs, that copper revenues offset the 24% less rich moly content of its ore than Mt. Hope, and that its economics are just as good or even better than Mt. Hope’s. We are optimistic that Hall-Tonopah will be a commercial operation.

## PRICE OBJECTIVE AND INVESTMENT VIEW

We rate GMO (to be named General Moly, Inc.) Neutral owing to our long-term estimates of earnings near \$0.50 per share after the development of Hall-Tonopah after 2013 at our estimate of \$10 per pound long-term molybdenum pricing.

We estimate \$1.46 of 2010 half year earnings at \$20 moly and \$1.38 of 2011 earnings at \$15 moly and about \$0.50 per share of long-term earnings at \$10 moly.

Alternatively, we estimate almost \$2 per share of long-term earnings after Hall-Tonopah is built at \$15 moly, or closer to \$4 of long-term earnings should \$20 occur. Our price target would rise from \$6 at \$10 moly to \$25 at \$15 moly to \$40 at \$20 moly should such higher prices prevail.

## BUSINESS RISKS AND OPPORTUNITIES

The outlook is greatly influenced by the price of moly, which depends on global capital spending for very specific capital goods uses. Interest rates, currencies, energy prices and other financial variables will influence it as well.

Geology, metallurgy, equipment delivery, permitting, capital cost overruns, higher operating costs and a plethora of other specific operating variables will influence results. Final reserves and feasibility study for the Hall-Tonopah deposit are not available yet, and our financial modeling of that mine is highly conjectural.

## INITIAL HIGHER GRADE, DOWNHILL HAUL AND LIMITED DEWATERING

The proven and probable ore reserves of Mt. Hope total 965.9 million tons at 0.068% mo. Ore grades in much of the first decade will be near 0.10% mo, and initial mining

costs per ton projected at \$0.76 per ton will benefit from mining into the side of a mountain, downhill hauls and no dewatering in early years.

Operating costs per pound in the third decade easily could prove twice as high, but that has limited relevance today in 2007.

#### MT. HOPE MINE MINING COST PER TON

The feasibility study updated August 30, 2007 appears very competent and generally exceptional.

One specific projection caused us to take exception. GMO forecasts a \$0.76 per ton mining cost per ton (page 9 of September 20<sup>th</sup> slideshow), which signifies the cost of moving tons of waste and ore.

Such a cost performance would have been a formidable and fine achievement in 2002 prior to the past five years' inflation. In that era \$0.75 to \$1.00 per ton would have been common.

The considerations in favor of such a low cost per ton involve Mt. Hope's initial years of operation, which mine into the side of a mountain and then truck both ore and waste downhill to a mill. No dewatering costs will be experienced in initial years as well.

More recently FCX's open pit mining costs at Grasberg in the 2006 fourth-quarter were disclosed at \$1.90 per ton. The best mining cost per ton that we have observed in the past several quarters is just over \$1.00 per ton at Taseko Mines' Gibraltar Mine in British Columbia.

If GMO mines three tons of waste for each ton of ore and recovers over 83% of the 2 pounds of moly per ton, a \$1.25 rather than \$0.76 mining cost per ton might translate into a \$1.25 per pound of moly higher operating cost.

#### HALL-TONOPAH MULTIPLE ZONES, GRADES AND METALLURGIES

The property has been the subject of renewed exploration, past resources and past mining. It has both high moly grade, low moly grade and separate copper-moly zones. We estimated a 22,046 short ton per day configuration, the 0.076% moly grade (just over 1.5 pounds of moly per ton), 83% moly recovery, and a ratio of three pounds of recovered copper for each pound of moly output.

However, it is possible that GMO mines no copper at all at Hall-Tonopah.

## HALL-TONOPAH SOLD BY ANTOFAGASTA PLC AFTER ACQUIRING EQUATORIAL TO BUY 39% STAKE IN EL TESORO, CHILEAN EXPLORATION LAND AND 2<sup>ND</sup> REGION WATER RIGHTS

A rejection by Antofagasta PLC is not necessarily bad. Inca Pacific Resources' development of the Magistral cu-mo property in Peru enjoys groundwork done by Antofagasta PLC prior to Antofagasta PLC dropping it just before metals prices rose.

In March 2007 John Tumazos met in Santiago, Chile with Antofagasta PLC, which sold the property to GMO. Antofagasta PLC, which is a historically conservative and competent group seeking very low cost assets, divested it as an environmental liability. While we do not know what long-term moly price Antofagasta PLC uses for its planning, we would be surprised if it approaches half of GMO's.

### OUR ASSUMPTION OF FINANCING

GMO appears to have upwards of \$1.1 to \$1.2 billion of capital spending ahead of it for the two mines.

We have estimated it sells \$400 mm in equity in 2008 and 2009 via the issue of about another 60 mm shares to total about 120 mm fully diluted.

We have estimated it borrows \$500 mm, and funds the rest of its needs from operations.

At \$10 long-term moly we have the company instituting a \$0.25 per share common dividend for 2015, and concluding 2017 with \$0.2 billion in debt and \$0.9-\$1.0 billion in common equity. This is a pleasant and highly viable scenario.

### FINANCIAL MODELS

We estimate \$1.46 of 2010 half year earnings at \$20 moly and \$1.38 of 2011 earnings at \$15 moly and about \$0.50 per share of long-term earnings at \$10 moly.

Alternatively, we estimate almost \$2 per share of long-term earnings after Hall-Tonopah is built at \$15 moly, or closer to \$4 of long-term earnings should \$20 occur.

Our price target would rise from \$6 at \$10 moly to \$25 at \$15 moly to \$40 at \$20 moly should such higher prices prevail.

**Table 1 : General Moly, Inc. Earnings Model**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mo Revenue				360	540	380	476	476	456	456	446
Cu Revenue							58	58	58	58	58
Total Sales				360	540	380	534	534	514	514	504
CGS Mt. Hope				108	216	266	266	266	252	252	245
CGS Hall-Tonopah							67	67	67	67	67
Depn Mt. Hope				14	29	30	30	30	29	29	28
Depn. Hall-Tonopah							12	12	12	12	12
SGA	17	17	17	20	30	30	40	40	40	40	40
Exploration	20	15	10	10	10	10	10	10	10	10	10
Other		2	2	2	3	3	3	4	4	4	4
EBIT Operating Income	-37	-34	-29	206	252	41	105	104	100	100	97
Interest Expense				16	32	24	36	28	24	20	16
Int. and Other Income	1	0	3	1	1	5	1	1	1	1	1
Pretax Income	-36	-34	-26	190	221	22	70	77	77	81	82
Income Taxes @ 25%				15	55	5	18	19	19	20	21
Net Income	-36	-34	-26	175	166	16	53	58	57	60	62
Avg FD Shares Outstg	61.4	90	120	120	120	120	120	120	120	120	120
<b>EPS</b>	<b>-\$0.59</b>	<b>-\$0.37</b>	<b>-\$0.21</b>	<b>\$1.46</b>	<b>\$1.38</b>	<b>\$0.14</b>	<b>\$0.44</b>	<b>\$0.48</b>	<b>\$0.48</b>	<b>\$0.50</b>	<b>\$0.52</b>
CFPS	-\$0.59	-\$0.29	\$1.62	\$1.77	\$0.40	\$0.84	\$0.89	\$0.87	\$0.90	\$0.91	\$0.00
Book Value per share	\$0.49	\$2.17	\$3.08	\$4.54	\$5.92	\$6.05	\$6.49	\$6.98	\$7.21	\$7.46	\$7.73
Dividends per share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25	\$0.25	\$0.25
<b>Alternative EPS if \$15 moly forever</b>						<b>\$1.32</b>	<b>\$1.93</b>	<b>\$1.97</b>	<b>\$1.90</b>	<b>\$1.93</b>	<b>\$1.91</b>
<b>UNDERLYING DYNAMICS</b>											
Mt Hope mo output				18	36	38	38	38	36	36	35
Hall-Ton mo output							9.6	9.6	9.6	9.6	9.6
Hall-Tonopah cu							28.8	28.8	28.8	28.8	28.8
Mo CGS per lb				6	6	7	7	7	7	7	7
Spot mo price	\$ 30	\$ 30	\$ 25	\$ 20	\$ 15	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Spot cu price	\$ 3.20	\$ 3.25	\$ 3.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

