

# Creston Moly Corp.: Positive Preliminary Economic Assessment for El Creston Molybdenum Deposit

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 12/16/10 -- [Creston Moly Corp.](#) ('Creston' or the 'Company') (TSX VENTURE: CMS) announced today that it has received a Preliminary Economic Assessment ('PEA') on its wholly-owned El Creston Molybdenum Deposit ('Creston Project') located in Sonora, Mexico. The independent PEA, prepared by JDS Energy & Mining Inc. ('JDS') of Vancouver, BC, estimates production, capital and operating cost parameters along with project economics.

## Highlights of the PEA and Base Case Mine Plan include:

(All amounts are in US\$ unless otherwise stated and based on \$15/lb Mo and \$2.60/lb Cu.)

- An after tax Net Present Value ('NPV') at an 8% discount rate of \$561.9 million;
- An Internal Rate of Return ('IRR') of 22.3%;
- Annual processing rate of 50,000 tonnes per day;
- Annual production of 23.9 million pounds of molybdenum in concentrate for the life of mine;
- Annual production of 29.5 million pounds of copper in concentrate for the 7 years of copper production;
- Direct costs, (exclusive of copper byproduct credits) of \$5.58 per pound of Mo;
- An estimated initial capital expenditure of \$655.9 million.

Key improvements of the 2010 PEA over previous studies include:

- Identification of a copper enriched zone below the oxide cap;
- Additional resources as a result of the 2010 drilling program;
- A plant throughput increase from 40,000 to 50,000 tpd based in part on favourable metallurgical testing supporting a coarser grind;
- A coarser grind reducing processed unit costs due to lower power and grinding cost;
- Design and cost estimates for the previously identified preferred Tailings Storage Facility ('TSF') (unavailable for the PFS due to land ownership that has now been secured).

## Financial Evaluation

The metal prices for the base case are \$15.00 per pound for molybdenum and \$2.60 per pound for copper. As of December 2010 the historic 3-year trailing average prices for molybdenum and copper were \$19.54 per pound and \$2.95 per pound respectively. Current prices for molybdenum and copper are \$16.15 per pound and \$4.11 per pound respectively (December 15, 2010).

### Table 1 - Net Present Values

(Based on 100% equity, \$15/lb Mo, \$2.60/lb Cu)

2010 PEA		
NPV @ 8% After Tax	\$M	\$561.9
NPV @ 10% After Tax	\$M	\$429.1
IRR After Tax	%	22.3%
Payback Period (tax in)	Years	4.0

Only one price scenario was evaluated in the PEA with prices designed to approximate long term consensus forecasts with no escalation or de-escalation going forward. All other 'cases' are examined by use of sensitivity analysis.

**Table 2 - Economic Analysis Results**

2010 PEA		
Average Moly Price	US\$/lb	\$15.00
Average Copper Price	US\$/lb	\$2.60
Unit Mining Costs	\$/t mined	\$1.23
Unit Mining Costs	\$/t milled	\$2.20
Unit Milling Costs	\$/t milled	\$4.80
Unit G&A	\$/t milled	\$0.46
Unit Total OPEX	\$/t milled	\$7.45
Total Initial Capital (excluding sustaining capital, and closure, & working capital)	\$M	\$655.9

2010 PEA	
Capital Cost Payback Period	4.0 Years
Mine Life	13 years
Total Ore Processed (000's)	232,430 tonnes
Mill Throughput	50,000 tonnes/day
Molybdenum Price	(US\$15/lb)
Copper Price	(US\$2.60/lb)

'We are extremely pleased with the results of the PEA on the El Creston Project,' said Bruce McLeod, President and CEO of Creston. 'The effects of the larger resource, increased plant throughput and the use of the preferred tailing site have shown to add significant value to the project. We intend to continue to advance the project as we remain confident that it is one of the most viable primary molybdenum projects in the Americas and that it can be profitable in a conservative price environment as demonstrated by both the PFS

and the PEA.'

### Development Plan

The mine has been planned as a conventional open-pit mining operation reaching 50,000 tonnes per day of ore at full production. The plan anticipates mining 18.25 million tonnes of ore tonnes annually based on a 365 day operating year. The stripping ratio for the pre-stripping and the first 4 years of operation is 2.1 and reduces to an average of 0.5 for the remaining 9 years of operations.

Mining operations will commence in a relatively high grade copper zone with the copper head grade declining after the initial years. The grade of ore processed from the mine in the first five years will average approximately 0.063% Mo and 0.102% Cu.

The average molybdenum grade processed for the life of mine is expected to be 0.069% Mo and for the first seven years the average copper grade is expected to be 0.090% Cu. The project is expected to produce 310.4 million pounds of molybdenum and 206.7 million pounds of copper over a 13 year mine life.

Additionally there is an opportunity to extend the life of the project by increasing the overall resources in the Main and Red Hill Zones and through continuing evaluation, exploration and assessment of the A 37 and Alejandra Zones. The Company obviously plans to continue this work.

### Mineral Resources

In accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators, the Company has delineated proven and probable reserves and measured, indicated and inferred mineral resources. The El Creston Molybdenum Deposit's resources, as determined in accordance with National Instrument 43-101, are illustrated in the Table below.

