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## **Adanac Molybdenum Corporation Is Focused On Developing A New Large Scale Open-Pit Molybdenum Mine That Will Be The World's First New Large-Scale Project In Northern British Columbia, Canada**



**Mining  
Metal Mines  
(AUA-TSX)**

**Adanac Molybdenum Corporation**

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**Christopher C. Kirby, C.A.  
President, CEO and Director**

### **BIO:**

Mr. Kirby is a Chartered Accountant with 25 years senior financial and business experience including 14 years with Vale Inco as Assistant Comptroller where he played a key role in major acquisitions including the Voisey's Bay and Goro Projects. He was also responsible for corporate financial reporting and internal controls and participated in numerous debt and equity securities offerings. Previously he was a senior manager with KPMG. He holds an Honours B.A.

and Honours M.A. from Cambridge University, UK..

### **Company Profile:**

Adanac Molybdenum Corporation is an exploration and development mining company listed on the TSX and Frankfurt exchanges. The Company's principal asset is its 100%-owned Ruby Creek open-pit molybdenum mine project located in northern British Columbia, Canada. The Company has advanced the project through feasibility studies, a production decision and has previously ordered long-lead equipment, completed permitting for construction, constructed a road to the site and secured US\$80 million in bridge financing.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Kirby, what is the vision for Adanac Molybdenum Corporation today?

**Mr. Kirby:** "The vision for Adanac Molybdenum Corporation is to develop a new large scale open-pit primary molybdenum mine, becoming the world's first new large-scale project in northern British Columbia, Canada. The project contemplates \$11.3 million pounds of molybdenum per year over a mine life of about fifteen years."

**CEOCFO:** Where are you in the process today?

**Mr. Kirby:** "Adanac Molybdenum has aggressively advanced its Ruby Creek molybdenum project through feasibility and permitting. It has completed about 60% of the final design engineering. The majority of the mining and milling equipment is close to manufacturing

completion or has actually been received. Construction permitting is in hand and the receipt of the final operating permit from the federal government of Canada is expected later this year. The Ruby Creek Project can be brought into production in about twenty months, so this is very advanced and it is awaiting project financing. Pre-production capital costs are estimated to be about US \$520 million, of which we spent almost \$90 million. The average operating costs are estimated to be between \$7.50 and \$8.00 U.S. per pound, over the life of the mine."

**CEOCFO:** In these tough economic times how do you attract the financing?

**Mr. Kirby:** "We were fairly advanced and were able to secure an \$80 million bridge financing about a year ago. Subsequently in the summer of last year and early fall, we were seeking debt financing primary in the U.S., but unfortunately with the economic meltdown of last year that financing basically dried up. The molybdenum price, which had averaged in the low thirties of \$33 to \$34 a pound last year, basically collapsed and dropped to about \$8 a pound at the end of last year. It has recovered somewhat to about \$10 to \$10.50 a pound now. We are seeing glimmers of hope in the market. Molybdenum is primarily used as an alloy in manufactured steel, principally high-performance steel including stainless steel. We are seeing now some glimmers of hope of a rebound in demand for steel, and therefore a rebound in the demand for our product Moly. That is evidenced by the price increase in the last few weeks. We are quietly optimistic, and cautiously optimistic that the moly price will continue to improve, the fundamentals will improve over the next six to

eighteen months, and with that we believe the project financing will become more available to us.”

**CEOCFO:** What is the availability of moly in general?

**Mr. Kirby:** “Moly is primarily produced as a secondary by-product principally from copper mining companies. There are a few primary producers, one of which the largest is Thompson Creek, but most of the largest producers are based in China. China has shut down a large number of its mines over the last six months as these are very high-cost mines. So obviously, with the selling price of moly, it just wasn’t profitable for them to continue. That is where our particular opportunity is quite attractive, because we are able to bring into being a brand-new large scale moly project within about twenty months and be able to take advantage of an uptick in the market fundamentals of the metal.”

