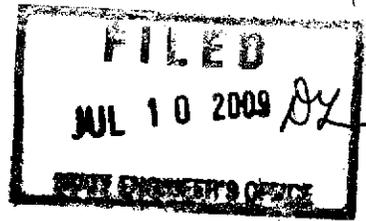


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA



2009 JUL 10 PM 3:45

IN THE MATTER OF APPLICATION NUMBER, 78424
FILED BY, KOBEH VALLEY RANCH LLC
ON APRIL 30, 2009, TO APPROPRIATE THE
WATERS OF UNDERGROUND (EUREKA COUNTY)



PROTEST

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 78424 filed on APRIL 30, 2009

by KOBEH VALLEY RANCH LLC 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

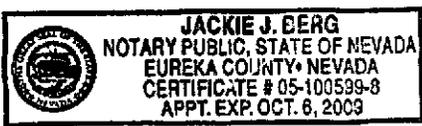
and that an order be entered for such relief as the State Engineer deems just and proper

Signed [Signature]
Agent or protestant

J.P. "JIM" ICHURRALDE, 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 Kobeh Valley Ranch LLC
Application No. 78424

1. This change application was filed to change the point of diversion of change application 76803 previously filed by this applicant for use by General Moly, Inc. for a mining project. Eureka County protested the previous change application. Eureka County refers to and incorporates by reference its protest and the evidence on file with the State Engineer's office submitted for the protest hearing held October 13-October 17, 2008 with regard to change application 76803. The State Engineer approved Application 76803 in Ruling 5966 issued March 26, 2009. Eureka County filed a petition for judicial review challenging Ruling 5966 issued by the State Engineer which is currently pending in the Seventh Judicial District Court. The previous grant of change application 76803 may not be upheld if the State Engineer's Ruling is vacated by the Court.
2. General Moly's model, which the State Engineer determined in Ruling 5966 was "suitable for estimating impacts at this time" is not technically adequate as publically admitted by the Applicant the same day the Ruling was issued. In a press release dated March 26, 2009, General Moly acknowledged that its technical hydrologic studies were not adequate. The press release states in pertinent part: "Following recent discussions with the Bureau of Land Management (BLM) related to the Company's hydrologic studies of both pit lake geochemistry and regional hydrology, the Company determined that additional analysis and data acquisition will be conducted to improve the technical adequacy of the studies. Although this further work does not indicate a concern related to ultimate permit receipt, the Company now expects to receive its Record of Decision (ROD) approximately mid-year 2010." Thus, the model previously relied upon by the State Engineer to grant change application 76803 is not adequate and cannot be used as a basis to approve pending Application 78424. As the State Engineer has acknowledged in other proceedings pending before him, it is preferable to have consistent models and an important consideration is preparation of a completed, thoroughly reviewed model for the State Engineer's use in his proceeding.
3. The Diamond Valley Regional Flow System is being studied at the present time by the USGS. The grant of any further applications for the mine's project should be not be considered until the USGS study is complete and the additional analysis and data acquisition that will be conducted as described in Paragraph 2 above by the applicant to improve the technical adequacy of the applicant's studies is complete.
4. Hydrologic properties of the proposed point of diversion are not known. The mine is currently determining and analyzing the proposed points of diversions for all of its wells. Therefore, impacts associated with sustained pumping of substantial water rights at the proposed point of diversion listed in this application and for the applicant's points of diversions for its overall groundwater pumping for its project are not known. General Moly's outdated model report relied upon by the State Engineer in issuing his Ruling 5966 acknowledges that on a regional scale there will be impacts to existing surface water and underground water rights from its then proposed plan of pumping. General Moly's most recent Form 8-K filed with the Securities and Exchange Commission (Date of Earliest Event Reported: March 26, 2009) states in part on page 16 with regard to the Mt. Hope

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Permitting Requirements under the section entitled *Plan of Operations Approval –Bureau of Land Management*: "Other significant potential impacts include effects of groundwater pumping on existing water rights and/or surface water flows. . .". This Form 8-K was filed after the evidence was submitted for and the protest hearing held on October 13-October 17, 2008 and should be considered by the State Engineer in determining whether to grant change application 78424.

The pit dewatering requires pumping of additional water from Diamond Valley, currently over appropriated and over pumped. Propagation of the cone of depression from the proposed point of diversion must be adequately determined prior to granting the application.

5. The proposed point of diversion for this application lies in Basin 153, while the proposed place of use may ultimately include portions of Basin 139 (Kobeh Valley) and Basin 53 (Pine Valley); therefore the application may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. While the instant application is for only a portion of the water rights needed for the Mt. Hope Mine Project, General Moly requires 11,300 afa of water rights to operate its Mt. Hope Mine Project. The State Engineer found in Ruling 5966 that the applicant provided proof satisfactory to the State Engineer that there is a reasonable expectation of the financial ability to construct the work and apply the water to the intended beneficial use with reasonable diligence and of its good faith intention to construct any work necessary to apply the water to the intended beneficial use, to actually construct the work and apply the water to the intended beneficial use with reasonable diligence. Since the hearing evidence was presented, the Applicant has issued numerous press releases regarding the 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 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 project (estimated costs of over \$1 billion) is available to General Moly to go forward with the project or is forthcoming. The applicant has not shown the State Engineer proof satisfactory of its financial ability and reasonable expectation actually to construct the work and apply the water to the intended beneficial use with reasonable diligence.
7. The manner of use of water under the subject application is by nature of its activity a temporary use. Because it is a temporary use, any permit granted should be subject to a

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restriction that at the end of the mining use, the water will revert back to the source. As of June 16, 2008, General Moly's consultant's report indicated that a majority of the water sought to be pumped would come from groundwater storage. The State Engineer has previously recognized that water sought to be appropriated from groundwater storage is not a permanent water right.

8. 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.