

## CAVE PEAK MOLYBDENUM PROSPECT, TEXAS

### Quaterra 100%

- In July 2008, Quaterra acquired a mining lease on 523.746 acres in Culberson County, Texas, covering all or parts of three breccia pipes.
- Historic drilling from the 1960s at the Main pipe identified a large mineralized system with high-grade molybdenum mineralization that is open at depth. The other two breccia pipes are untested.
- Upon preliminary review of available data, the prospect has excellent geologic potential to contain an economic molybdenum deposit.
- Quaterra acquired the rights to the prospect through a lease-option agreement with the holders of two prospecting permits. The agreement allows Quaterra to purchase their entire interest by making staged payments totaling US\$600,000 over a five-year period.
- Terms of the deal with the State of Texas include: a bonus of \$104,750 (\$15,000 due on signing the lease, \$35,000 due on submittal of exploration plans and the balance of \$54,750 due on approval of a mining plan); delayed rental payments for each year production does not occur starting at \$50 an acre for the first five years; and, a production royalty equal to 6.25% of the market value (gross proceeds less certain processing costs but excluding mining costs).
- Quaterra's plans for the remainder of 2008 include possible additional land acquisition, mapping, sampling, relogging of available drill core and preparation of an exploration plan. Drilling is tentatively scheduled for Q1 2009.
- If a mineable reserve is proven at Cave Peak, the upper portion of the deposit would be mined using open pit mining methods and the deeper mineralization would be extracted using underground mining methods, if warranted.



## AN INDISPENSABLE ELEMENT OF A TECHNOLOGY-DRIVEN, ENERGY-EFFICIENT FUTURE

### Properties

The unique properties which make molybdenum metal and its alloys the material of choice in a variety of high-tech applications include:

- Strength at high temperature.
- The ability to conduct both heat and electricity.
- Low thermal expansion.
- Environmental stability.

As an alloy in steel, molybdenum enhances strength, hardenability, weldability, toughness, elevated temperature strength, and corrosion resistance.

### New applications are raising demand for the metal

The distinctive properties of molybdenum alloys make moly a growing and indispensable component in many applications including:

- Steels used in oil and gas pipelines. In gas pipelines moly is particularly important because it reduces weight for overall carrying capacity. Some pipelines are now absorbing a ton of moly per mile.
- In oil and gas drilling where moly-bearing steels are replacing mild carbon steels, especially in offshore drilling.
- Coiled tubing, one of the fastest growing oilfield technologies.
- Catalysts used in petroleum refining where growth is being driven by demand for lower sulfur gasoline and diesel.
- Retrofitting of power plants, particularly steam and gas turbines, to reduce corrosion.
- Piping and many components of nuclear power plants as well as in the nuclear fuel cycle.
- Storage vessels for nuclear waste.
- Rocket engine components and liquid metal heat exchangers that must be ductile at room temperature.
- High temperature heating elements, radiation shields, extrusions and forging dies.
- Glass melting furnace electrodes and components that are resistant to molten glass.

- Sprayed coatings on automotive piston rings and machine components to reduce friction and improve wear.
- Low expansion and high conductivity electronic circuit boards

### Lack of new primary mining supply

The principal molybdenum mines are found in China, the CIS and down the West coast of the Americas.

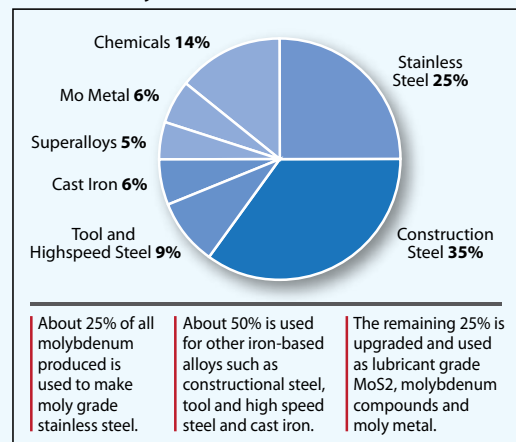
Much of moly production is a by-product of copper mining.

There is growing demand for supply from primary moly mines because of the desirability and quality of the concentrate they produce.

Very few primary moly prospects will make it to production.

Source: IMO and various

### Uses of Molybdenum



### 5-Year Molybdenum

