

**RUBY CREEK MOLYBDENUM PROJECT**

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# AGENDA

- Investment Highlights
- Global Molybdenum Market
- Ruby Creek Molybdenum Project
  - Description, Location of Property
  - Resources/Reserves
  - Mine Development Plan
  - Project Timetable
- Project Metrics
- Management Team
- Corporate Information

# CAUTIONARY INFORMATION

This presentation contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of Adanac Molybdenum Corporation, its subsidiaries and its projects, the future price of molybdenum, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of future production, costs of production, capital, operating and exploration expenditures, costs and timing of development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims and limitations of insurance coverage. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Adanac Molybdenum and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of molybdenum; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labor disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although Adanac Molybdenum 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 could cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this presentation and Adanac Molybdenum disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. 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. Adanac Molybdenum undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

Cautionary note to United States Investors concerning estimates of Measured, Indicated and Inferred Resources: This presentation uses the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations (under National Instrument 42-101 Standards of Disclosure for Mineral properties), the United States Securities and Exchange Commission does not recognize them. United States investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into Mineral Reserves.



## WHY INVEST IN ADANAC?

The Adanac strategy has been to maintain its competitive advantage of being the first new addition of molybdenum capacity to come into production ahead of all other new molybdenum projects now under development or in the planning stage

Adanac has a commanding lead (12-18 months) over its peer companies in becoming the first to bring its Ruby Creek primary molybdenum project into production because:

- World class management team in place to both build and operate the project.
- Permits for water, surface disturbance, air emissions have been applied for.
- Bankable feasibility study completed and detailed design engineering underway.
- Ruby Creek's ore reserves updated and re-estimated using a \$10/lb molybdenum price which, in addition to increasing mine life, enables more economic open pit mine design.
- Long lead time capital equipment on order and held with deposits.
- Financing plan underway with advanced discussions underway with strategic investors, customers and project financing sources.

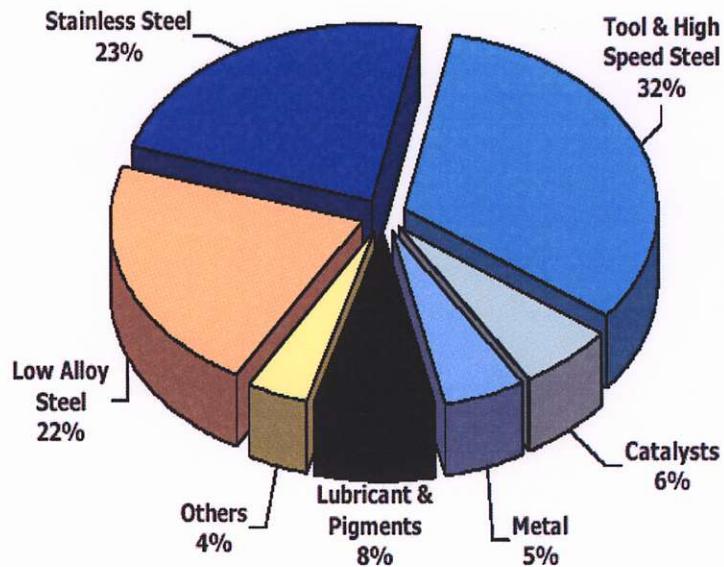


# INVESTMENT OVERVIEW & RATIONALE

- Adanac will be the first new primary producer of molybdenum to meet the projected shortfall in supply over the next 2-3 years. Adanac Molybdenum Corp. has a lead time of approximately 12-18 months over its peer companies in bringing new molybdenum capacity into production.
- AUA represents best opportunity to meet anticipated Mo shortfall with primary producer capacity.
- Ruby Creek on track for production early 2009 ahead of all other greenfield primary Mo producer projects.
- [Project reserves & production]
- [Superior value to peer companies]
- [Strong outlook for molybdenum prices borne of demand and supply fundamentals]
- Premium for being first productive capacity to enter the market before the additional supply can depress molybdenum prices.
- First project to commence production will itself become a barrier to entry for its peer companies
- Project reserves will support a 20,000 tpd plant over a 22-year mine life.
- Once project is built, Yukon Energy is likely to construct a transmission line to Ruby Creek, perhaps in year 5, reducing operating costs by approximately \$1.00/lb.



