

CRESTON MOLY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2009

AUDITORS' REPORT

To the Shareholders of
Creston Moly Corp.

We have audited the consolidated balance sheets of Creston Moly Corp. as at July 31, 2009 and 2008 and the consolidated statements of shareholders' equity, operations and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

November 26, 2009



CRESTON MOLY CORP.
CONSOLIDATED BALANCE SHEETS

	July 31, 2009	July 31, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 2,745,996	\$ 7,220,728
Cash, restricted (Note 10)	1,618,500	-
Receivables	50,063	997,941
Prepaid expenses	49,587	68,897
	<u>4,464,146</u>	<u>8,287,566</u>
EQUIPMENT (Note 3)	62,818	86,681
DEFERRED ACQUISITION COSTS (Note 13)	85,335	-
MINERAL PROPERTIES (Note 4)	<u>59,412,319</u>	<u>55,734,477</u>
	<u>\$ 64,024,618</u>	<u>\$ 64,108,724</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 4,703,744	\$ 3,175,241
FUTURE INCOME TAXES (Note 12)	13,512,505	13,614,505
	<u>18,216,249</u>	<u>16,789,746</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 5)	68,688,457	64,953,301
Contributed surplus	5,380,094	5,105,554
Deficit	(28,260,182)	(22,739,877)
	<u>45,808,369</u>	<u>47,318,978</u>
	<u>\$ 64,024,618</u>	<u>\$ 64,108,724</u>

NATURE AND CONTINUANCE OF OPERATIONS- Note 1
COMMITMENTS AND CONTINGENCIES – Note 10
SUBSEQUENT EVENTS- Note 13

APPROVED BY THE DIRECTOR

APPROVED BY THE DIRECTOR

“D. Bruce McLeod”

Director

“Colin K. Benner”

Director

The accompanying notes are an integral part of these consolidated financial statements

CRESTON MOLY CORP.**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	<u>Share Capital</u>		<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance, July 31, 2007	118,690,646	\$64,405,980	\$3,754,044	\$(19,529,986)	\$48,630,038
Stock options exercised	410,000	64,500	-	-	64,500
Warrants exercised	2,067,501	413,500	-	-	413,500
Stock-based compensation	-	-	1,420,831	-	1,420,831
Transfer on options exercised	-	69,321	(69,321)	-	-
Net loss for the year	-	-	-	(3,209,891)	(3,209,891)
Balance, July 31, 2008	121,168,147	64,953,301	5,105,554	(22,739,877)	47,318,978
Warrants exercised	599,999	539,999	-	-	539,999
Private placement- net	30,000,000	2,803,107	-	-	2,803,107
Finders' fee	1,473,000	147,300	-	-	147,300
Shares for debt settlement	2,447,500	244,750	-	-	244,750
Stock-based compensation	-	-	274,540	-	274,540
Net loss for the year	-	-	-	(5,520,305)	(5,520,305)
Balance, July 31, 2009	155,688,646	\$ 68,688,457	\$ 5,380,094	\$ (28,260,182)	\$ 45,808,369

The accompanying notes are an integral part of these consolidated financial statements

CRESTON MOLY CORP.**CONSOLIDATED STATEMENTS OF OPERATIONS**

For the Year ended

	July 31, 2009	July 31, 2008
EXPENSES		
Amortization	\$ 25,597	\$ 24,891
Consulting fees	503,491	537,380
Filing fees	4,945	25,924
Arbitration award (Note 10)	2,601,450	-
Foreign exchange loss (gain)	491,906	(107,451)
Interest charges (Note 10)	87,193	-
Management fees	378,000	378,000
Office	366,338	350,223
Professional fees	585,739	304,061
Shareholder communications	219,087	495,458
Stock-based compensation (Note 5)	270,035	1,301,400
Travel and promotion	161,662	378,068
Interest income	(73,138)	(478,063)
LOSS BEFORE INCOME TAXES	5,622,305	3,209,891
Future income tax (recovery) (Note 12)	(102,000)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ 5,520,305	\$ 3,209,891
BASIC AND DILUTED LOSS PER COMMON SHARE	\$0.04	\$0.03
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	123,085,289	119,923,831

The accompanying notes are an integral part of these consolidated financial statements

