

**CRESTON MOLY CORP.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**(PREPARED BY MANAGEMENT WITHOUT AUDITORS' REVIEW)**

**CRESTON MOLY CORP.**

## CONSOLIDATED BALANCE SHEETS

	<u>OCTOBER 31, 2008</u>	<u>JULY 31, 2008</u>
<b>ASSETS</b>		
CURRENT		
CASH	\$ 4,742,630	\$ 7,220,728
RECEIVABLES	872,438	997,941
PREPAID EXPENSES	93,325	68,897
	<u>5,708,393</u>	<u>8,287,566</u>
PROPERTY AND EQUIPMENT (NOTE 4)	81,434	86,681
MINERAL PROPERTIES (NOTE 5)	57,488,465	55,734,477
	<u>\$ 63,278,292</u>	<u>\$ 64,108,724</u>
<b>LIABILITIES</b>		
CURRENT		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 2,829,336	\$ 3,175,241
FUTURE INCOME TAXES	13,614,505	13,614,505
	<u>16,443,841</u>	<u>16,789,746</u>
<b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK (NOTE 6)	65,493,300	64,953,301
CONTRIBUTED SURPLUS	5,357,287	5,105,554
DEFICIT	(24,016,136)	(22,739,877)
	<u>46,834,451</u>	<u>47,318,978</u>
	<u>\$ 63,278,292</u>	<u>\$ 64,108,724</u>

NATURE AND CONTINUANCE OF OPERATIONS (NOTE 1)  
COMMITMENTS AND CONTINGENCY (NOTE 11)

APPROVED BY THE DIRECTOR

"Jonathan George"  
Jonathon George

APPROVED BY THE DIRECTOR

"Wayne Johnstone"  
Wayne Johnstone

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

**PREPARED BY MANAGEMENT WITHOUT AUDITORS' REVIEW**

**CRESTON MOLY CORP.**

## INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	<u>SHARE CAPITAL</u>				<u>OTHER COMPREHENSIVE INCOME</u>	<u>TOTAL</u>
	<u>NUMBER OF SHARES</u>	<u>AMOUNT</u>	<u>CONTRIBUTED SURPLUS</u>	<u>DEFICIT</u>		
BALANCE - JULY 31, 2007	118,690,646	\$ 64,405,980	\$ 3,754,044	\$ (19,529,986)	-	\$ 48,630,038
SHARES ISSUED:						
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
DRAW DOWN FROM EXERCISE OF OPTIONS		69,321	(69,321)	-	-	-
NET LOSS		-	-	(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
SHARES ISSUED:						
WARRANTS EXERCISED	599,999	539,999	-	-	-	539,999
STOCK BASED COMPENSATION		-	251,733	-	-	251,733
NET LOSS		-	-	(1,276,259)	-	(1,276,259)
BALANCE - OCTOBER 31, 2008	<u>121,768,146</u>	<u>\$ 65,493,300</u>	<u>\$ 5,357,287</u>	<u>\$ (24,016,136)</u>	<u>\$ -</u>	<u>\$ 46,834,451</u>

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**PREPARED BY MANAGEMENT WITHOUT AUDITORS' REVIEW**

**CRESTON MOLY CORP.**

## INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	<b>THREE MONTHS ENDED OCTOBER 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>EXPENSES</b>		
AMORTIZATION	\$ 6,387	\$ 7,163
CONSULTING FEES	129,240	124,760
FOREIGN EXCHANGE LOSS	413,359	26,022
MANAGEMENT FEES	94,500	94,500
OFFICE AND RELATED	93,549	76,657
PROFESSIONAL FEES	182,301	32,578
SHAREHOLDER COMMUNICATION	83,351	154,047
STOCK -BASED COMPENSATION	251,733	190,837
TRAVEL AND PROMOTION	67,964	93,861
INTEREST INCOME	(46,125)	(139,936)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 1,276,259</b>	<b>\$ 660,489</b>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>0.01</u>	<u>0.01</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>121,650,755</u>	<u>118,991,805</u>