# MOLYBDENUM FIRST USES



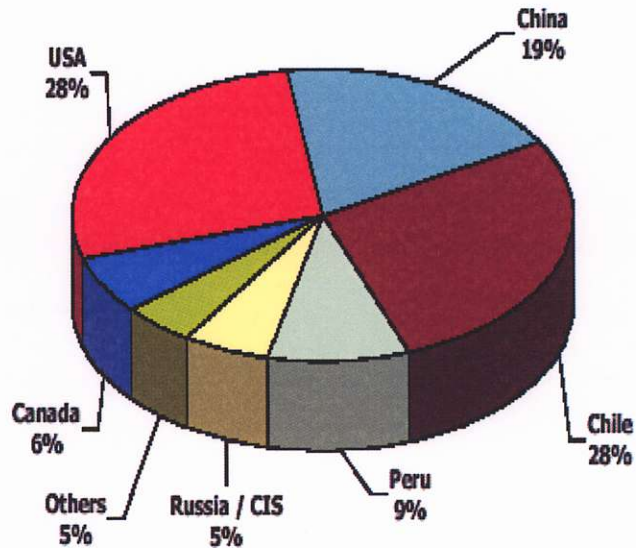
Source: Teck Cominco

## GLOBAL MOLYBDENUM MARKET DEMAND

- Steel industry production of stainless and specialty steel products is the primary consumer of molybdenum, particularly in Asia as its productive capacity in these products grows.
- Molybdenum is a critical alloy component for the steel used in pipeline construction, drill stem pipe, refineries. High percentages of molybdenum are used in this steel products primarily for its superior anti-corrosion properties increasing the intensity of its use.
- Rapid industrialization and build-out of infrastructure in the BRIC countries requires in quantities that are outstripping additions to capacity in the supply of raw materials including molybdenum.
  - Chinese steel industry has recently taken the lead on setting prices for iron ore and other raw materials for the steel making process such as ferro-vanadium
  - Recent export tariffs on molybdenum exports by the Chinese government constrains additional sources of supply and reflects growing discipline by the Chinese government to protect its domestic steel industry
- Substitution of molybdenum by vanadium and/or tungsten is not feasible due to the price of these metals and/or lack of supply added to the cost of conversion ... so rapid substitution of molybdenum today not possible.
- Molybdenum is also used as a catalyst for the refining of high-sulfur crude oil and natural gas

# MOLY MINE PRODUCTION BY COUNTRY

(2004 Mine Production: 386 million Lbs)