CRESTON MOLY CORP.**CONSOLIDATED STATEMENTS OF CASH FLOW**
For the Year ended

	July 31, 2009	July 31, 2008
CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES		
Net loss for the year	\$(5,520,305)	\$ (3,209,891)
Items not involving cash		
Amortization	25,597	24,891
Stock-based compensation	270,035	1,301,400
Future income tax (recovery)	(102,000)	-
CHANGE IN NON-CASH WORKING CAPITAL ITEMS		
Receivables	947,878	(937,598)
Prepaid expenses	19,310	(37,385)
Accounts payable	3,083,630	46,628
	<u>(1,275,855)</u>	<u>(2,811,955)</u>
INVESTING ACTIVITIES		
Restricted cash	(1,618,500)	-
Deferred acquisition costs	(85,335)	-
Mineral property expenditures	(4,983,714)	(5,339,738)
Acquisition of equipment	(1,734)	(36,438)
	<u>(6,689,283)</u>	<u>(5,376,176)</u>
FINANCING ACTIVITIES		
Share issuances	3,539,999	478,000
Share issue costs	(49,593)	-
	<u>3,490,406</u>	<u>478,000</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(4,474,732)	(7,710,131)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	7,220,728	14,930,859
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 2,745,996	\$ 7,220,728

SUPPLEMENTAL INFORMATION- See Note 11

The accompanying notes are an integral part of these consolidated financial statements

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of exploring and acquiring mineral properties. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production. The Company's current capital resources may not be sufficient to complete its exploration and development plans and operations through its current operating period and may be required to raise additional funds through equity issuances. The Company's ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances.

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete equity financings, or generate profitable operations in the future. For the year ended July 31, 2009 the Company incurred a net loss of \$5,520,305, has an accumulated deficit of \$28,260,182 and a working capital deficiency of \$239,598. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management has undertaken available cost cutting measures and is monitoring its cash flows. In addition, the Company completed the acquisition of Tenajon Resources Corp. subsequent to July 31, 2009 (Note 13).

2. SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

The Company owns 100% of Creston Mining Corporation ("Creston") a Canadian corporation acquired May 15, 2007. Creston owns all the issued shares of Exploraciones Global S.A. de C.V. ("Global"), a Mexican corporation which owns specific mineral concessions in Mexico.

The Company owns 100% of Eastern Resources Exploration Inc. ("Eastern") which effectively controlled the operations (70% interest) of Eastern Tower Mining Co. Ltd., a Sino-foreign co-operative joint venture company which was formed to own and develop the Tower Stone Gold Project, Western Xinjiang Autonomous Region People's Republic of China. These consolidated financial statements include 100% of the accounts of Eastern and Eastern Tower Mining Co. Ltd. Eastern and Eastern Tower Mining Co. Ltd. are inactive.

b. Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Significant areas requiring the use of management estimates relate to financial instruments, the determination of impairment of assets, useful lives for amortization, accounts payable and accrued liabilities, stock based compensation and future income tax valuation allowances. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Foreign Currency Translation

The Company's subsidiaries are considered integrated operations and are translated into Canadian dollars using the temporal method whereby the monetary assets and liabilities are translated using the exchange rate at the balance sheet date and non-monetary items using historical exchange rates. Revenues and expenses are translated at exchange rates prevailing on the respective transaction dates. Exchange gains and losses arising on translation are included in the statement of operations.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and highly liquid investments with original maturities of three months or less.

e. Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided for annually at the following rates.

Office equipment	20% declining balance method
Computer equipment	30% declining balance method
Computer software	50% declining balance method
Leasehold improvements	3 years straight line method

f. Mineral Properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

g. Asset Retirement Obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at July 31, 2009 and 2008 the Company had no significant asset retirement obligations.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effects to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is the same as basic loss per share when the effects of various conversions and exercise of options and warrants would be antidilutive.

i. Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences) and on unclaimed losses carried forward. Future income tax assets and liabilities are measured using substantially enacted tax rates expected to be in effect when the temporary differences are likely to reverse or when losses are expected to be utilized. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

j. Stock-Based Compensation

The Company uses the fair value method for stock-based compensation whereby all awards to employees and nonemployees will be recorded at fair value on the date of the grant and expensed over the related vesting or service period. The Company uses the Black-Scholes option-pricing model to estimate the fair value of each stock option at the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

k. Financial instruments - recognition and measurement

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Subsequent measurement and changes in fair value will depend on the financial instrument classification. Held-for-trading financial instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables, and other financial liabilities are measured at amortised cost.