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**PREPARED BY MANAGEMENT WITHOUT AUDITORS' REVIEW**

**CRESTON MOLY CORP.**

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>THREE MONTHS ENDED OCTOBER 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
NET LOSS FOR THE PERIOD	\$ (1,276,259)	\$ (660,489)
ITEMS NOT REQUIRING AN OUTLAY OF CASH		
AMORTIZATION	6,387	7,163
STOCK-BASED COMPENSATION	251,733	190,837
CHANGE IN NON-CASH WORKING CAPITAL ITEMS		
RECEIVABLES	125,503	(142,581)
PREPAID EXPENSES	(24,428)	(49,335)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	407,158	53,099
	<u>(509,906)</u>	<u>(601,306)</u>
<b>INVESTING ACTIVITIES</b>		
MINERAL PROPERTY EXPENDITURES	(2,507,051)	(672,541)
ACQUISITION OF EQUIPMENT	(1,140)	(29,703)
	<u>(2,508,191)</u>	<u>(702,244)</u>
<b>FINANCING ACTIVITIES</b>		
PROCEEDS ON ISSUANCE OF CAPITAL STOCK	539,999	96,666
<b>CHANGE IN CASH DURING THE PERIOD</b>	(2,478,098)	(1,206,884)
CASH BEGINNING OF THE PERIOD	7,220,728	14,930,859
<b>CASH END OF THE PERIOD</b>	<u>\$ 4,742,630</u>	<u>\$ 13,723,975</u>
<b>SUPPLEMENTAL INFORMATION</b>		
INTEREST PAID IN CASH DURING THE PERIOD	<u>\$ -</u>	<u>\$ -</u>
INCOME TAXES PAID IN CASH DURING THE PERIOD	<u>\$ -</u>	<u>\$ -</u>
NON-CASH ITEM		
MINERAL PROPERTY EXPENDITURES INCLUDED IN ACCOUNTS PAYABLE	<u>\$ 570,319</u>	<u>\$ 218,935</u>

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

**PREPARED BY MANAGEMENT WITHOUT AUDITORS' REVIEW**

**CRESTON MOLY CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Creston Moly Corp. ("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 its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. 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.

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles with the assumption 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 period ended October 31, 2008 the Company incurred a net loss of \$1,276,259 and has an accumulated deficit of \$24,016,136. These consolidated financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF CONSOLIDATION AND PRESENTATION**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Creston Mining Corporation ("Creston Mining"), a Canadian corporation, which owns all the issued shares of Exploraciones Global S.A. de C.V., ("Global"), a Mexican corporation. Global owns the Company's mineral concessions in Mexico.

The Company owns 100% of Eastern Resources Exploration Inc. (inactive) 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 financial statements have been prepared under Canadian Generally Accepted Accounting Principles applicable to interim consolidated financial statements and therefore do not include all the disclosures required for annual financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the audited annual financial statements for the year ended July 31, 2008 and included with the Company's annual report. In the opinion of management, these financial statements contain all adjustments necessary to present fairly the financial position, results of operations and cash flow for the three month period ended October 31, 2008 and 2007. The accounting policies followed by the Company are unchanged from those outlined in its annual audited financial statements. Interim results of operations are not indicative of the results of operations for the full year.

**CRESTON MOLY CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**3. CHANGES IN ACCOUNTING POLICIES**

From time to time, new accounting standards are pronounced by the Canadian Institute of Chartered Accountants. When released, these policies are reviewed by management to determine their impact on the Company's reported operating results and disclosures. New standards which become effective for the Company's 2009 fiscal year or thereafter are:

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 extend 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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

iii. Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern.

The adoption of the above recent accounting pronouncements will not have a significant impact on the Company's consolidated financial statements.

## CRESTON MOLY CORP.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2008

#### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 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.

#### 4. EQUIPMENT

	October 31, 2008			July 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 60,439	\$ 25,873	\$ 34,566	\$ 59,300	\$ 24,095	\$ 35,205
Computer software	6,483	5,173	1,310	6,483	4,987	1,496
Computer equipment	33,910	6,092	27,818	33,910	4,627	29,283
Leasehold improvements	48,786	31,046	17,740	48,786	28,089	20,697
	<u>\$ 149,618</u>	<u>\$ 68,184</u>	<u>\$ 81,434</u>	<u>\$ 148,479</u>	<u>\$ 61,798</u>	<u>\$ 86,681</u>

#### 5. MINERAL PROPERTIES

The Company through its wholly owned subsidiaries Creston Mining and Global owns 100% of the Creston molybdenum deposit, 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.

#### 6. CAPITAL STOCK

##### a. Authorized

Unlimited number of common shares without par value.

At October 31, 2008, Nil (2007 – 1,350,000) shares were held in escrow.