Source: General Moly, Inc and John Tumazos Very Independent Research, LLC

**Table 2: Estimated Sources and Uses of Funds (\$ Mil.)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Income	-36	-34	-26	175	166	16	53	58	57	60	62
Depreciation				14	29	30	42	42	41	41	40
Deferred Taxes				5	18	2	6	6	6	7	7
Other Noncash Items											
Equity	30	200	200								
Debt			125	275		100					
Asset Sales											
<b>Total Sources</b>	<b>-6</b>	<b>166</b>	<b>299</b>	<b>470</b>	<b>213</b>	<b>149</b>	<b>101</b>	<b>107</b>	<b>105</b>	<b>108</b>	<b>109</b>
Capital Spending	20	50	400	400	25	300	25	25	25	25	25
Acquisitions											
Debt Repayment							50	100	50	50	50
Dividends									30	30	30
Noncash Working Cap.				75			25				
Change in Cash	-26	116	-101	-5	188	-151	1	-18	0	3	4
<b>Total Uses</b>	<b>-6</b>	<b>166</b>	<b>299</b>	<b>470</b>	<b>213</b>	<b>149</b>	<b>101</b>	<b>107</b>	<b>105</b>	<b>108</b>	<b>109</b>

**Table 3: Estimated Balance Sheet (\$ Mil.)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash	12	128	28	22	210	58	59	41	41	44	47
Inventory				25	25	25	35	25	25	25	25
Receivables				50	50	50	65	50	50	50	50
Other Current	0	0	1	1	1	1	1	1	1	1	1
<b>Total Current</b>	<b>12</b>	<b>129</b>	<b>29</b>	<b>98</b>	<b>286</b>	<b>134</b>	<b>160</b>	<b>117</b>	<b>117</b>	<b>120</b>	<b>123</b>
PPE	20	70	470	856	852	1121	1104	1087	1071	1055	1040
Other assets	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>32</b>	<b>199</b>	<b>499</b>	<b>954</b>	<b>1138</b>	<b>1256</b>	<b>1264</b>	<b>1204</b>	<b>1188</b>	<b>1175</b>	<b>1163</b>
Current Liabilities	3	3	4	-1	-6	-11	-16	-46	-51	-56	-61
Reclamation	0	0	0	5	10	15	20	25	30	35	40
Long-term Debt	0	0	125	400	400	500	450	350	300	250	200
Deferred Taxes				5	23	25	31	37	43	50	57
Shareholders Equity	29	195	369	545	710	727	779	837	865	895	927
<b>Total Liabilities</b>	<b>32</b>	<b>199</b>	<b>499</b>	<b>954</b>	<b>1138</b>	<b>1256</b>	<b>1264</b>	<b>1204</b>	<b>1188</b>	<b>1175</b>	<b>1163</b>

Source: General Moly, Inc and John Tumazos Very Independent Research, LLC

TABLE 4: Jim and Ellen Hodos Onstream Resource Mgrs. Inc. Pre-Tax Conceptual Cashflow: Mt. Hope

		Year											Total
Units		-1	1	2	3	4	5	6	7	8	9	10	
<b>Ore Processed</b>	000's tons	987	20,356	22,549	21,782	22,344	22,328	21,801	21,649	22,110	22,287	22,544	220,737
<b>Grade</b>	%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
<b>Recoveries</b>													
Milling	%	87.7%	87.7%	87.7%	87.7%	87.7%	87.7%	87.4%	87.4%	87.4%	87.4%	87.4%	87.4%
Leach and Roaster	%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%
<b>Product</b>	000's lbs	816	32,479	36,684	38,658	41,988	40,404	42,340	33,410	29,138	34,008	31,664	
<b>Price</b>	\$/lb	\$28.00	\$28.00	\$24.00	\$22.00	\$19.50	\$16.00	\$14.50	\$13.50	\$13.50	\$13.50	\$13.50	
<b>Revenue</b>	\$ 000's	\$22,841	\$909,413	\$880,423	\$850,476	\$818,767	\$646,464	\$613,925	\$451,040	\$393,359	\$459,115	\$427,467	6,473,290
<b>Operating Costs</b>													
Mining Cost	Total Tons (000s)	54,000	95,500	95,500	95,500	95,500	95,500	95,500	95,500	95,500	95,500	95,500	95,500
	\$/ton	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76
	\$ 000s	41,040	72,580	72,580	72,580	72,580	72,580	72,580	72,580	72,580	72,580	72,580	72,580
Milling	\$/t Processed Ore	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10
Roaster	\$/t Processed Ore	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.51	\$0.51	\$0.51	\$0.51	\$0.51	\$0.51
G&A	\$/t Processed Ore	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68
Total	\$/t Processed Ore	\$4.37	\$4.37	\$4.37	\$4.37	\$4.37	\$4.37	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29
Total	\$(000s) Ore Milled	4,313	88,956	98,539	95,187	97,643	97,573	93,526	92,874	94,852	95,611	96,714	
Total	\$ 000s	45,353	161,536	171,119	167,767	170,223	170,153	166,106	165,454	167,432	168,191	169,294	1,722,629
<b>Capital Costs</b>													
Initial	\$ 000's	681,920	170,480	0	0	0	0	0	0	0	0	0	0
Sustaining	\$ 000's	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750
Total	\$ 000's	\$713,670	\$202,230	\$31,750	\$31,750	\$31,750	\$31,750	\$31,750	\$31,750	\$31,750	\$31,750	\$31,750	\$31,750
Net Cash Flow	\$ 000's	-\$736,182	\$545,647	\$677,554	\$650,958	\$616,794	\$444,561	\$416,069	\$253,835	\$194,177	\$259,173	\$226,424	3,549,010
Cumulative Cashflow		-\$736,182	-\$190,535	\$487,019	\$1,137,977	\$1,754,771	\$2,199,332	\$2,615,401	\$2,869,236	\$3,063,413	\$3,322,587	\$3,549,010	
NPV - Net Cashflow	\$3,549,010	0%											
NPV - Net Cashflow	\$2,613,808	5%											
NPV - Net Cashflow	\$1,962,842	10%											
NPV - Net Cashflow	\$1,496,295	15%											
IRR	78.9%												

Source: Onstream Resource Managers Inc.

## STAINLESS STEEL OR MOLY STATISTICS

Great uncertainty exists concerning stainless steel, nickel and moly statistics.

First, no moly scrap statistics have ever been collected or formally published. Allegheny Technologies, a leading U.S. consumer, principally buys moly bearing scrap rather than moly from mining companies.

Second, steelmakers report stainless output in tons, but do NOT report the specific alloy or alloy family. We do not criticize page 7 IISI stainless steel output data that GMO presented on September 20<sup>th</sup>, as it is all that is available, but it does not really tell us as much as investors need to know. In 2005-07 the most rapidly growing alloy family has been the 200 series, which contains no moly.

However, some moly-intensive alloys such as 316, 316L, 718 and other 700 series alloys have been growing rapidly. We believe the moly demand growth rate has been similar to the past four year average total stainless demand growth rate, but we wish we had data to prove it.

## SOME MOLY MARKET BACKGROUND

In the 1980s moly market data, interpretation and industry consultant writeups were much more insightful than today. Alex Sutolov at Molymet in Chile, Don Horenstein and Dan Loh of Amax Inc. IR, internal industry commentaries that the former Amax Inc. made available to investors and related data sources no longer exist.

Something like 75% of ordinary steel and 75% of stainless steel contains no moly, and the broad generalizations voiced equating moly demand to GDP and the steel industry do not quite jive. Please forgive me as a "mill hunk from Pittsburgh" that enjoys studying specific alloy formulas, applications, etc.

In the 2005 carbon and stainless steel inventory drawdowns and the 2007 current stainless and US only carbon drawdowns the moly-intensive deep capital spending grades of steel appear largely untouched, and continue to grow. Focus on oilfield explo, refinery retrofit, salt water corrosion applications like offshore explo or desal, aerospace jet engine, power turbines, heavy plate, etc. have been continuing to grow 5%-10% or more.