The Company has classified its cash and cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

l. Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Deferred acquisition costs

Costs such as legal, accounting, due diligence, sponsorship and filing fees related to potential acquisitions are deferred and applied towards the cost of the acquisition when completed. Such costs are expensed if the potential acquisition is no longer considered viable by management.

Change in accounting policies

Effective August 1, 2008 the Company adopted the new accounting policies of the Canadian Institute of Chartered Accountants ("CICA") Handbook.

i) Financial Instruments

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance statements users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of elected interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

ii) Capital Disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed.

iii) Assessing Going-concern

The Accounting Standards Board amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Other than additional disclosures in Notes 2, 8, and 9 the adoption of these sections had no impact on the Company's financial statements.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

- i) CICA Handbook Section 3064, Goodwill and Intangible Assets which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. This revised standard applies to financial statements relating to fiscal years beginning on or after October 1, 2008.
- ii) CICA Handbook Section 1582, Business Combinations which replaces Section 1581, Business Combinations. The new section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3- Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.
- iii) CICA Handbook Section 1601, Consolidated Financial Statements and CICA Handbook Section 1602, Non-controlling Interests in consolidated Financial Statements together replace existing CICA Handbook Section 1600. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These revised standards apply to financial statements prepared for periods beginning on or after January 1, 2011 and will be applied prospectively to all non-controlling interests, including any that arose before the effective date.

The Company does not anticipate that the adoption of the above recent accounting pronouncements will have a significant impact on its consolidated financial statements.

- iv) International Financial Reporting Standards (IFRS).
In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

CRESTON MOLY CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****July 31, 2009****3. EQUIPMENT**

	<u>July 31, 2009</u>			<u>July 31, 2008</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office equipment	\$ 61,033	\$ 31,260	\$29,773	\$59,299	\$24,094	\$35,205
Computer software	6,483	5,735	748	6,483	4,987	1,496
Computer equipment	33,911	10,484	23,427	33,911	4,628	29,283
Leaseholds	48,786	39,916	8,870	48,786	28,089	20,697
	\$150,213	\$87,395	\$62,818	\$148,479	\$61,798	\$86,681

4. MINERAL PROPERTIES

The Company through its wholly owned subsidiaries Creston and Global own 100% of the Creston molybdenum property, located in Sonora, Mexico. The mineral concessions are subject to a 3% net profits interest retained by the vendors. The accompanying consolidated schedule of deferred mineral property costs discloses expenditures incurred by period.

5. CAPITAL STOCK**a) Authorized**

Unlimited number of common shares without par value.

During fiscal 2008, the Company adopted a Shareholder Rights Plan ("Rights Plan") which will entitle shareholders of record the right to acquire additional common shares of the Company at a 50% discount to the market price on the occurrence of certain triggering events, which includes the acquisition by a person or group of 20% or more of the votes attached to all outstanding common shares of the Company in a transaction not approved by the Company's board of directors. If not terminated earlier, the Rights Plan will expire in 2017.

b) Share Issuances

- i) During fiscal 2009 the Company completed a non-brokered 30,000,000 unit private placement at a price of \$0.10 per unit for gross proceeds of \$3,000,000. Each unit consisted of one share and one share purchase warrant entitling the purchaser to acquire an additional share at a price of \$0.15 per share for a period of two years. A finders' fee of \$25,500 cash and 1,473,000 units with a value of \$147,300 was paid in connection with the private placement. The units issued as a finders' fee bear the same terms and conditions as the units as the private placement.
- ii) Issued 2,447,500 shares at a value of \$0.10 per share and paid \$250,000 in terminating certain contracts with advisers and settling outstanding amounts payable to those advisers (Note 10).

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

CAPITAL STOCK (CONTINUED)

c) Stock Options

During fiscal 2008 the Company adopted a rolling incentive stock option plan whereby a maximum of 10% of the Company's issued shares from time to time, may be reserved for issuance as options to eligible persons to acquire common shares in the Company. Pursuant to the terms of the plan, the Board of Directors have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in the plan. In general, options must expire within five years of the grant date, the exercise price may not be less than the discounted market price as prescribed by the TSX Venture Exchange ("TSX-V"), the options will vest at the discretion of the Board of Directors and not more than 5% (2% for a director or person engaged in investor relations) may be reserved for issuance to any one person during any twelve month period. The plan is subject to annual approval by the shareholders and TSX-V.