During fiscal 2008, the Company adopted a Shareholder Rights Plan ("Rights Plan") which will entitle shareholders of record on March 6, 2008 and subscribers to new common shares issued thereafter 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.

**CRESTON MOLY CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**6. CAPITAL STOCK (CONTINUED)**

b. Share Issues

During the period ended October 31, 2008, the Company issued 599,999 shares for \$539,999 pursuant to the exercise of share purchase warrants.

c. Share Issue Commitments

i. 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 will 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 the period, the Company granted 1,150,000 stock options with a fair value of \$158,031 (calculated using the Black-Scholes option-pricing model) and recorded \$251,733 (2007 - \$190,837) as stock-based compensation expense for options granted during the current and prior periods.

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

	<u>2008</u>	<u>2007</u>
Risk-free interest rate	2.11-2.97%	3.9 - 4.6%
Expected life of options	3 - 4 years	3.5 - 5 years
Annualized volatility	117-118%	113 - 130%
Dividend rate	0.00%	0.00%

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**6. CAPITAL STOCK (CONTINUED)**

c. Share Issue Commitments (Continued)

i. Stock Options (Continued)

As at October 31, 2008, the following incentive stock options were outstanding:

<u>Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
360,000	\$ 0.15	February 18, 2009
25,000	0.17	December 1, 2009
500,000	0.40	January 17, 2010
600,000	0.17	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	0.17	September 21, 2010
100,000	0.25	October 14, 2010
150,000	0.26	December 2, 2010
25,000	0.25	December 14, 2010
100,000	0.25	February 11, 2011
25,000	0.25	March 27, 2011
175,000	0.18	August 13, 2011
100,000	0.16	December 14, 2011
2,455,000	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
350,000	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
<u>10,075,000</u>		

**CRESTON MOLY CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**6. CAPITAL STOCK (CONTINUED)**

c. Share Issue Commitments (Continued)

i. Stock Options (Continued)

	<u>Balance October 31, 2008</u>		<u>Balance July 31, 2008</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance beginning of the period	8,925,000	\$ 0.38	5,350,000	\$ 0.35
Granted	1,150,000	0.24	3,985,000	0.39
Exercised	-		(410,000)	0.16
Balance end of the period	<u>10,075,000</u>	<u>\$ 0.36</u>	<u>8,925,000</u>	<u>\$ 0.38</u>
Exercisable	<u>9,712,500</u>	<u>\$ 0.36</u>	<u>7,911,250</u>	<u>\$ 0.37</u>

The weighted average fair value of options granted during the period was \$0.20 per option. As at October 31, 2008, the weighted average remaining contractual life of the stock options was approximately 3 years.

ii. Share Issue Warrants

	<u>Balance, October 31, 2008</u>		<u>Balance, July 31, 2008</u>	
	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
Balance beginning of the period	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
Balance end of the period	<u>39,341,744</u>	<u>\$ 0.90</u>	<u>39,941,743</u>	<u>\$ 0.90</u>

As at October 31, 2008, the weighted average remaining contractual life of the warrants was approximately 2 years.

As at October 31, 2008, the following warrants were outstanding:

<u>Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
27,980,001	\$ 0.90	May 9, 2010
3,429,600	\$ 0.90	May 9, 2010
<u>7,932,143</u>	<u>\$ 0.90</u>	<u>May 15, 2012</u>
<u>39,341,744</u>		

**CRESTON MOLY CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

**7. RELATED PARTY TRANSACTIONS**

During the period ended October 31, 2008, the Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements:

- a. Paid or accrued management and consulting fees of \$190,214 (2007 - \$102,000) to directors and officers or their companies;
- b. The Company shares office premises with a public company that has a director in common and paid \$24,810 (2007 - \$22,640) as its share of the ongoing occupancy costs.

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.

**8. SEGMENTED INFORMATION**

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

	<u>Canada</u>	<u>Mexico</u>	<u>Total</u>
2008			
Equipment	\$ 81,434	\$ -	\$ 81,434
Mineral properties	-	57,488,465	57,488,465
	<u>\$ 81,434</u>	<u>\$ 57,488,465</u>	<u>\$ 57,569,899</u>
Net loss for the period	<u>\$ 1,054,191</u>	<u>\$ 222,068</u>	<u>\$ 1,276,259</u>
2007			
Equipment	\$ 97,674	\$ -	\$ 97,674
Mineral properties	-	50,107,621	50,107,621
	<u>\$ 97,674</u>	<u>\$ 50,107,621</u>	<u>\$ 50,205,295</u>
Net loss for the period	<u>\$ 607,905</u>	<u>\$ 52,584</u>	<u>\$ 660,489</u>

**CRESTON MOLY CORP.**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to the short-term maturity of these instruments.