Further, a large moly scrap market exists that has not been estimated. Allegheny Tech. buys almost no virgin moly, maybe just 2 mm lbs per year, and buys scrap instead. The 700 series alloys with 3% moly for "high temperature" uses like jet engines, electricity turbines, hip implants, etc. have near 90% recycling rates. Scrap brokers segregations of 300 or 400 series scraps are imperfect, and it is difficult to estimate recycling by specific stainless alloy formula.

I have found the web sites of stainless producers to be very helpful in understanding your product. For example, Allegheny Tech's web site gives THE EXACT FORMULA OF EACH ALLOY if you go to their web site link below and then follow the "blue sheets", find by alloy and click FIND.

<http://www.alleghenysteeltalloys.com/ludlum/pages/assistance/TechnicalData.asp>

Technical data "blue sheets," find by alloy and click FIND

The common alloy 304, your kitchen sink 8% ni, 18% cr and the rest fe, has no moly. It used to be 40% of the market, but may have shrunk towards 25% as ni prices boomed in last few years. Alloy 409 for auto exhausts or similar ones were 20% of the US market, and it is 10% cr, no ni, and rest iron. The entire 200 family has no moly, and alloy 201 (4%+ ni) has jumped from 10% towards 30% of Allegheny Tech's stainless mix. THUS, 304, 409 AND 201 approach 2/3 of stainless tons and have zero moly content. Further, these three or similar alloys represent most of the "inventory swings" when products restock or destock.

It is noteworthy that the entire 200 series has no moly, and grades 304 and 409 are the most popular grades of stainless and contain no moly. Many of the other formulas are "tailored" for a specific application, such as the 316 and 316L desalination and salt water corrosion-resistant alloy. The specialty steel literature makes clear that particular applications are key, and that "mainstream" carbon steel or most stainless steel are not key to moly.

Thus, counting the number of desal plants worldwide or GE's backlog for jet engines, power turbines, desal or specific specialties is much more relevant than a study of the commodity inventory cycle at the moment.

Moly tends to be used in VERY SPECIALIZED uses, such as alloys 316 and 316L for desalination plants, salt water applications and high corrosion resistance. Or alloy 718 for jet engines, GE gas turbines, hip implants 56.7% ni and 3% mo. Or commonly 0.3% mo for carbon steel light alloy plate, oil country tubular goods, etc largely in plates and tubes and 75% or more of carbon steels have no moly. Any general discussions of ordinary commodity steel or stainless steel may prove misleading and cause a tendency to underestimate the moly market potential.

## RESUME

**Ellen F. Hodos, Vice President**

### EDUCATION

University of Maine, Orono, Maine. B.A. Geology 6/69

Henry Krumb School of Mines, Columbia Univ., N.Y., N.Y.  
M.S. Mining Engineering 10/72

### POST GRADUATE COURSES

- 2007            Global Mineral Opportunities vs Country Risk, Desjardins Securities,  
                         Prospectors and Developers Association of Canada, Toronto  
                         Ontario
- 2004            *Standards and Ethics for Appraisers*, American Society of Farm  
                         Managers and Rural Appraisers, Sacramento, California
- 2000            *Economic Evaluation and Investment Decision Methods*, Office of  
                         Special Programs and Continuing Education, Colorado School of Mines,  
                         Golden, Colorado
- 1998            *Sampling for Exploration and Ore Grade Control*, Francis Pitard  
                         Sampling Consultants and Office of Special Programs and Continuing  
                         Education Colorado School of Mines, Golden, Colorado
- 1992            *Mineral Appraisal*, American Society of Farm Managers and Rural  
                         Appraisers, Albuquerque, New Mexico
- 1990            *Hydrothermal Alteration for Mineral Exploration*, University of Idaho  
                         at Cal State Sacramento, Sacramento, California.
- 1988            *Review course for Professional Engineers*, Mining and Mineral, Penn  
                         State University, University Park, Pennsylvania
- 1986            *Groundwater Hydrology*, University of Nevada, Reno, Nevada
- 1981-1986      Geostatistics for Exploration and Production and the Environment, (4  
                         courses) Stanford University, Stanford, California
- 1981            *Surface Mine Design, Mine Planning and Materials Handling*, Center for

Professional Advancement, Pittsburgh, Pennsylvania

- 1978 *Introduction to Appraisal Techniques*, American Institute of Real Estate Appraisers, San Francisco, California
- 1977 *Mining Law and Mineral Land Appraisal*, BLM School for Mineral Examiners, Phoenix, Arizona
- 1976 *Coal Geophysics*, Shell Training Centre, The Hague, Netherlands
- 1975 *Coal Mining for Geologists*, Shell Training Centre, The Hague, Netherlands

## **EMPLOYMENT**

1985 - Present **VICE PRESIDENT**, Onstream Resource Managers, Inc.,  
Carson City, Nevada

- \* Direct marketing and pension fund investment activities for Onstream. Client base includes public and private corporations, government agencies and private investors. Employ excellent verbal, writing and strategic planning abilities in the following technical areas:

Placer and lode mine/prospect examinations, management of exploration programs. Lode gold exploration mapping and drilling. Development of lode gold exploration concepts and geologic research to evaluate concepts and develop targets. Supervision of mine design activities.

Overstaking and gold fraud investigations including expert testimony in court proceedings. Eminent domain mineral appraisals including expert testimony in court proceedings. Appraisal of mining leases, mineral properties and mining company assets. Expert testimony in private contests and disputes. Expert testimony before the Supreme Court of British Columbia. Consultant to Nevada State Minerals Commission regarding applications of the General Mining Laws.

Variable ore grade and gold mine economic modeling for the Environmental Protection Agency Placer Mine Effluent Regulations. Reviewed proposed rules and successfully defended economic models against challenge by U.S. Dept. of Interior, environmental groups and a state mining association.

Confidential investigations for major mining companies, junior companies

and financial institutions for acquisitions, mergers, etc., in the area of exploration success, estimation of reserves, environmental liabilities and business strategy. Managed and coordinated corporate-government interface for patent examinations of lodes and millsites at numerous major gold mines across Northern Nevada and for titanium deposits in Colorado. Technical audits of established and planned surface and underground mining operations including ore treatment and refining and verification of marketing and hedging instruments and mine financing alternatives. Experience includes gold, silver, copper gold, aggregates, geothermal, marble, gypsum, copper, titanium, nickel and cobalt.

1979-1984 **CONSULTANT AND MANAGER OF GEOLOGY**, Placer Service Corp.,  
(Subsidiary St. Joe Minerals/Fluor Corp.), Grass Valley, California

- \* Primary responsibility for pit design for large open pit gold placer mine including reserve estimation, mine economics, establishment of cut-off grade. Supervision of geological mapping work for EIR and mining permit. Tailings disposal study and dredge path recommendations for 18 cu. ft. gold dredge. at Hammondton, California. Ongoing reserve management for active dredge operations and proposed open pit mine.
- \* Placer gold exploration in Alaska and California.

1977-1979 **MINING ENGINEER**, U.S. National Park Service, San Francisco, California

- \* Validity examinations of Federal mining claims in U.S. National Park System including mine feasibility analysis, geologic mapping, sampling and land title work. Appraised land parcels for oil and gas, topsoil, sand and gravel and other minerals under Federal eminent domain condemnation proceedings. Expert witness testimony at Department of Interior and U.S. District Court proceedings.

1976-1977 **CONSULTANT**, Nevada City, California

- \* Assisted small gold miners with mining plans and USFS compliance.

1975-1976 **MINING ENGINEER**, Scallop Coal Corp., Subsidiary of Shell International Petroleum/Shell Transport and Trading, N.Y., N.Y.

- \* Assisted creation of Scallop Coal subsidiary to exploit coal sales and reserve acquisition opportunities in the Appalachians. Prepared strategic plan, budgets, stock price valuations, reviewed target company operations for expansion feasibility. Designed oil drilling ship under the supervision of a Petroleum Engineer. Purchased mining and oil field equipment for worldwide installation. Training in petroleum production at Compania Shell Venezuela. Worked with CSV to purchase and install wellhead gas turbines.