Options granted prior to the implementation of the new plan continue to be governed by the rules of the Company's old plan, whereby the maximum number of shares reserved for issuance is 6,000,000 common shares, the exercise price of the options issued under the plan will not be priced lower than the market price of the Company's shares at the time of grant, with a minimum exercise price of \$0.10 per share, the term will not to exceed five years and vest at a rate of 25% on the grant date and 25% every six month period thereafter.

During fiscal 2009, the Company granted 1,560,000 (2008- 3,985,000) stock options with a fair value of \$185,790 (2008-\$1,092,240) and recorded \$270,035 (2008- \$1,301,400) as stock-based compensation expense for options which vested during the period and \$4,505 (2008- \$119,431) as exploration expenditures.

The following weighted average assumptions were used for valuing the stock options granted.

	2009	2008
Risk-free interest rate	0.99 -2.26%	2.74-4.6%
Expected life of options	3 years	2-4 years
Annualized volatility	117-122%	113-126%
Dividend rate	0.00%	0.00%

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of the Company's shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

5. CAPITAL STOCK (CONTINUED)

c) Stock Options (continued)

As at July 31, 2009, the following incentive stock options were outstanding:

Options	Exercise Price	Expiry Date
25,000	\$ 0.17	December 1, 2009
600,000	0.165	March 18, 2010
50,000	0.20	May 10, 2010
100,000	0.18	June 14, 2010
50,000	0.20	August 16, 2010
125,000	0.165	September 21, 2010
100,000	0.25	October 14, 2010
25,000	0.25	December 14, 2010
100,000	0.25	February 11, 2011
175,000	0.18	August 13, 2011
100,000	0.16	December 14, 2011
2,405,000	0.40	March 27, 2012
100,000	0.70	April 30, 2012
300,000	1.05	May 15, 2012
100,000	0.82	June 4, 2012
50,000	0.70	September 4, 2012
2,235,000	0.40	January 21, 2013
250,000	0.40	February 10, 2013
100,000	0.48	February 26, 2013
350,000	0.31	May 11, 2013
400,000	0.35	July 17, 2013
150,000	0.25	October 8, 2013
1,000,000	0.245	October 30, 2013
50,000	0.15	January 14, 2014
360,000	0.15	March 2, 2014
<u>9,300,000</u>		

	Year Ended July 31, 2009		Year Ended July 31, 2008	
	Number of options	Weighted Average Exercise price	Number of options	Weighted Average Exercise price
Balance, beginning of the year	8,925,000	\$0.38	5,350,000	\$0.35
Granted	1,560,000	0.22	3,985,000	0.39
Exercised	-	-	(410,000)	0.16
Expired	(1,185,000)	0.30	-	-
Balance, end of the year	9,300,000	\$0.36	8,925,000	\$0.38
Exercisable	9,300,000	\$0.36	7,911,250	\$0.37

The weighted average fair value of options granted during the years was \$0.12 per option (2008-\$0.27).

CRESTON MOLY CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****July 31, 2009****5. CAPITAL STOCK (CONTINUED)****d) Share Issue Warrants**

	Year Ended July 31, 2009		Year Ended July 31, 2008	
	Number of warrants	Weighted Average Exercise price	Number of warrants	Weighted Average Exercise price
Balance, beginning of the year	39,941,743	\$ 0.90	42,149,244	\$ 0.86
Exercised	(599,999)	0.90	(2,067,501)	0.20
Expired	-	-	(140,000)	0.20
Issued	31,473,000	0.15	-	-
Balance, end of the year	70,814,744	\$ 0.57	39,941,743	\$ 0.90

As at July 31, 2009, the following warrants were outstanding:

Warrants	Exercise Price	Expiry Date
27,980,001	\$ 0.90	May 9, 2010
3,429,600	0.90	May 9, 2010
7,932,143	0.90	May 15, 2012
17,640,000	0.15	July 17, 2011
13,833,000	0.15	July 27, 2011
<u>70,814,744</u>		

6. RELATED PARTY TRANSACTIONS

During the year ended July 31, 2009, the Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements:

- Paid or accrued management fees of \$834,797 (2008- \$567,411) to directors and officers or their companies of which the Company capitalized geological consulting and termination costs of \$456,797 (2008-\$189,411) to a company controlled by the the chief operating officer.
- Paid or accrued consulting fees of \$155,000 (2008- \$30,000) to directors and officers or their companies
- The Company shares office premises with a public company that has a director in common and paid \$26,400 (2008-\$98,131) as its share of the ongoing occupancy costs.
- Included in accounts payable is \$163,445 (2008- \$12,069) due to directors, previous directors and officers.