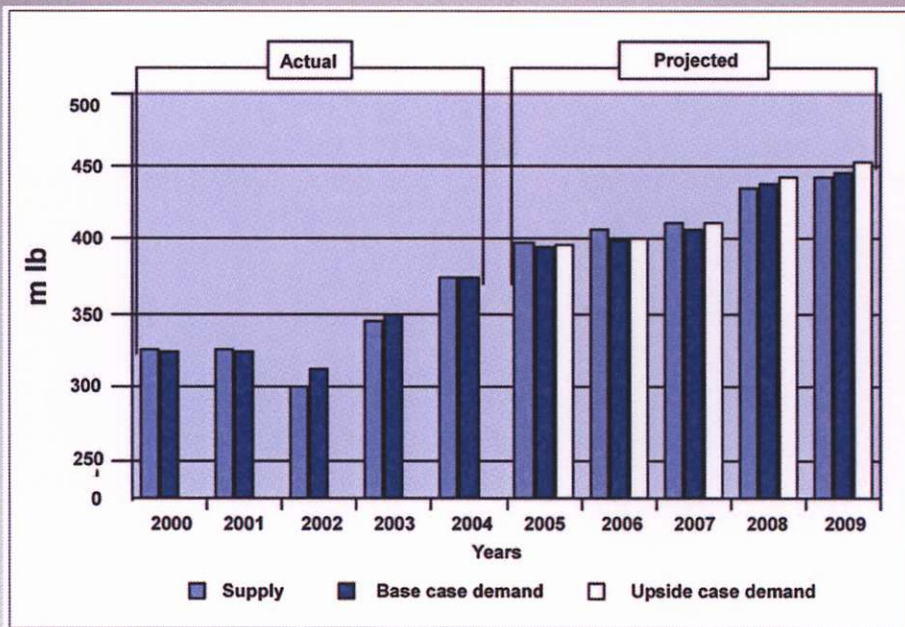
Source: Teck Cominco



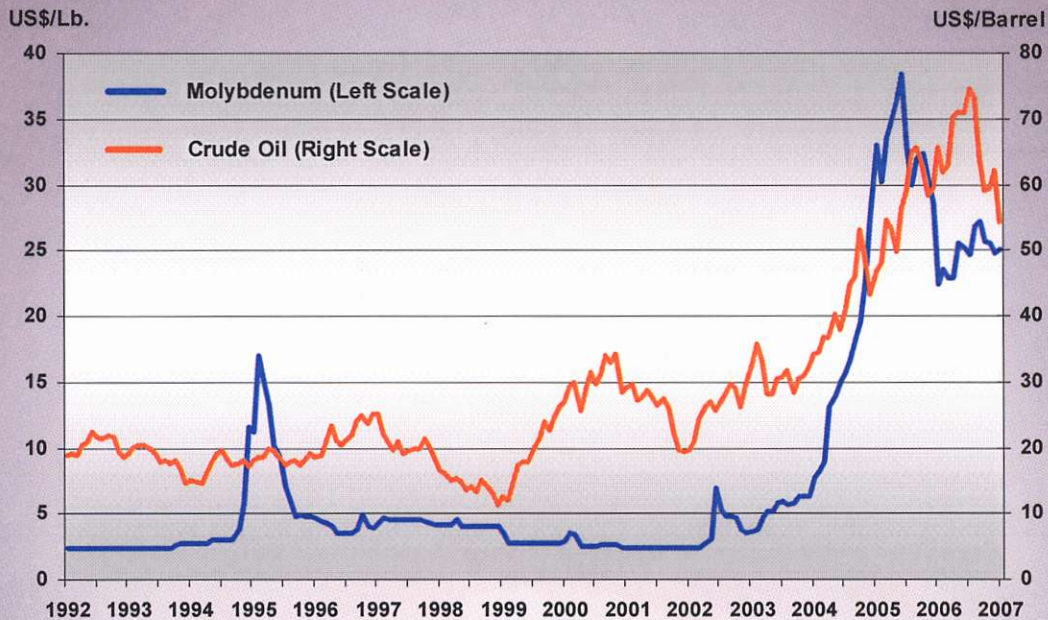
## GLOBAL MOLYBDENUM MARKET SUPPLY AND SUPPLY CONSTRAINTS

- Existing producers of molybdenum as a by-product to other metals (i.e., copper) have hit their limits to additions to productive capacity.
- Additions to capacity can only come from new metal projects with molybdenum by-product capacity or new primary molybdenum projects.
- Lengthening development lead times facing all the extractive industries, due to constraints in the availability of equipment, people and energy resources, have only served to push additions to productive capacity, whether primary or by-product, further out into the future.
- Chronic underinvestment historically, across all the extractive industries, is retarding the development of new productive capacity across all metals.
- Rapid substitution of molybdenum by metals such as vanadium and tungsten unlikely due to current high prices for these materials, tightness in their supply plus the costs of conversion to their use.