1972-1975 **MINING ENGINEER**, W.R. Grace Co., N.Y., N.Y.

- \* Exploration, production drilling and mine design activities for the Colowyo coal mine, Colorado. Grace representative to several base metal joint venture exploration projects. Developed mine designs, grade control systems, production schedules and budgets for underground metal mines in British Columbia, Peru and Bolivia. Developed computerized reserve estimations for production forecasts, tin placer mines, Brazil.

1972 **CONSULTANT**, Societe' le Nickel, Paris, France

- \* Geologic research for computer data file, base metal deposits of North America. French-English-French translations of technical literature (part time while in Graduate School).

1971-1972 **CONTRACT GEOLOGIST**, Mineral Deposits, Ltd., Southport, Qld., Australia

- \* Supervised reconnaissance exploration for titanium minerals in Western Australia. Developed targets for fluorspar exploration. Organized a testing lab for bentonite. Conducted geochemical surveys for base metals.

1969-1971 **JUNIOR GEOLOGIST**, NL Industries Inc., N.Y., N.Y.

- \* Conducted exploration, geological mapping, research, geochemical and geophysical surveys for base metals U.S. and Canada. Specialist for TiO<sub>2</sub> deposits.

## **PROFESSIONAL REGISTRATION**

Professional Engineer (P.E.) - Mining Engineering, Nevada No. 8234

Registered Geologist       - Alaska No. 149  
                                      - California No. 4216  
                                      - Oregon No. G999

## **PROFESSIONAL ORGANIZATIONS AND APPOINTMENTS**

Fellow of the Society of Economic Geologists

Past President, Treasurer / Vice President - American Institute of Professional Geologists,  
Nevada Section

Candidate in American Society of Farm Managers and Rural Appraisers

Appointed member of Nevada State Attorney General's Mining Fraud Task Force.

Contributed to the 2002 Uniform Appraisal Standards for Federal Land Acquisitions.

## **PUBLICATIONS**

- 1985                    The Influence of Sample Volume on Grade Estimation Reliability for Placer Deposits, E.F. Hodos and Dr. B. Davis, Chief Geostatistician Bond Gold Corp. presented at the International Gold and Silver Conference, Reno, Nevada.
- 1986                    Placer Provenance as a Prospecting Tool for Lode Gold Deposits, presented at Geological Society of Nevada, Reno, Nevada.
- 1994-1996            Committee member to develop the Appraisal of Rural Property, 2<sup>nd</sup> Ed. textbook and course materials for Mineral Appraisals, American Society of Farm Managers and Rural Appraisers.
- 1996                    BLASH vs. GF Theory in Mining Investment, SEG Newsletter, January, 1997. Society of Economic Geologists, Littleton, Colorado.
- 1997                    Some Pit Falls of Discounted Cash Flow Analysis, The Professional Geologist, Vol. 34, No. 4, April 1997.
- 1997                    Gold Fraud, presented to the New York Section of the American Institute of Mining Engineers, September 7, 1997, New York, New York.
- 1998                    Trends In Alaskan Mineral Property Sales presented to The Alaskan Miners Association, November 1998 Annual Meeting, Anchorage, Alaska.
- 2001                    Appraisal of the New World Mining Project, Cooke City, Montana, E.F. Hodos, P.E. and John Widdoss, M.A.I., A.R.A., SEG Newsletter, January, 2001. Society of Economic Geologists, Littleton, Colorado.
- 2004                    Market Segmentation: An Important Facet of Market Analysis for Mineral Appraisals, The Appraisal Journal, Volume LXXI, Number 1, Winter 2004, The Appraisal Institute, Chicago, Illinois

## **RESUME**

**James J. Hodos, President**

## **EDUCATION**

Columbia University, N.Y., N.Y., B.A. - Geology, 1973.

## **POST GRADUATE COURSES**

- 2006                    *Advanced Rural Appraisal*, American Society of Farm Managers and Rural Appraisers, Sacramento, California
- 2006                    *Code of Ethics Course*, American Society of Farm Managers and Rural Appraisers, Auburn, California
- 2006                    *Yellow Book: Uniform Appraisal Standards of Federal Land Acquisition*, American Society of Farm Managers and Rural Appraisers, Auburn, California
- 2003                    *National Uniform Standards of Professional Appraisal Practice (USPAP) - 7 Hour Update*, American Society of Farm Managers and Rural Appraisers, Sacramento, California.
- 2003                    *Fundamentals of Rural Appraisal*, American Society of Farm Managers and Rural Appraisers, Fresno, California.
- 2003                    *Mineral Property Tax Assessment Seminar*, California Mining Association, Bakersfield, California.
- 2001                    *Income Capitalization*, American Society of Farm Managers and Rural Appraisers, Sacramento, California.
- 2000                    *Eminent Domain*, American Society of Farm Managers and Rural Appraisers, Davenport, Iowa.
- 2000                    *Highest and Best Use*, American Society of Farm Managers and Rural Appraisers, Davenport, Iowa.
- 1999                    *Principles of Rural Appraisal*, American Society of Farm Managers and Rural Appraisers, St. Cloud, Minnesota.
- 1997                    *Mineral Property Tax Assessment Seminar*, California Mining Association, Sacramento, California.
- 1997                    *Gold Exploration and Geology of Brazil*, Society for Mining, Metallurgy and Exploration, Denver, Colorado.
- 1996                    *Understanding and Using Financial Statements*, Dun and Bradstreet Seminars, Reno, Nevada.
- 1996                    *Standards of Professional Appraisal Practice*, American Society of Farm Managers and Rural Appraisers, Salem, Oregon.
- 1994                    *Appraisal Procedures*, The Appraisal Institute, Arizona State University, Tempe, Arizona.
- 1993                    *Appraisal Principles*, The Appraisal Institute, San Jose, California.

- 1989                    *Mining Reclamation in the Arid West*, Mackay School of Mines, University of Nevada, Reno.
- 1988                    *Volcanology and Mineral Deposits*, Mackay School of Mines, University of Nevada, Reno.
- 1983                    *Fundamentals of Finance and Accounting for Non-Financial Executives*, American Management Association, San Francisco, California.
- 1981                    *Design of Non-impounding Waste Dumps*, Society of Mining Engineers, Denver, Colorado.
- 1980                    *Legal Aspects of the Mine Health and Safety Act of 1969*, American Management Association, San Francisco, California.
- 1979                    *Design, Selection and Utilization of Heavy Equipment in Surface Mines*, Colorado School of Mines, Golden, Colorado.
- 1978                    *Gravity Separation Technology*, Mackay School of Mines, University of Nevada, Reno.
- 1975                    *Welding Technology*, American Welding Institute, New York, New York.

## **BACKGROUND AND EXPERIENCE**

1985 - Present.    **PRESIDENT**, Onstream Resource Managers, Inc., Carson City, Nevada.

- \*     Direct professional and corporate activities for technical consulting firm (Onstream) specializing in exploration geology and mining evaluation and appraisal. Client base includes public and private corporations, government agencies and private investors. Manage corporate billing, payroll and administration. Utilize superior negotiating skills for legal agreements of all types and to obtain government approvals, permits and mineral patents.
- \*     Perform due diligence investigations for major corporate clients and financial institutions. Verify resource/reserve, mining cost and financial statement calculations and estimates. Verify permit status and compliance records. Attend public hearings. Value used mining equipment and facilities in the Western U.S.
- \*     Perform appraisals of mineral estates for government and private clients. Provide expert witness testimony. Conduct third-party mineral examinations under the Mining Law of 1872.
- \*     Advise other geologists regarding a wide range of business matters.

Technical Specialty: Alluvial Deposits. Provide expertise to various State and Federal agencies on placer exploration and development, mining costs and reclamation planning. Provide expertise to industry and private investor groups on placer development and operations. Perform placer investigations on disputed lands for litigation in State and Federal courts. Provide placer laboratory services for the recovery of free gold. Advised clients and supervised exploration programs in North and South America.