**CEOCFO:** Are there any new challenges to the project other than the financial aspect?

**Mr. Kirby:** “We de-risked the project quite considerably as I mentioned before, through the federal permitting stages, by securing a lot of long-lead equipment. Much of the equipment can take anywhere from between twelve and thirty-six months to order. We have completed a lot of the design engineering, so we have de-risked the project. Obviously, in any large-scale new mining project, the primary risk is going to be the price of moly, and to the extent that it is not at a suitable level, the project just wouldn’t be profitable. Anything above \$10 or \$12 per pound will make the project attractive. If it doesn’t get to that, then that is a primary concern and the project just wouldn’t get developed. Therefore, we are cautiously optimistic that the market is starting to show glimmers of hope and recovery. I think we will see over the next six to twelve months definitely an improvement in those conditions, which will bode well for the financing and then subsequent development of the project.”

**CEOCFO:** Do you own the Ruby Creek Project 100%

**Mr. Kirby:** “Yes, the project is 100% owned. There are no royalties associated with the project and that is fairly unique in terms of the other moly projects around the world.”

**CEOCFO:** Why did you make the choice to go that way?

**Mr. Kirby:** “Obviously it is far better from a financial point of view to have a 100% ownership in any project with no royalties, because obviously there are no royalties that might be paid on future production. So our Ruby Creek Project is a very attractive 100% owned property.”

**CEOCFO:** Would you tell us about the resource there now?

**Mr. Kirby:** “We recently issued an updated resource calculation that showed about a 38% increase over the previous resource estimate that was conducted in late 2007, which was used in the bank-

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**- Christopher C. Kirby, C.A.**

able feasibility study. Our resource now shows a measured category of about 43.6 million metric tonnes and an indicated resource of just under 232 million metric tonnes, with a grade averaging 0.067%. It is a very attractive large-scale resource and a good grade.”

**CEOCFO:** What do you and the management team understand that would make investors want to invest in Adanac?

**Mr. Kirby:** “We have been associated with the project now for about five or six years. The ore deposit has been known for about 100 years now, and various other mining companies have looked at it over the years. The ore body is very well defined as we have devoted a lot of geological and metallurgical expertise defining the ore body and delineating it. So it is very well understood. Our management team has done a lot of work over the last three or four years. There has been a lot of drilling on site to establish a very large

mineral resource. Obviously, my background is a financial and mining background. I used to work for about 14 years with Vale Inco, which is the largest nickel producer in the world. There is a lot of financial and technical expertise within the company, which has enabled us to define ore bodies and to bring it to the advanced stage that it is today.”

**CEOCFO:** Final thoughts; there are so many choices in the minerals and mining field, why should potential investors choose Adanac Molybdenum?

**Mr. Kirby:** “Some of the key investment highlights and opportunities start with our Ruby Creek Project being 100% owned. It is a world-class deposit, and one of the most advanced large-scale moly projects in the world. It is royalty free and can be brought into production much quicker than any of the other development stage projects. We have all of

the permitting in place, all of the equipment ordered; subject to financing, we are looking at a twenty-month construction period and ramp-up to full production in about two to three months of completion of construction. There is a shallow high-grade starter pit containing about 22 or 23 million tonnes grading 0.09%, which

is very high which can offer very near-term project economics. It is a very large and well-defined mineral reserve and resource with very strong expansion potential. The ore body is open at a depth, which indicates there is substantial room for additional resources to be discovered upon further exploration drilling. It is located in northern BC close to a Pacific sea port, so there is very good strong regional infrastructure already in place. We operate here in British Columbia, Canada in a very low-risk mining jurisdiction, very mining-friendly with well-established mining legislation. We are expected to receive a tax holiday for a number of years, which is a very attractive financial and economic aspect of the project. The other upside opportunities are in terms of increasing the ore body resource, and improving some of the grades through further technical research.”