# MOLYBDENUM SUPPLY & DEMAND

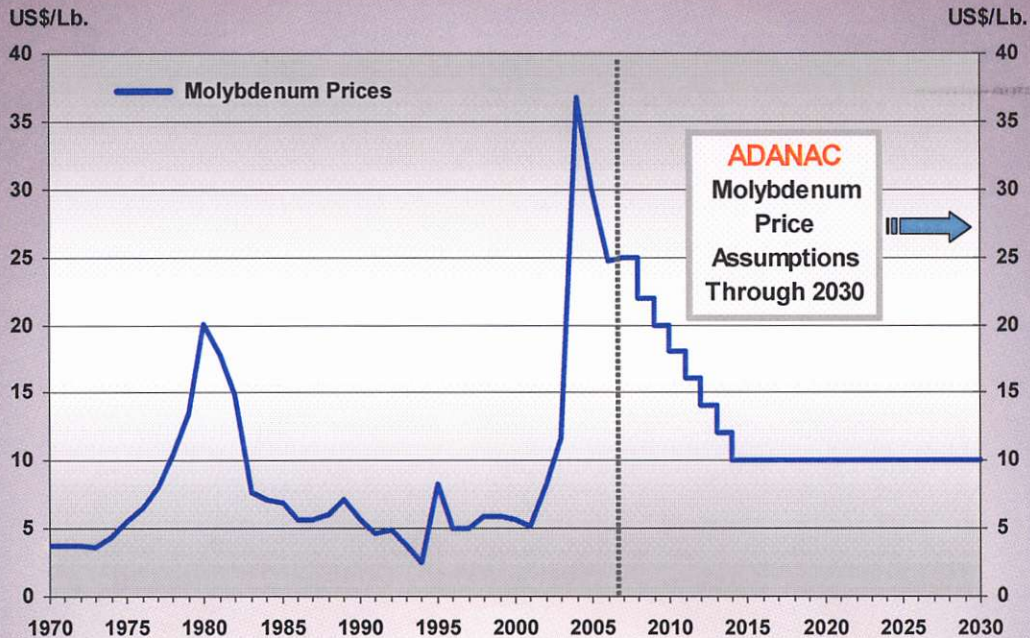


## MOLYBDENUM PRICES AND CRUDE OIL PRICES



Source:  CPM Group

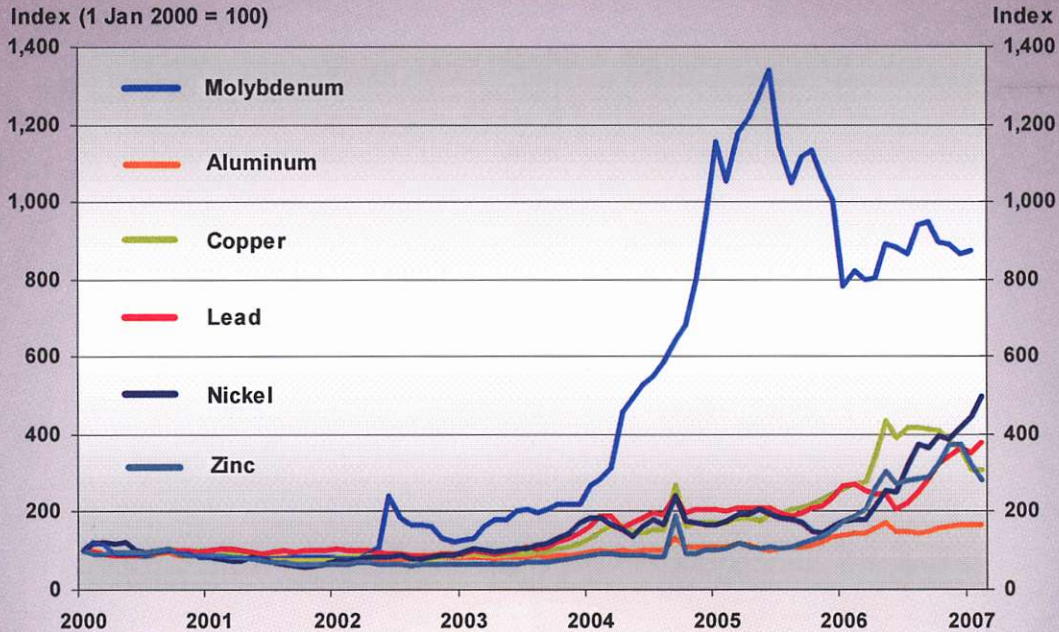
# MOLYBDENUM - Price Projections



Source: CPM Group

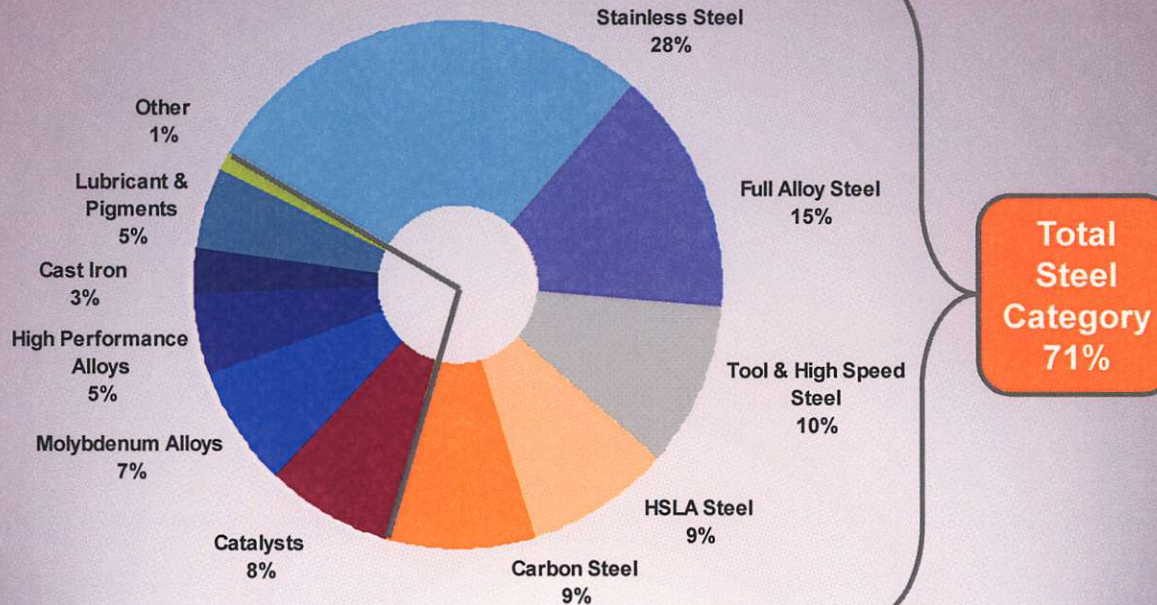



# INDEXED MOLYBDENUM AND BASE METAL PRICES



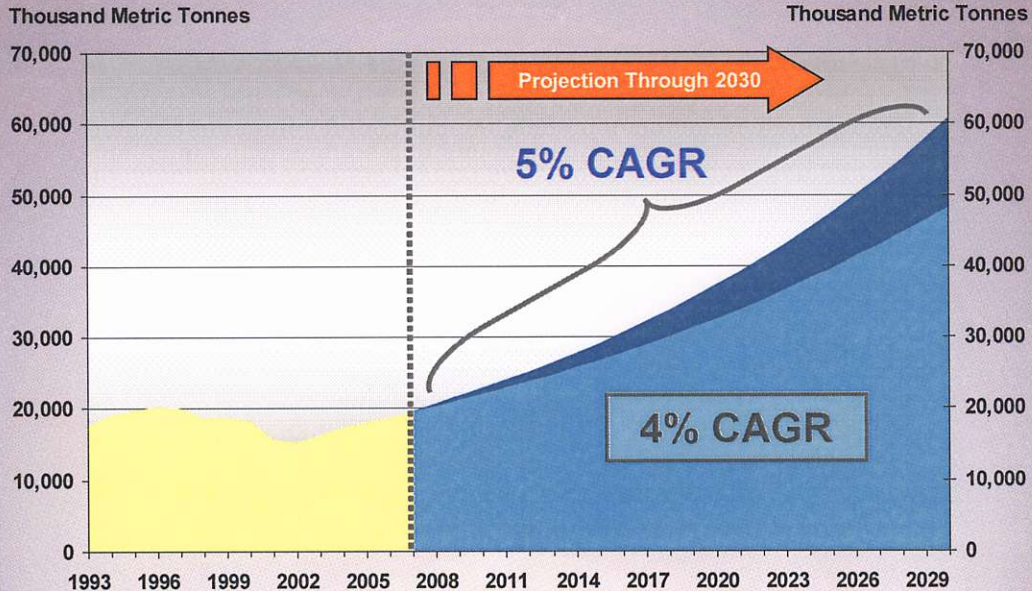
Source:  CPM Group

# MOLYBDENUM END USES (Roskill 2005 Estimates)



Source:  CPM Group, Roskill

# TOTAL WORLD MOLYBDENUM DEMAND



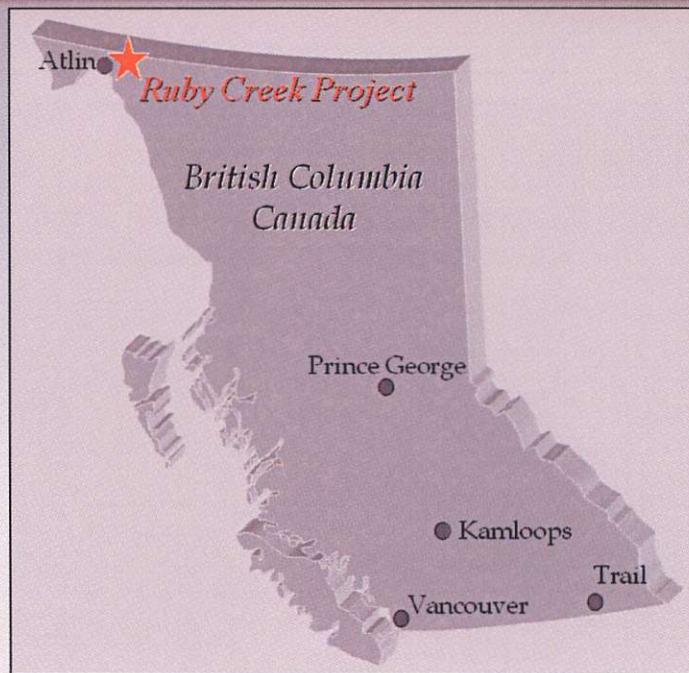
Source: CPM Group, Roskill

## GLOBAL MOLYBDENUM MARKET - PRICE OUTLOOK

- Mo market is driven by fundamentals of supply and demand between producers and consumers, a lot more like the iron ore market versus the terminal markets that set prices for base and precious metals.
- Low prices have retarded the development cycle for development cycle for molybdenum, as it has for other commodities, rendering supply out of sync with demand.