**Table 3 - Mineral Resources 2010 PEA  
Measured and Indicated and In-Pit Inferred Resources**

The Creston Molybdenum Deposit contains the following mineral resources at a 0.036% Mo equivalent(i) cut-off grade:

Category	Tonnes (000's)	Mo (%)	lbs Mo (000's)	Cu (%)	lbs Cu (000's)
Measured	56,300	0.074	91,300	0.06	72,000
Indicated	159,100	0.070	244,200	0.06	209,000
Total (M + I)	215,400	0.071	335,500	0.06	281,000
Inferred	7,600	0.057	9,500	0.06	9,000

(i) Note:  $Mo\ equivalent = Mo\% + (Cu\%/7.5)$

The conceptual pit, based on an optimized pit shell, containing the Measured, Indicated, and Inferred resources reported in Table 3, was used to design an ultimate pit with designed pit slopes and ramps. This pit design and all 3 resource classes formed the basis of a mine schedule used to perform the economic cash flow analysis in the 2010 PEA.

**Table 4 - Mineable Mineral Resources 2010 PEA - Compare Optimized Shell versus Pit Design**

**Measured and Indicated and In-Pit Inferred Resources**

Parameter	Unit	Optimized Shell	Pit Design
Ore	M Tonnes	223.01	232.43
Moly Grade	%	0.070	0.069
Copper Grade	%	0.059	0.060
Contained Moly	M Pounds	345.02	351.05
Contained Copper	M Pounds	290.40	304.95
Waste	M Tonnes	186.84	224.19
Waste: Ore Ratio	-	0.84	0.96

1. Mineral Resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

2. The mineral resources referred to herein have been estimated in a NI 43-101 technical report (the 'SRK Report') prepared for the Company in December 2010 by SRK Consulting (Canada) Inc. ('SRK'). The person responsible for the resource estimate on behalf of SRK is Gilles Arseneau, P. Geo. a Qualified Person for the purposes of National Instrument 43-101.

**Opportunities**

A number of activities are currently underway to support the Feasibility Report as the results of both the PFS and the PEA warrant progressing to a Feasibility Study stage as recommended by JDS. The Feasibility Study is expected to be completed by the mid 2011.

The PEA highlights that the following should occur in parallel with a Feasibility stage:

- Completion of detailed lock-cycle metallurgical testing;
- Complete pit slope and waste dump geotechnical design;
- Continue waste rock (ARD) characterization and Humidity Cell Test (HCT) studies;
- Conduct condemnation and geotechnical drilling in the proposed TSF; and
- Complete the socio-economic study.

JDS notes that the economics in the PEA do not take into account opportunities for improvement based on the potential for:

- Increasing the overall resource;
- Refined engineering during the Feasibility study;
- Potential for silver (Ag) credits to be evaluated;
- Capital cost savings generated by purchasing used equipment.

**Going Forward**

While the Company will continue with the work to complete the Feasibility work will also continue exploration of the Red Hill, A37 and Alejandra Zones with the objective of increasing the overall molybdenum resource of the project. Efforts will also be focused on the opportunities that exist in other areas such as the potential for silver (Ag) credits.

A NI 43-101 compliant report titled 'Technical Report, Preliminary Economic Assessment, El Creston Project,

Opodepe, Mexico' will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) and be made available on Creston's website at [www.crestonmoly.com](http://www.crestonmoly.com).

### Qualified Persons

JDS, a full service Engineering, Procurement, Construction & Management (EPCM) firm, is recognized for its experience and capabilities in the development and construction of mines and mineral processing plants. The executive summary of the JDS PEA will be posted on the Company's website ([www.crestonmoly.com](http://www.crestonmoly.com)) as well as on Sedar in the near future.

The Qualified Persons ('QPs'), as defined in NI 43-101, responsible for the preparation of this technical report include:

- Michael Makarenko, P.Eng., JDS Energy & Mining Inc.;
- Ali Sheykholeslami, P.Eng., JDS Energy & Mining Inc.;
- Kenneth Meikle, P.Eng., JDS Energy & Mining Inc.;
- Gilles Arseneau, P. Geo., SRK Consulting (Canada) Inc.;
- David Kidd, P.E., Golder Associates Inc.;
- Hoe Teh, P. Eng, Hoe Teh Consulting Inc.

On Behalf of the Board of Directors

CRESTON MOLY CORP.  
D. Bruce McLeod, President & CEO

### Forward-Looking Statements

*This document may contain 'forward-looking statements' within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this document and Creston does not intend, and does not assume any obligation, to update these forward-looking statements.*

*Forward-looking statements relate to future events or future performance and reflect Creston management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as 'plans', 'expects' or 'does not expect', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates' or 'does not anticipate', or 'believes', or variations of such words and phrases or statements that certain actions, events or results 'may', 'could', 'would', 'might' or 'will be taken', 'occur' or 'be achieved' or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Creston to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in Creston's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although Creston has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.*

*Accordingly, readers should not place undue reliance on forward-looking statements.*

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