CRESTON MOLY CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****July 31, 2009****6. RELATED PARTY TRANSACTIONS (CONTINUED)**

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related parties include directors and officers and companies with common management and directorships.

7. SEGMENTED INFORMATION

The Company has one operating segment being the acquisition and exploration of mineral properties. Geographic information is as follows:

	Canada	Mexico	China	Total
July 31, 2009				
- Equipment	\$62,818	\$ -	\$ -	\$ 62,818
- Mineral properties	-	59,412,319	-	59,412,319
	\$ 62,818	\$ 59,412,319	\$ -	\$ 59,475,137
Net loss for the year	\$4,941,358	\$578,947	\$ -	\$5,520,305
July 31, 2008				
- Equipment	\$86,681	\$ -	\$-	\$ 86,681
- Mineral properties	-	55,734,477	-	55,734,477
	\$ 86,681	\$ 55,734,477	\$ -	\$ 55,821,158
Net loss for the year	\$3,020,847	\$185,819	\$3,225	\$3,209,891

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is limited interest rate risk due to the short-term maturity of its monetary assets and liabilities.

ii) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk on its financial assets due to cash being placed with major financial institutions and receivables consisting of amounts recoverable from government agencies.

iii) Currency risk

The Company is exposed to foreign currency fluctuations to the extent expenditures incurred are not denominated in Canadian dollars. The Company conducts business in Mexico whose currency is the Mexican peso and makes significant purchases in U.S. dollars. As such, the Company is subject to risk due to fluctuations in the exchange rate for the Mexican peso and the U.S. dollar. As at July 31, 2009, a significant portion of the Company's cash was held in U.S. dollars and therefore subject to fluctuation against the Canadian dollar. Based on the balances at July 31, 2009, if the U.S. dollar had weakened (strengthened) by 1% against the Canadian dollar, with all other variables held constant, the net loss would have increased (decreased) by approximately \$15,000. The Company does not have foreign currency derivatives in place to hedge this risk.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk should the Company encounter difficulties meeting its obligations.

v) Other price and market risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of commodities. The Company is exposed to other price and market risks should the fair value of future cash flows from financial instruments fluctuate.

vi) Fair value

The carrying value of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of the instruments.

9. MANAGEMENT OF CAPITAL

The Company considers shareholders' equity and debt as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, pursue the exploration of its mineral resource interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company does not expect its current capital resources will be sufficient to meet all of its future exploration plans and operating requirements and is dependent upon future equity or debt transactions to meet these obligations.

10. COMMITMENTS AND CONTINGENCIES

The Company has entered into four management and consulting agreements, with directors, officers and their companies requiring minimum payments of \$468,000 per annum. The agreements contain termination clauses which provide for payments of up to 24 months of the monthly contractual amounts. Subsequent to July 31, 2009 the Company terminated three of these agreements for total consideration of \$189,000 and 1,890,000 shares. In addition, the contracts contain provisions that provide for payments up to 24 months should specified transactions occur.

The Company has entered into a management consulting agreement with a director's company which provides for annual payments of \$120,000. The agreement contains an incentive clause providing for a cash bonus payment of up to 0.75% of the aggregate value of certain specified transactions and a termination payment from six months to thirty-six months of the monthly contract amounts. The Company also committed to issue stock options to acquire up to 1,250,000 common shares to be maintained on a non-dilutive basis. Options to acquire 250,000 shares at \$0.35 exercisable to July 17, 2013 and options to acquire 1,000,000 shares at \$0.245 exercisable to October 30, 2013 have been granted.