- Consumption of molybdenum is projected to grow at the rate of between 4-5% per annum over the next decade, which will only tighten the projected supply short fall and support for continued robust molybdenum prices compared to long term historical levels.
- At such growth rates the molybdenum market could absorb one new molybdenum project producing an incremental 20+ million pounds of molybdenum per year.



## RUBY CREEK MOLYBDNEUM PROJECT - LOCATION



## LOCATION

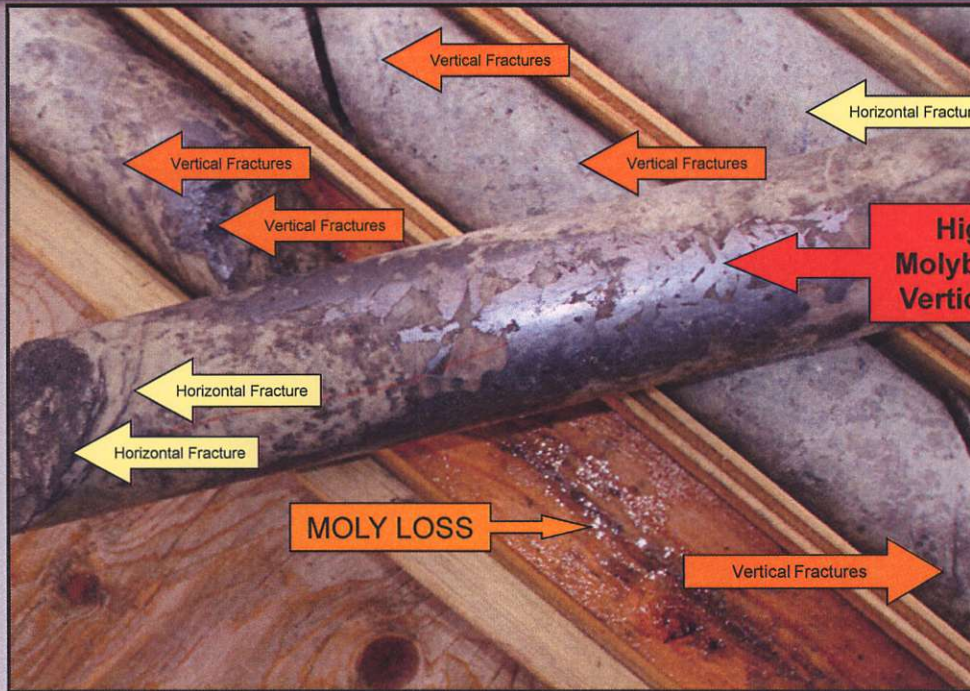


Atlin, B.C. is 2 hrs by road to an international airport at Whitehorse, Yukon and 3 hrs by road to the ocean port of Skagway, Alaska.

## RUBY CREEK MOLYBDENUM PROJECT

- Located 28 km NE of Atlin, B.C.;
- Road accessible and a 45 minute drive from Atlin;
- Exploration and development work worth more than \$35,000,000 including three (3) feasibility to bring it to its current state of development. (Adanac's expenditures are \$11,000,000);
- Resource is open to depth (west and south);
- Mineral rights owned solely and totally by Adanac. Property is attractive to major mining companies & molybdenum end-users;
- There is a high grade starter pit for first 5 years production (Grade: .084% Mo);

# MINERAL FRACTURES



## DEVELOPMENT SUMMARY

- Wardrop Engineering (Feasibility Mill & Infrastructure);
- Golder Associates (Mine Design & Rock Slope Stability);
- Klohn Crippen (Tailings & Site Geotechnical Designs); and
- MinnovEX Technologies (Process Design)

Mine Life:	21 years
Mill Rate:	20,000 tonnes per day
Tonnage Milled:	143.7 million tonnes
Mo in Concentrate:	75.9 million kgs (167.4 million lbs)
Preproduction Capital:	C\$434 Million (Includes operating costs)
Average Operating Costs: (5 years)	\$5.87/lb US
Electrical Power:	Initially from diesel generators. Other sources to be reviewed following start-up.