Experience in gold, copper-gold, copper, silver, nickel, tin, aggregates, geothermal.

1979 - 1984. **PROJECT MANAGER**, Reporting directly to the President, Placer Service Corporation (subsidiary of Fluor Corporation / St. Joe Minerals).

Responsible for all activities involving the engineering and development of a large, low grade gold placer deposit including:

- \* Development and management of a "State of the Art" pilot operation with full maintenance and laboratory facilities including purchasing and inventory control.
- \* Management and direction of the acquisition of all requisite government permits in a very difficult environmental setting. This involved managing a multi-disciplinary team of geologists, hydrologists, engineers, lawyers and environmental specialists, (both staff and consulting firms) to develop a mine in accordance with continuously evolving environmental and legal requirements. Ongoing participation in development of applicable regulations on local and state levels.  
  
Organization and administration of the business operations of the project including budgeting, cash requirements, disbursements and accounting for annual budgets averaging from \$1,000,000 to \$2,000,000.
- \* Management and direction of the corporate interface with government agencies, environmental groups and local citizens by coordinating public relations, media relations, corporate staff and government officials.
- X Established ongoing environmental and safety compliance programs which resulted in no lost time accidents for over six years and no environmental citations during the entire project.
- \* Administration of personnel functions including hiring, terminations and benefits program for over 20 employees.
- X Responsible periodically for the overall management of Yuba Placer Gold Company, a large gold dredging operation, in the absence of the President of the Corporation.

**Additional Activities:**

- \* Managed outside exploration programs.
- \* Evaluated and managed feasibility analyses for mining properties in the Western U.S.
- \* Negotiated property leases, from simple to complex agreements, with private individuals and other corporations.
- \* Negotiated equipment leases and purchased both used and new equipment.

1974-1979. **PROJECT GEOLOGIST**, Placer Service Corporation, various locations from New York Office base.

- \* Primary duties were to perform engineering and geological functions to provide assistance to corporate clients in the U.S., Central and South America.
- X Reconnaissance exploration, sampling, drilling, mapping and preparation of reports for placer tin deposits.
- \* Conducted feasibility analyses of explored placer deposits and properties in production including reviewing established reserves, reviewing existing programs, making recommendations for additional work including the planning and layout of camp facilities and infrastructure.
- \* Developed detailed operating plans for multiple orebody/multiple mining unit properties. Maintained close contact with various heavy equipment manufacturers and recommended equipment selections to clients. Arranged importation/exportation of heavy equipment from the U.S. and Germany to Brazil, Bolivia and Ecuador.
- \* Supervised construction of a floating processing plant in a remote area of Brazil using local labor. Trained and supervised Portuguese and Spanish speaking workforce. Explored for placer gold in Panama.

## **PUBLICATIONS**

- 1985 Graphical and Statistical Comparison of Churn and Caisson Drill Results at a Deep Placer Deposit , with Dr. Bruce Davis, Chief Geostatistician, St. Joe American Corp, and Bruce Castle, Senior Geologist, Fluor Mining and Metals, presented at Pacific Northwest Metals and Minerals Conference, Spokane, Washington.
- 1987 Cost Variances for Surface Placer Mines, presented at RMS-ROSS Placer Mining Conference, Richmond, B.C., Canada.
- 1997 BLASH vs. GF Theory in Mining Investment, SEG Newsletter, January, 1997, Society of Economic Geologists, Littleton, Colorado.

**Onstream Resource Managers, Inc.**

## **PROJECTS SUMMARY**

### **2007**

Billiton Exploration, U.S.A., Mine closure and Monitoring Services, California

California Nickel Corporation, Technical Audit, Permitting, California

U.S. Department of Justice, Mineral Appraisal Services, New Mexico

State of California, Department of Water Resources, Mineral Appraisal Services

## **2006**

Aquiline Resources, Inc., Expert witness testimony, Argentina

Billiton Exploration, U.S.A., Mine closure and Monitoring Services, California

California Nickel Corporation, Technical Audit Services, California

Fremont Gold Company, Exploration Management Services, Wyoming

Fury Exploration, Exploration Services, Nevada

Hyak Mining Company, Mineral Appraisal Services, Alaska

U.S. Army Corps of Engineers, Mineral Appraisal Services, Alaska

U.S. Department of Justice, Mineral Appraisal Services, New Mexico

U.S. Bureau of Land Management, Mineral Market Services, Nevada

## **2005**

Aquiline Resources, Inc.: Mineral Appraisal services, Argentina

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

California Nickel Corporation: Mineral Appraisal services, California

Fremont Gold Company: Exploration services, Wyoming

Hyak Mining Company, Mineral Appraisal services, Alaska

U.S. Army Corps of Engineers: Mineral Appraisal services, Alaska

U.S. National Park Service: Mineral Appraisal services, Alaska

## **2004**

Aquiline Resources, Inc.: Exploration services, Argentina

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

California Nickel Corporation: Mineral Appraisal Services

Hampton Court Resources: Exploration services, Ecuador

State of California, Department of Water Resources: Mineral Appraisal services

U.S. Army Corps of Engineers: Mineral Appraisal services, Alaska

U.S. Bureau of Land Management: Technical Audit services, Colorado

U.S. Bureau of Land Management, Mineral Appraisal services, Nevada

U.S. National Park Service: Mineral Appraisal services, Alaska

### **2003**

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

State of California, Department of Water Resources: Mineral Appraisal services

U.S. Army Corps of Engineers: Mineral Appraisal services, Alaska

U.S. Bureau of Land Management: Mineral Appraisal services, Nevada

U.S. Bureau of Land Management: Technical Audit services, Colorado

U.S. National Park Service: Mineral Appraisals, Alaska

U.S. National Park Service: Expert Witness services, California

### **2002**

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

Carrara Marble & Cement Co.: Market survey, limestone and marble, Nevada

Fabian & Clendenin, Attorneys at Law: Mineral Appraisal services, Nevada

Hall-Widdoss & Co., Inc.: Technical support, search for comparable sales, mineral appraisal,  
Utah

Newmont Mining Corporation: Mining claim patenting, Nevada

U.S. Army Corps of Engineers: Mineral Appraisal services, Alaska

U.S. National Park Service: Mineral Appraisals, Alaska

U.S. National Park Service: Expert Witness services, California

### **2001**

Attorney General's Office, State of Alaska: Mineral appraisal services, Alaska

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

Hall-Widdoss & Co., Inc.: Technical support and search for comparable sales, mineral  
appraisal, Utah

Newmont Mining Corporation: Mining claim patenting, Nevada

U.S. Dept. of Justice: Technical support and Mining claim mineral appraisals, Alaska

U.S. Forest Service and Bureau of Land Management: Laboratory services, gold, California

U.S. National Park Service: Mineral Appraisals, Alaska

## **2000**

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

Hall-Widdoss & Co., Inc.: Technical support, search for comparable sales, mineral appraisal,  
Utah

Her Majesty The Queen, Elizabeth II, Province of British Columbia, Land Use Coordination  
Office: Mineral appraisal services, Canada

Newmont Gold Company: Mining claim patenting, Carlin Trend, Nevada

Newmont Mining Corp.: Mining claim appraisal, Carlin Trend, Nevada

U.S. Dept. of Justice: Mining claim mineral appraisals, Alaska

U.S. Forest Service and Bureau of Land Management: Laboratory services, gold, California

U.S. National Park Service (Denver): Report for validity exam, California

U.S. National Park Service: Mineral Appraisals, Alaska

## **1999**

Billiton Exploration, U.S.A.: Mine closure and monitoring services, California

Billiton Stratcor, Inc.: Technical assistance and sampling services, copper, Nevada

GB Western, Inc.: Technical assistance, placer properties, North America

Hecla Mining Company: Mining claim validity examination, valuation and court testimony, Idaho

Her Majesty The Queen, Elizabeth II, Province of British Columbia, Land Use Coordination Office: Mineral appraisal services, Canada

