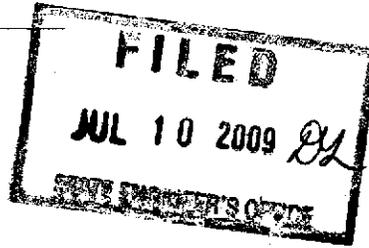


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA



STATE ENGINEER'S OFFICE
2009 JUL 10 PM 3:46

PROTEST

IN THE MATTER OF APPLICATION NUMBER, 78271
FILED BY, GENERAL MOLY, INC., A DELAWARE CORPORATION
ON APRIL 17, 2009, TO APPROPRIATE THE
WATERS OF UNDERGROUND (EUREKA COUNTY)

Comes now EUREKA COUNTY Printed or typed name of protestant
whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316
Street No. Or P.O. Box, City, State and Zip Code.
whose occupation is POLITICAL SUBDIVISION and protests the granting
of Application Number 78271 filed on APRIL 17, 2009
by GENERAL MOLY, INC., a Delaware corporation to appropriate the
waters of UNDERGROUND situated in EUREKA
Underground or name of stream, lake, spring or other source

County, State of Nevada, for the following reasons and on the following grounds, to wit:

SEE EXHIBIT "A" ATTACHED

THEREFORE the Protestant requests that the application be DENIED
Denied, issued subject to prior rights, etc., as the case may be
and that an order be entered for such relief as the State Engineer deems just and proper

Signed [Signature]
Agent of protestant
J.P. "JIM" ITHURRALDE, CHAIRMAN, CO. COMMISSIONERS
Printed or typed name, if agent

Address P.O. Box 677
Street No. or P.O. Box No.
EUREKA, NEVADA 89316
City, State and Zip Code No.

Subscribed and sworn to before me this 25th day of JUNE 2009



[Signature: Jackie J. Berg]
Notary Public

State of NEVADA
County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

[Handwritten initials]

Exhibit "A"
Eureka County Protest to General Moly, Inc.
Application No. 78271

1. Application 78271 was filed on April 17, 2009 by General Moly, Inc. to appropriate groundwater for irrigation and domestic purposes on the Bean Flat Ranch. In Ruling 5966 issued by the State Engineer on March 26, 2009, the State Engineer stated that the perennial yield of the Kobeh Valley Hydrographic Basin was 16,000 acre-feet annually and with the grant of the applications the subject of Ruling 5966, the total committed ground-water resources of the basin would be approximately 12,400 acre-feet annually. *Ruling 5966* at page 26. There are 3,600 acre-feet of water rights available for appropriation in the basin. With a duty of 4 acre foot per acre, granting Application 78271 which proposes to irrigate approximately 460.07 acres would require the approval of 1,840.28 acre-feet of additional water rights in the basin. On April 17, 2009, Kobeh Valley Ranch LLC, owned by General Moly, Inc., filed four other applications for irrigation purposes to irrigate 1,584.33 acres on the Bobcat Ranch. Granting the four applications to irrigate the Bobcat Ranch would require the approval of 6,337.32 acre-feet annually of additional water rights in the basin. These five applications seek to appropriate a total of 8,177.60 acre-feet of water rights. There is not 8,177.60 acre-feet annually of water available for appropriation in the basin and granting the subject applications as requested will exceed the perennial yield of the basin.
2. General Moly, Inc. owns Kobeh Valley Ranch, LLC, which previously filed numerous change applications seeking to change the point of diversion, manner of use and place of use of existing irrigation water rights for use in General Moly, Inc.'s mining project. Ruling 5966 issued March 26, 2009 ruled on numerous irrigation water rights held by Kobeh Valley Ranch, LLC. Kobeh Valley Ranch, LLC sought to change the point of diversion, place of use and manner of use of its Bean Flat irrigation rights for use in General Moly, Inc.'s mining project. Three weeks after Ruling 5966, the applicant filed the subject application seeking to appropriate water for the Bean Flat Ranch at the same point of diversion, in the same place of use and for the same manner of use as some of its change applications the subject of Ruling 5966. Eureka County does not believe the applicant intends in good faith to put the water to beneficial use for the stated purposes.
3. At the protest hearing held October 13-October 17, 2008 with regard to the Mt. Hope Mine Project, the applicant's witness never testified that the applicant, General Moly, Inc. was formed or in any way involved in the agricultural business and intended to operate the Bean Flat Ranch for agricultural purposes. A review of General Moly, Inc.'s website indicates that it is a mining company not an agricultural company. One of the applicant's witnesses testified at the hearing: ". . . the only thing we intend to do with the water rights is use them for mining and milling purposes at the Mount Hope project." Volume III Transcript of Proceedings, Public Hearing, Wednesday, October 15, 2008, page 515, lines 2-4.
4. The testimony at the protest hearing held October 13-October 17, 2008 with regard to the Mt. Hope Mine Project was that the Bean Flat Ranch water rights may be used as an option to supply water to the mine project if there were impacts from pumping at the mine's other well locations. If the application was filed for use as additional water for the applicant's mining project, the application violates the intent of Ruling 5966, which determined that the