The Company is not exposed to any significant interest rate price risk or cash flow risk due to the short-term maturity of its monetary assets and liabilities. The Company's cash is held in a large Canadian financial institution and it does not hold any asset-backed commercial paper. The Company is not exposed to any significant credit risk with respect to its receivables, nor does it expect any credit losses.

The Company is subject to financial risk arising from fluctuations in foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

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.

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to commodity market prices.

**10. CAPITAL DISCLOSURES**

The Company manages its cash, common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, pursue the development of 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 operating requirements and is dependant upon future equity or debt transactions.

## **CRESTON MOLY CORP.**

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2008**

#### **11. COMMITMENTS AND CONTINGENCY**

The Company has entered into management and consulting agreements, with directors, officers and their companies requiring minimum payments of \$378,000 per annum. The agreements contain termination clauses which provide for payments of up to 24 months of the monthly contractual amounts.

The Company entered into a management consulting agreement with a director's company which provides for annual payments of \$120,000. The agreement provides 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 issued stock options to acquire up to 1,250,000 common shares to be maintained on a non-dilutive basis.

The Company has entered into a management and consulting agreement with a company which employs an officer of the Company requiring minimum payments of US\$324,000 per annum. The agreements contain termination and other clauses which provide for payments ranging from twelve to twenty-four months of the monthly contractual amount.

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.

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.

Minimum annual payments over the remaining initial terms of the above contracts for fiscal periods are; 2009 - \$1,011,714; 2010 - \$349,738; and 2011 - \$45,000.

The Company shares office premises with a public company that has a director in common and has agreed to pay a monthly charge of approximately \$8,200 as its share of ongoing occupancy costs.

The Company agreed to pay a Finders' Fee to an arm's length third party (the "Fee") in connection with the acquisition of Creston Mining (Note 5). The TSX-V approved the payment of US\$1,500,000 (Cdn. \$1,824,750) as the Fee, which, at the option of the Finder, may be paid in any combination of cash or shares. The US \$1,500,000 Fee has been accrued for in these consolidated financial statements. The TSX-V has determined that a price of \$0.70 per share shall be used in determining the number of shares to be issued as payment of the Fee or a portion of the Fee. The Finder claims that \$0.15 per share should have been used as the basis for determining the fee. The Finder entered into, and has now completed, arbitration proceedings seeking damages. As of the report date the Arbitrator has not rendered a decision. The outcome of the arbitration is not determinable.

#### **12. RECLASSIFICATION OF PRIOR PERIOD'S FIGURES**

Certain of the comparative figures have been reclassified to conform with the current period's financial statement presentation.

**CRESTON MOLY CORP.****INTERIM CONSOLIDATED SCHEDULE OF DEFERRED MINERAL PROPERTY COSTS**

	<u>Cumulative</u>	<u>PERIOD ENDED OCTOBER 31,</u>	
		<u>2008</u>	<u>2007</u>
<b>CRESTON MOLYBDENUM, MEXICO</b>			
<b>EXPENDITURES</b>			
ACQUISITION COSTS	\$ 49,316,358	\$ -	\$ 179,990
ASSAYS	250,806	45,986	3,242
DRILLING	4,675,012	755,777	330,002
FIELD COSTS	473,067	104,440	51,518
FIELD EQUIPMENT AND VEHICLES	130,985	8,682	98,417
CONSULTING FEES	1,388,106	586,734	91,183
GEOLOGICAL	901,123	200,417	101,113
VEHICLE TRANSPORTATION	233,577	51,952	36,011
STOCK BASED COMPENSATION	119,431	-	-
<b>EXPENDITURES INCURRED</b>	57,488,465	1,753,988	891,476
<b>DEFERRED COSTS BEGINNING OF PERIOD</b>	-	55,734,477	49,216,145
<b>DEFERRED COSTS END OF PERIOD</b>	<u>\$ 57,488,465</u>	<u>\$ 57,488,465</u>	<u>\$ 50,107,621</u>