Kennecott Exploration: Advisory, Alaska

Newmont Gold Company: Mining claim patenting, Carlin Trend, Nevada

Newmont Mining Corp.: Mining claim appraisal, Carlin Trend, Nevada

U.S. Dept. of Justice: Mining claim mineral appraisals, Alaska

U.S. Forest Service: New World Mine appraisal, Montana

U.S. Forest Service and Bureau of Land Management: Laboratory services, gold, California

U.S. National Park Service (Denver): Technical assistance and sampling services for validity exam, California

U.S. National Park Service: Mineral Appraisals, Alaska

## **1998**

ARB, Inc.: Technical assistance, field investigations, management, gold, Ecuador

Billiton Exploration, U.S.A.: Mine closure and monitoring services, Nevada

Billiton Stratcor, Inc.: Technical assistance and sampling services, copper, Nevada

GB Western, Inc.: Technical assistance/placer properties, North America

Hecla Mining Company: Mining claim validity examination and valuation, Idaho

Kennecott Exploration: Advisory, Alaska

Newmont Gold Company: Mining claim patenting, Carlin Trend, Nevada

Newmont Mining Corp.: Mining claim appraisal, Carlin Trend, Nevada

U.S. Dept. of Justice: Mining claim appraisal and court testimony, Alaska

U.S. Forest Service: New World Mine appraisal, Montana

U.S. Forest Service: Laboratory services, gold, California

U.S. National Park Service (Denver): Technical assistance and sampling services for validity exam, California

U.S. National Park Service: Mineral appraisals, patent examination, Alaska

## **1997**

ARB, Inc.: Technical assistance, field investigations, management, gold, Ecuador

Billiton Exploration, U.S.A.: Mine closure and monitoring services, Nevada

Billiton Stratcor, Inc.: Technical assistance and sampling services, copper, Nevada

Breckenridge Minerals: Exploration services, gold, California

Hecla Mining Company: Mining claim validity and valuation, Idaho

Mink Int'l Resources Corp.: Field inspection of gold recovery equipment, Nevada

Newmont Gold Company: Mining claim patenting, Carlin Trend, Nevada

U.S. Dept. of Justice: Expert witness and Mineral Appraisal services, gold, California

U.S. Forest Service: New World Mine appraisal, Montana

U.S. Forest Service: Laboratory services, gold, Siskiyou Forest, California

U.S. National Park Service (Denver): Technical assistance and sampling services for validity exam, California

U.S. National Park Service: Mineral appraisals, Alaska

## **VISIT TO MT. HOPE AND HALL-TONOPAH PROPERTIES, NEVADA**

Idaho General Mines, Inc (soon to be General Moly, Inc.)  
September 20, 2007 by Ellen F. Hodos, P.E.

## **DISCLAIMER**

**This report has been prepared for the purpose of providing information to John Tumazos, CFA of John Tumazos Very Independent Research, LLC and for no other purpose. There are no intended users beyond John Tumazos. The author, Ellen F. Hodos, P.E., and Onstream Resource**

**Managers, Inc. will not be responsible for any unauthorized use of this report or for any losses suffered by any party resulting from unauthorized use of this report.**

**This report contains confidential information. Access to this report is restricted to users with the written permission of Onstream Resource Managers, Inc.**

### **Executive Summary**

The Mt Hope deposit appears worthy of its world class designation by General Moly, Inc. (GMO). Engineering at the feasibility and procurement stage is well conceived and well advanced. Quality Assurance/Quality Control has been appropriate and confirmatory. Metallurgy is benign and requires conventional technology. Permits are in the early stages and there are no apparent show stoppers. Management is experienced, enthusiastic and has been cherry picked from organizations such as Newmont, Phelps Dodge, Cyprus and Amax. The atmosphere is cooperative and professional. The risk to the project lies in the price of molybdenum. Management is working toward offtake agreements that will ameliorate some of the price risk. Company price forecasts appear somewhat naïve.

Hall-Tonopah is not as well-advanced. A pre-feasibility study is due to be made available in November 2007. Work on site is advancing with a skeletal staff. Good geology and some infrastructure from past operations in very good condition are advantageous. For a number of reasons enumerated below, production is probably not on the horizon until late 2009 when the NEPA process at Mt. Hope is scheduled for completion. Thus, the immediate impact to GMO's stock price of the completed pre-feasibility study will probably be muted.

### **Mt. Hope Project**

The project is located near Eureka, Nevada along a paved State roadway. Access is very good to the future mine and mill site from either US Highway 50 to the south or Interstate 80 to the north. The terrain is high desert with some sparse forest and abundant sagebrush, and grasses.

### Geology and Mineralization

The deposit is located on the southeast flank of the Roberts Mountains at 8,000 feet of elevation. Crustal scale fractures trending NNE control the deposit. The deposit lies within the Walker Lane at the edge of the Battle Mountain – Eureka polymetallic belt. The moly mineralization, almost completely in the form of Molybdenite (MoS<sub>2</sub>), is hosted by a Tertiary rhyolite volcanic-intrusive complex which intruded the Ordovician Vinini Formation forming a hard, hornfelsed contact zone. Approximately 80% of the moly is hosted by two lobes of rhyolite granite intrusive rocks in the form of veins, fracture fillings and disseminations shaped like inverted tea cups. A third lobe was intersected at depth in a single drill hole. Approximately 20 % of the

resource is hosted by hornfels. The deposit is bounded on the east by Permian limestone which hosts zinc and silver – bearing skarn deposits and thick, unconsolidated valley sediments overly bedrock. Several phases of the intrusive have been identified along with several pulses of mineralization. Where these lobes of mineralization coincide, there is a high grade zone of enhanced moly grades. The mineralization is localized in the apical or cupola portion of the intrusive. Although some ore grade mineralization actually outcrops, the bulk of the high grade zone, known as the overlap zone, is located about 300 feet below the surface. This zone is the focus of the first ten years of production and moly grades in this material exceed 0.09% Mo. The deposit has a low clay content and is readily amenable to flotation.

Portions of the deposit are associated with potassic and silicic alteration and to a lesser extent, argillic (clay – like) alteration. The silicic zones have a grindability index as high in places as 17, but the average overall is in the moderate, 11, range. Down-faulted extensions of the orebody are known to exist to the east along the arcuate Mt. Hope normal fault which may someday be accessible from the bottom of the ultimate Mt. Hope pit. Good exploration targets for outliers and satellites are numerous but most will wait until Mt. Hope is farther along the development path. Some better targets may be explored sooner for optimization purposes. The deposit is open to the north, to the east, to the west and at depth.

### Exploration

Cores from an amazingly pristine collection of cores, rejects and pulps have been maintained in order in a warehouse on site. The 165 core holes were drilled mostly by Exxon for about 230,000 feet. Core recovery was in the high 98 – 99 % range according to company geologists which appeared to be confirmed by examination of a few core boxes selected at random from the huge collection. According to GMO personnel, all of the high quality historic records were meticulously preserved and are complete. This assertion is thought to be reliable based upon the condition of the core warehouse.

Forty-nine samples were obtained from the old cores and check assayed by GMO with results giving excellent confirmation of the assay quality. In addition GMO has drilled a series of confirmatory holes into the overlap zone for mine planning purposes. The new drilling has provided needed geotechnical information useful to designing the pit walls, slope angles, etc. as well as providing additional assay data. Condemnation drilling resulted in loosely defining the peripheral, skarn – hosted zinc-silver resource, but this material may be partially sterilized until the end of the ultimate mine life by the placement of the mill, stockpiles and other facilities. Possibly, some of the resource may be eventually mined to help fund mine closure and site remediation, according to company personnel.

This deposit has been well defined by drilling, the records are of excellent quality, and Quality Assurance/Quality Control measures taken by GMO are appropriate and confirmatory.

### Water Development

Water needs of the mining and milling operation total 6,964 gallons per minute (GPM) of which 6,273 GPM have already been purchased and 815 GPM are in closing for a total of 7,088 GPM. Furthermore, water wells drilled below the alluvium into the Ordovician rocks are highly productive and water production is not a threat to adjacent valleys where water is needed for agricultural production. The company is working with the USGS to define the interbasin transfer issues as may impact adjacent basins. So far the results of this work have been positive. The interbasin model predicts minimal or no impact except to Pine Valley to the north where no agriculture occurs.