## PRODUCTION SUMMARY PAYBACK PIT

### Ruby Creek Projections

Year	Total Annual Production lbs Mo x 10 <sup>6</sup>	Total Cost/Tonne (\$CDN)	Total Cost/lb Mo (\$US)	Projected Price (\$US/lb)	Projected Gross Margins (\$US/lb)
2009	13.943	11.60	4.99	20	15.01
2010	13.228	11.44	5.20	18	12.80
2011	9.818	11.36	6.94	17	10.06
2012	10.664	12.05	7.25	16	8.75
2013	10.688	9.80	5.50	15	9.50



## PROJECT METRICS

Case Description	IRR%	NPV @ 8% (\$CDN x 10 <sup>6</sup> )	Payback Period (Years)
Base Case	24.42	222.2	3.1
Capital Cost (+15%)	18.66	164.8	4.0
Capital Cost (-15%)	32.07	279.6	2.7
Operating Cost (+15%)	19.62	135.0	3.5
Operating Cost (-15%)	28.56	309.4	2.9
Increase Mo Price by 5%	29.43	323.5	2.9
Decrease Mo Price by 10%	10.49	19.7	4.4
Grid Hydro Electric Power Advance to Year 4-6	25.96	246.1	3.1
Increase Head Grade by 15%	35.03	405.2	2.6
Include Phase 5 Resources	24.26	223.5	3.1
Replace SAG Mill with HPGR (High Pressure Grind Rollers)	25.63	250.4	3.0
Include Phase 5 Resources using HPGR	28.57	308.4	2.9



## RESOURCES AND RESERVES

### IN-SITE RESOURCES \*

Category	Amount	Contained Mo
Measured	38.9 million tonnes @ 0.079% Mo	67.822 million lbs
Indicated	167.5 million tones @ 0.059% Mo	217.782 million lbs
<b>Total</b>	<b>206.4 million tones @ 0.063% Mo</b>	<b>285.60 million lbs</b>

### MINEABLE RESOURCES \*\*

Proven	38.9 million tones @ 0.077% Mo	66.0 million lbs
	1.2 million tones @ 0.035% Mo	1.0 million lbs
Probable	73.5 million tones @ 0.060% Mo	97.2 million lbs
	30.1 million tones @ 0.034% Mo	22.6 million lbs
<b>Total</b>	<b>143.7 million tones @ 0.059% Mo</b>	<b>186.9 million lbs</b>

\* National Policy 43-101 Compliant Up-date prepared by Golder Associates in February 2007

\*\* National Policy 43-101 Compliant Reserve prepared by Golder Associates in May 2006, currently under review



## MANAGEMENT TEAM

**Mr. Larry Reaugh** – Executive Chairman; has over 40 years mining industry experience and is credited with finding and developing several mines.

**Mr. Mike MacLeod**, P. Eng., MBA – President and CEO; has spent 30 years executing major capital projects and mine developments in the mining industry.

**Mr. David Kwok** – Chief Financial Officer, has been a private entrepreneur in various business ventures for over 10 years.

**Mr. Rick Alexander**, P. Eng. – Vice President, Project Development; has over 25 years engineering and building remote mining projects in Canada, Russia and other areas of the former Soviet Union.

**Mr. Mike Petrina**, P. Eng., MBA – General Manager; has over 25 years experience designing and operating underground and open pit mines in Canada and Central America.



# CORPORATE STRUCTURE

## Shares Structure (March 2007)

Basic Issued & Outstanding -----	73,000,000 (approx.)
Warrants and Options -----	26,000,000 (approx.)
Fully Diluted -----	99,000,000 (approx.)
52-Week High/Low -----	C\$0.90 – C\$2.90
Listing: Common Shares -----	TSX.V: AUA Frankfurt: A9N Pink Sheets: AUAYF



## FOR FURTHER INFORMATION

### Head Office

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