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applicant had only shown a need for the use of 11,300 acre-feet annually of water rights for its Mt. Hope Mine Project.

5. If the intent of this application is to acquire more water rights for mitigation purposes for its mining project, Eureka County does not believe the applicant intends in good faith to put the water to beneficial use for the stated purposes.
6. Kobeh Valley is a designated basin. The perennial yield of the basin is approximately 16,000 acre-feet per year, which assumes that the natural groundwater discharge (phreatophyte evapotranspiration) from the basin can be captured over the long term per a study prepared for General Moly. In Kobeh Valley, most naturally recharged groundwater is discharged by phreatophytic vegetation on the valley floor, with a reconnaissance-level evapotranspiration estimate by the USGS of 15,000 acre-feet per year. Most of the valley floor phreatophytic vegetation will continue to occur notwithstanding the mine's pumping and applicant's proposed pumping for the irrigation of 460.07 acres. The groundwater discharged in the Kobeh Valley hydrographic basin by phreatophytic vegetation and the mine's pumping will total approximately 26,300 acre-feet per year. In addition, General Moly's model simulates 1,900 acre-feet per year inflow from Kobeh Valley to Diamond Valley. These total amounts are in excess of the perennial yield of the basin and result in an overdraft situation for the basin. Granting the subject applications will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
7. Existing USGS reports suggest that Kobeh Valley may provide underground flow to Diamond Valley. The applicant's groundwater model simulates such an underflow also. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley. The Diamond Valley Regional Flow System is being studied at the present time by the USGS. The grant of any further applications in this basin should not be considered until the USGS study is complete and the additional analysis and data acquisition that will be conducted to improve the technical adequacy of the mine's studies are complete.
8. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders, impact domestic well owners and surface water flows in Kobeh Valley. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights, domestic well owners and surface water rights in Diamond Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
9. The applicant must provide proof satisfactory to the State Engineer that there is a reasonable expectation of the financial ability to apply the water to the intended beneficial use with reasonable diligence and of its good faith intention to apply the water to the intended beneficial use with reasonable diligence. Since the hearing evidence was

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presented, General Moly has issued numerous press releases regarding the Mt. Hope Mine Project and its financial situation. On March 26, 2009, General Moly announced further cash conservation efforts to preserve its current cash balance. In a newspaper article dated November 7, 2008, General Moly's chief executive officer indicated that the mine project might be put on hold in early 2009. At the close of the stock market trading on May 1, 2009, General Moly's stock price was \$1.52 a share, down from a 52 week high of \$9.69 per share. The 52 week low for General Moly shares was \$0.64 per share. General Moly's most recent Form 8-K filed with the Securities and Exchange Commission (Date of Earliest Event Reported: March 26, 2009) indicates interim financing is not in place. In addition, there is no reasonable probability that the financing necessary for the mine project (estimated costs of over \$1 billion) is available to General Moly to go forward with the project or is forthcoming. The application states that the estimated cost of the works for irrigation purposes is \$100,000. The applicant has not shown the State Engineer proof satisfactory of its financial ability and reasonable expectation actually to apply the water to the intended beneficial use with reasonable diligence.

10. Should this protest result in a hearing before the State Engineer, Eureka County requests that any such hearing be held in Eureka to facilitate access by protestant.