Pit dewatering will be minimal at about 1000 gpm which will not be needed until the pit is well advanced in approximately year 8 of the current mine plan.

Water wells will be used for makeup water and Mt. Hope will be a zero discharge facility.

### Native American Issues and Community Involvement

Native tribes in the region have been incorporated into the planning process and so far, no significant Native issues have arisen. Although there are some archaeological sites on the project area, none appear to have been significant religious or spiritual sites or associated with traditional uses. So far, the issues important to Native Americans elsewhere in the state such as mercury emissions (little to no Hg in this ore) and ground water discharge do not apply to Mt. Hope.

Eureka County has a Natural Resource Committee which is actively involved in mining issues and GMO reportedly have good working relationships with the members. Eureka County is well funded and somewhat bureaucratic but expected to be cooperative during the permitting and community outreach efforts. An experienced community outreach specialist has been hired from Newmont to assist in this effort.

### Milling and Processing

The proposed milling and processing operation is neither new nor revolutionary and represents typical molybdenum recovery practice. All grades published in company reports are Mo not MoS<sub>2</sub> so they represent recoverable moly. The flow sheet is not complex; ore is crushed, ground and moly is floated. The concentrates are ferric chloride leached and then are roasted for a quality product. Leaching may offer opportunities to optimize flotation efficiency by as much as 2%. By-product sulphuric acid sale was considered but a \$50 million capex resulted in breakeven so acid sale is not under consideration at this time. The rotating hearth roaster furnace planned will be fired for preheating using propane which will be purchased under long term contracts. Contracts have not yet been let. Most of the heat will come from the oxidation of sulfur. Temperature will be carefully monitored. This roaster type is traditional for molybdenum and though similar to the roasters in use at Barrick and Newmont's mines, does not use a fluidized bed process.

Metallurgical test work and mill design have been undertaken under the supervision of an experienced former Phelps Dodge / Cyprus metallurgist responsible for moly recovery. The test work has been performed at reputable laboratories such as Lakefield Research, highly regarded flotation specialists. The recoveries are expected to average 88% in the high grade and drop to 83% later in the mine life when ore will be sourced from stockpiles. The mill is located on patented ground and may begin construction before permitting is completed.

A tailings impoundment with a 300' high dam has been engineered to be built in lifts as needed. Tailings will be dewatered to an almost paste-like consistency and process water reused to the extent possible.

The roasting market for moly is fairly opaque and can be constrained at times for lack of capacity. A roaster was felt to be essential to the project. Assuming typical roasting costs of \$37/lb and a margin of about \$1/lb, toll charge revenues in the range of \$1 – \$1.50/lb might be obtained by taking toll concentrates from others. There is a pre-tax payback period of a little over 2 years for the roaster without tolling. GMO can then control their participation in the market and will not suffer from being backed up when capacity is tight. The capacity cap for the roaster, mostly for environmental reasons, is about 50 million lbs annually. The portion available for toll roasting could enhance cash flow. However, no tolling is included in company financial forecasts. Hall-Tonopah concentrates may eventually be roasted at Mt. Hope.

Although a very large deposit is needed to justify a roaster, if one were to contract for roasting on the open market, the further out you would want to cover, the higher the fees and charges operators want to tie up capacity, according to the company. The roaster will produce a quality technical moly oxide (TMO) product and future enhancement might come from creating catalytic or ferro-moly products. Primary product producers are able to make a higher quality product than by-product producers. *About 36 million lbs of moly product annually will be obtained in the first ten years of production.*

### Environmental Permits

As Mt. Hope is on public land, the company must follow the NEPA process and consult with Federal, State and local agencies to produce an EIS. This process has begun and a very qualified and experienced individual has been hired from Newmont to oversee the effort. He personally told me that he was thrilled to be part of this project and based upon his past experience, that the Battle Mountain BLM District was the very best to work with in the State of Nevada. They are professional and supportive. We would second that observation based upon our experience with them.

There are no endangered or listed species on or near the project site and no known stumbling blocks to achieving permits. Permits can never be considered guaranteed, but GMO anticipates a smooth and relatively rapid process. Locals are supportive

and the Great Basin National Park near Ely, Nevada is too far away to be asked to be part of the process.

Permitting the roaster is all about the SO<sub>2</sub> emissions. The current design emissions are about 74-75 tpy of SO<sub>2</sub>, thus, Mt Hope will fall below the 100 tpy threshold for a Class I, or major, source subject to EPA permits. Rather Mt. Hope will qualify as a Class II source and can obtain permits from Nevada. Dual alkaline scrubbers will remove more than 99% of the SO<sub>2</sub> from the emissions. The local area is not a designated basin and so emissions are not limited.

When asked what happens to the NPV if the project is unduly delayed, Chairman Hansen responded that any impact was market price sensitive and though minor slippage could happen for several months, major slippage of 6 months to 1 year was unlikely. As two other producers are also in development, timing of the onset of production for any or all of them could affect prices. In Hansen's opinion, the Australian project is lagging behind, having not finished their feasibility study and their timetable doesn't appear realistic, but of course it is not entirely possible to control the permit process. If the market is already pricing in Mt. Hope then prices could increase in the event of undue delay. So far, BLM has been keeping to the schedule which calls for completion of permitting by the first quarter of 2009.

#### Mine Plan and Site Development

Mine planning is nearly completed and drawings have been submitted to suppliers for bid. Hansen is leaning toward partnering The Industrial Company (TIC built NEM's Ahafo mine in Ghana), a first class construction manager, with another firm and giving them incentives to meet or exceed the scheduled onset of production. Mine planning and reserve estimation was contracted out, but appears professionally done. Further written responses to inquiries by the company as to reserve computation details will be forthcoming at some point. The limited information at hand indicates that the reserves were reportedly twice estimated by different methods that gave confirmatory results, a good omen. One method, inverse squared distance (ISD), is commonly used in disseminated deposits. Drilling is at a spacing of about 100m but development drilling will halve that. Geostatistical search radii are reportedly 700 feet (+200m) which is appropriate.

Cost estimation arises out of the mine planning documents which were not available. Most large items had been costed using vendor quotes and ordering of major components has begun. The longest lead times are about 100 days for the roaster forgings and primary crusher, shovel and large grinding mills. Some contract awards are reportedly going to be made shortly. Some study is ongoing as to optimizing the use of hydraulic excavators and/or shovels which will be completed soon.

A 23 mile power line will be designed from a local substation paralleling an already existing line and thus will not require an EIS. At present the company is working with BLM to define a right of way and then right of way acquisition will proceed and will hopefully be completed by the end of the NEPA process. Although a large line is close at hand, it has not been considered further because 80 MW of peak capacity

eventually lowering to 20-30 MW of sustained load might be disruptive. Sierra Pacific reportedly is on board with the plan and Deseret Power and Mt. Wheeler Power are formally incorporating the Mt Hope electrical load in their forecasts and procurement plans.

My impression of the engineering team is a group of very well organized, competent and enthusiastic professionals with a good team mentality. The company is engaged in cherry picking some very fine professionals from the ample supply available in Nevada and other mining districts such as Climax/Henderson and Coeur'dAlene. The project is within commuting distance from the Carlin – Elko area. Several employees expressed the excitement they felt at the prospect of the opportunity of helping to make Mt. Hope a reality. The managerial group is small and does not appear to be stratified into an inflexible hierarchy which has appeal, especially to experienced people. Everyone was very open and answered questions with apparent sincerity and without hesitation. Their attitude was not overly promotional and it reminded me of the “old” Newmont when I began consulting to them in 1992.

Ranch land purchased for water rights will be used to house employees in both the short term in man camps for construction and in employee housing developments for the long term. Lots will be made available for buildings erected by others. Eureka wants the town to grow and GMO will endeavor to do what they can in this regard.

### Product Marketing

Management has already approached multiple potential purchasers in the form of steel companies, Asian trading companies and others with the desire to “place a floor under operating and interest costs” by negotiating an offtake contract or contracts or alternatively negotiate with a buyer who would like a participation to assure a market for some portion of the first ten years of production. Management has just brought on board a very experienced marketer of molybdenum from Amax who was hired out of retirement. He was retired for about 10 minutes, he said wryly.