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

10. COMMITMENTS AND CONTINGENCIES- (CONTINUED)

The Company has entered into a management and consulting agreement with a company controlled by an officer of the Company requiring minimum payments of US\$324,000 per annum. The agreement contains a termination clause which provide for a payment of twelve to twenty-four months of the monthly contractual amount. On May 1, 2009 the Company announced that it had entered into an agreement to terminate the contract by the payment of Cdn\$200,000 in four \$50,000 instalments (paid).

The Company has entered into consulting and advisory agreements requiring minimum payments of \$300,000 per annum. The agreements have initial contract periods ranging from twenty-four to forty-eight months from May 1, 2007 and contain termination clauses which provide for payments from six to twenty-four months of the monthly contract amounts. On May 1, 2009 the Company announced that it had entered into agreements to terminate the contracts by the issuance of 1,947,500 shares at a value of \$0.10 per share (issued).

The Company has entered into a consulting agreement requiring minimum payments of US\$170,000 per annum for a period of two years commencing February 1, 2008. The agreement contains a termination clause which provides for a payment of twelve to twenty-four months of the monthly contractual amount. On May 1, 2009 the Company announced that it had entered into an agreement to terminate the contract by the payment of Cdn\$50,000 and the issuance of 500,000 shares at a value of \$0.10 per share (issued).

Minimum annual payments over the remaining initial terms of the above contracts for fiscal years are; 2010 - \$229,285; and 2011 – \$145,000.

The Company shares office premises with a public company that has a director in common and has agreed to pay a monthly charge of up to \$8,000 as its share of ongoing occupancy and office costs.

In connection with the acquisition of Creston Mining Corporation in May 2007 the Company agreed to pay a Finders' Fee to an arm's length third party (the "Fee"). The TSX-V approved the payment of US\$1,500,000 as the Fee, which, at the option of the Finder, could be paid in any combination of cash or shares. The TSX-V determined that a price of \$0.70 per share was to be used in determining the number of shares to be issued as payment of the Fee or a portion of the Fee. The Finder claimed that \$0.15 per share should have been used as the basis for determining the fee. The Finder entered into arbitration proceedings seeking payment of the finder's fee in cash at an equivalent price of \$0.15 per share. The arbitrator found in favour of the Finder, awarded the finder CDN\$4.14 million and the Company has recorded the additional amount awarded in the arbitration as an expense of \$2,601,450 in the period. The Company has applied to the Courts for leave to appeal the award, however, the leave to appeal was denied and the Company intends to appeal the award to a higher court. In conjunction with seeking an appeal of the arbitrator's award the Company has registered a General Security Agreement over the assets of the Company in favour of the Finder and entered into an Escrow Agreement which provides that the Escrow Agent shall hold US\$1,500,000 (CDN\$1,618,500) on deposit and the shares of the Company's subsidiaries, Creston Mining Corporation and Global, as additional security. In addition, the Company has incurred interest expense of \$87,193 in connection with the amount awarded the finder. Subsequent to July 31, 2009 the Escrow Agent forwarded US\$1,500,000 to the finder and the Company deposited the unpaid balance of the arbitration award (\$2,502,600) with the Escrow Agent.

CRESTON MOLY CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****July 31, 2009****11. SUPPLEMENTAL CASH FLOW INFORMATION**

	<u>July 31, 2009</u>	<u>July 31, 2008</u>
Interest paid in cash during the period	\$ -	\$ -
Income taxes paid in cash during the period	\$ -	\$ -
CASH AND CASH EQUIVALENTS		
- Cash on deposit	\$ 2,733,716	\$ 168,644
- Mexican Pesos	12,280	14,594
- Short-term investments	-	7,037,490
	<u>\$ 2,745,996</u>	<u>\$ 7,220,728</u>

Significant non-cash transactions for the year ended July 31, 2009 consisted of:

- i) Incurring mineral property expenditures of \$13,005 (2008-\$1,323,382) through accounts payable
- ii) Recording mineral property expenditures of \$4,505 (2008-\$119,431) through stock based compensation
- iii) Issuance of 2,447,500 shares in settlement of \$244,750 (2008-\$nil) of debt
- iv) Issuance of 1,473,000 units at a value of \$147,300 as a finders' fee in connection with a private placement.

12. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	<u>July 31, 2009</u>	<u>July 31, 2008</u>
Net loss before income taxes	\$ 5,622,305	\$ 3,209,891
Expected income tax (recovery)	(1,625,497)	(987,994)
Non-deductible (deductible) expenses for tax purposes	779,966	258,642
Unrecognized benefit of non-capital losses	743,531	729,352
Future income tax recovery	\$ (102,000)	\$ -

The significant components of the Company's future income tax assets and liabilities are as follows:

Future income tax assets		
- Non-capital losses	\$2,101,890	\$ 1,452,225
- Resource expenditures	1,702,870	1,504,891
- Other items	288,430	16,067
	<u>4,093,190</u>	<u>2,973,183</u>
Valuation allowance	(4,093,190)	(2,973,183)
Future income tax assets	-	-
Future income tax liabilities		
- Mineral properties	(13,512,505)	(13,614,505)
Future income tax assets (liabilities)	<u>\$ (13,512,505)</u>	<u>\$ (13,614,505)</u>

CRESTON MOLY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

12. INCOME TAXES (CONTINUED)

The future income tax liability is a result of the difference between the carrying amount and the tax bases of the Company's mineral property interests owned by Global.

The Company and its subsidiaries have incurred income tax losses in different jurisdictions which may not be available for offset against future year's taxable income.

As at July 31, 2009, the Company has non-capital losses of approximately \$8,363,450. These losses, if not utilized, will expire through 2029. Additionally, the Company has capital losses of \$3,215,000 and resource-related expenditures of approximately \$15,984,215 which are available for carry-forward to reduce future year's otherwise taxable income. No future income tax benefit has been recognized in the accounts.

13. SUBSEQUENT EVENTS

- i) Subsequent to July 31, 2009 the Company settled \$189,000 of debt by the issuance of 1,890,000 shares to companies controlled by directors.
- ii) Effective August 26, 2009 the Company acquired Tenajon Resources Corp. ("Tenajon") by way of a Plan of Arrangement. Tenajon is a Canadian company engaged in the acquisition and exploration of molybdenum properties. Under the terms of the Transaction, the Company acquired all of the issued and outstanding shares of Tenajon by the issuance 0.84 shares for each share of Tenajon or 53,241,129 common shares. In addition, 4,078,200 options were exchanged for the options held by directors, officers and employees of Tenajon Resources Corp. reflecting the terms and conditions of the share exchange ratio.
- iii) Subsequent to July 31, 2009 the Company settled \$157,000 of debt by the issuance of 983,606 shares of which 647,485 shares were issued to an officer and companies controlled by directors to settle debts of \$107,000.
- iv) Subsequent to July 31, 2009 the Company received conditional regulatory approval of an incentive program to encourage the early exercise of 31,473,000 warrants. Under the terms of the program the original warrants will be amended to enable the holders to receive a unit for each original warrant exercised prior to the expiry date of the incentive program in lieu of one common share. Each unit will consist of one share and one-half of a warrant. Each whole warrant will allow the holder to acquire an additional common share of the Company at a price of \$0.24 per share for a period of two years.
- v) Subsequent to July 31, 2009 a consulting agreement with a director's company that provided for annual payments of \$120,000 was amended to provide for a reduction in annual payments to \$55,000 and termination payments of up to 36 months. In addition, the agreement provides a revised incentive clause providing instead for a payment of up to 36 months should certain specified transactions occur.
- vi) Subsequent to July 31, 2009, 150,000 stock options were exercised for proceeds of \$25,500 and 2,150,000 stock options were forfeited.

CRESTON MOLY CORP.**CONSOLIDATED SCHEDULE OF DEFERRED MINERAL PROPERTY COSTS
YEAR ENDED JULY 31,**

	Cumulative	Year Ended July 31,	
		2009	2008
EXPENDITURES			
- Acquisition costs	\$ 49,316,358	\$ -	\$ 199,097
- Assays	275,533	70,713	204,648
- Consulting fees	2,624,664	1,823,292	796,190
- Drilling	4,703,345	784,110	3,919,235
- Field costs	726,854	358,227	327,456
- Field equipment	130,985	8,682	122,303
- Geological	1,199,580	498,874	653,528
- Vehicle transportation	311,064	129,439	176,444
- Stock-based compensation	123,936	4,505	119,431
	59,412,319	3,677,842	6,518,332
DEFERRED COSTS, BEGINNING	-	55,734,477	49,216,145
	\$ 59,412,319	\$ 59,412,319	\$ 55,734,477