The company is closely following the international molybdenum and related markets including keeping a watchful eye on the unpredictable Chinese suppliers/exporters.

### Project Economics

The greatest risk to the Mt Hope project is molybdenum prices. The after tax NPV approaches zero at a realized price of about \$9/lb. Based upon cash costs, the breakeven point falls between \$7-8/lb realized.

As discussed above under Marketing, GMO plans to mitigate some of the pricing risk through offtake agreements.

In my opinion, the 10% discount rate used in the forecast NPV is probably a bit low without such an agreement but will depend, in part, on the proportion of debt to equity. A higher rate would, of course, extend payback and lower NPV.

## Price Forecast

The Molybdenum price forecasts were prepared by consulting firm CPM Group. The project manager for the job was Adam Crown. I did not have the opportunity to inquire as to his previous experience in forecasting molybdenum prices and steel alloy prices and no curriculum vitae were provided. He was assisted by a very sincere young man who was inexperienced, perhaps, due to his age.

I was not impressed by the fact that certain data were omitted from CPM's slides in order that members of the group might be forced to purchase the CPM study at great expense if they wanted to obtain a full appreciation for the data. I objected strongly to this practice, after all, GMO had already paid for the work.

Further, the presentation was so generalized that it was impossible for practical purposes to ascertain the level of effort expended in consulting industry experts or other knowledgeable parties to develop base data. One can't help but feel wary about a forecast that shows long periods of large supply deficits in the moly or any other metal market.

In conclusion, the price forecast appeared weak and academic. Its reliability is unknown.

## Land situation

Mt Hope is controlled by a lease with Mount Hope Molybdenum, Inc. privately held by the Drimmer family who are represented by a lawyer in Los Angeles. In the past, they have reportedly been hard to deal with as evidenced by the history of the project before GMO's involvement. The family will get on the order of 3-5% of Mt. Hope's revenues over the life of the project. They have a sliding scale royalty calling for rather large payments of up front in the unusual form of advance royalties on estimated capital costs. The risk with this arrangement is if the family gets enough money to quit working, they may become bored and then hire lawyers to address real or imagined grievances. My former boss used to say that every good mine experiences at least one lawsuit. My experience bears out this observation.

## Overall Impression

Mt Hope is a very interesting and well managed development project. I could not find any gaps or holes in their preparation, exploration, mine development and engineering or metallurgical work. Virtually any area I might question was dealt with in a most cooperative and professional manner. Frequently, the presentation anticipated areas of concern and explained them without the need for questions.

However, unlike a project under NI43-101, technical data provided is limited and important studies concerning mine planning, metallurgy and reserve estimation were prepared by consultants who were not available. I presume that those studies are available on demand and should be requested by any serious investor.

## **Hall – Tonopah (probably will be named Liberty)**

This project is a reactivation of a moly – copper operation that has been closed and has recently been the subject of a major lawsuit by the previous owner, Equatorial Mining. Equatorial Mining hired engineers to design a controversial leaching operation for copper. The consultant failed to adequately study the deposit mineralogy (which is more complex than Mt. Hope) and the project failed. The site was closed and partially remediated. According to Hansen, there is remediation that GMO is undertaking as part of their development effort. Equatorial Mining sued their consultant and won the largest settlement of its kind in the State of Nevada.

The project has a lot going for it. The geology is favorable and a moly dominant zone has been delineated. Pit mapping is ongoing and a pre-feasibility study is in progress. Some first class infrastructure exists on site that miraculously has not been vandalized while the operation was closed. Pit walls are standing well and the pit is relatively dry with the water table intersected near the bottom bench. A large and well designed maintenance shop capable of enclosing a 150 ton truck is in excellent condition including its overhead cranes and the administrative building is in good condition with the landscaping intact. Water tanks and the concrete pit for the primary crusher once used are also reasonably sound. Water wells are in good condition and power is available on site. The access road was paved during Equatorial's tenure and needs some work but is better than the former gravel access road. The land is privately owned and the NEPA process will not be needed; rather, the company will need to work with the State of Nevada and Nye County (Tonopah is the county seat) and the fine people of the Battle Mountain office of the BLM to get the permits complete. As Tonopah has been down on its luck in the years since the Stealth bomber development team pulled out, they are no doubt eager to see production. There are no royalties except for a one time payment of \$6 million at the onset of production and operating costs, though higher than Mt. Hope, will perhaps be similar overall when royalty costs are included.

There are some issues which I think will cause the onset of production to be delayed. When asked if the project could make it as a stand alone without the roaster at Mt. Hope, the response was that the concentrates will be roasted somewhere, so presumably the answer is no. When asked whether it is practical to start it up first and use some cash flow for the Mt. Hope development project, the response indicated that if it were started and had some dependency upon the Mt. Hope project, it might then be rolled into the NEPA process. It is obvious the company doesn't want to do that. Possibly, the remediation effort planned and/or underway might jeopardize the Mt Hope project EIS in terms of delay. The management of GMO while excellent and motivated will be stretched a little thin to do both projects concurrently. BLM would also be stretched and might assign the work to another office without the technical expertise thereby slowing the process. And, of course, there is the question of capital to get the project going. Furthermore, there is a palpable feeling that there may be something else. As the pre-feasibility study is in progress and not available at this time, it is not possible to really evaluate the technical side. Old production and exploration records are not complete and a consultant has been hired to try to restore the missing information. Mill recovery information from the Anaconda and Cyprus

historic operations are reportedly of good quality and are being relied upon. Geologic mapping and drilling is still developing. Some old cores, splits and rejects are available but do not appear to be in the pristine condition experienced at Mt. Hope. Core recovery has approached 100% according to the geologist on site. The appearance of cores generally would support this assertion but some core was ground a bit and molybdenite, being very soft and platy tends to smear out at times. However, I don't think the core recovery, whatever the percentage may be, is of any concern. The moly mineralization occurs with quartz veins so the ore can be rather hard. Generally, the on site staff would be described as skeletal, and will probably stay that way until the pre-feasibility study is completed.

The project may prove to have lower production grades than the high grade at Mt. Hope and at this point metallurgical recoveries are not publicly documented. Historic recoveries, if I understood correctly, were 86% for moly and 70% for copper. It is too early to know whether the company will produce by-product copper.

Concurrently, the local news media in Nevada are carrying stories about the dangers inherent in abandoned mines, emphasizing the large number of open shafts across the State and showing remediation efforts in the Reno – Sparks area. One obviously wants to avoid this kind of media attention.

Finally, company people told me that a strategic reason they bought the project was to control the moly's access to the market, and viewed it as a sequential asset so one presumes that they are in no hurry to begin production.

These are the reasons why I don't think that the project is making a strong impact on the stock price. If a good pre-feasibility result showing strong technicals for good profitability is produced, perhaps the project will appear on the horizon in terms of the stock price. The pre-feasibility report is due for completion in November 2007 and Hansen said that it will be NI 43-101 compliant for the purpose of cross listing on the Canadian exchanges.

In summary, Hall – Tonopah appears worthy of further work to determine project economics. It appears that moly mineralization is so abundant at Mt. Hope that Hall - Tonopah could be easily placed on the back burner in terms of start-up even without the influences presented by the other issues presented above. If everything works out, there could be good inter-project synergies available to lower costs. Timing is important and again, moly prices are the pivotal element.

(End of Ellen Hodos report).

## CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. In other research reports the continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain

data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

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**John Tumazos has owned 200,000 shares of International Molybdenum, PLC since 2005, and is tardy and should complete the exchange of those shares for Quadra Mining within weeks.** Otherwise, neither JTVIR, its members or is employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

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Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

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Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

#### **ANALYST UNIVERSE COVERAGE:**

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

General Moly, Inc. (renamed from Idaho General Mines) was added to our research coverage on September 23, 2007.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of "Overweight," "Neutral Weight," and "Underweight" most closely correspond with the more traditional ratings of "Buy," "Hold," and "Sell," respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor's decision to buy or sell a security should always take into account, among other things, that the investor's particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being

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