

CRESTON MOLY CORP.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month Period Ended October 31, 2009

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CRESTON MOLY CORP.

Management Discussion and Analysis for the three month period ended October 31, 2009

Background

The following interim management's discussion and analysis ("MD&A") has been prepared as of December 23, 2009 and is intended to supplement and complement the Company's unaudited interim consolidated financial statements for the three months ended October 31, 2009.

This discussion and analysis of financial position and results of operation should be read in conjunction with the audited consolidated financial statements for the years ending July 31, 2009 and 2008 of Creston Moly Corp. (the "Company" or "Creston"). Those financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

NATURE OF BUSINESS

Currently the Company's business activity is the evaluation, exploration and development of the Creston Molybdenum Property in Sonora, Mexico ("Creston Property") and the Ajax and Moly Brook molybdenum properties in Canada. The Company is a reporting issuer in British Columbia, Alberta and Manitoba, and is a Tier 1 issuer trading on the TSX Venture Exchange under the symbol "CMS".

HIGHLIGHTS FOR THE THREE MONTH PERIOD ENDED OCTOBER 31, 2009

The past months have seen a number of developments in the Company, these include:

Completion of the Acquisition of Tenajon Resources Corp.

On August 26, 2009 the Company completed the acquisition of Tenajon Resources Corp., by way of a plan of arrangement (the "Transaction"). Under the Transaction, Creston acquired all of the issued and outstanding shares of Tenajon in consideration for the issuance of Creston shares on the basis of 0.84 share of Creston for one share of Tenajon. The acquisition of Tenajon added approximately \$2,500,000 in working capital to the consolidated company and expanded the Company's resource portfolio by adding two significant Molybdenum Mineral Resources, the Moly Brook and Ajax.

Other

- Completed management and Board changes related to the acquisition of Tenajon Resources Corp.
- Reorganization of the Company's future commitments.
- Received the arbitration ruling regarding the Creston Finder's Fee and commenced the appeal process.
- On going compilation of data from Creston has identified a 1.2 by 5.5 km trend in which several zones containing anomalous molybdenum geochemistry and Aster Satellite anomalies occur.
- In the fourth quarter a program of detailed mapping and surface sampling program of selected areas of the Creston Property was initiated. Completed a mapping and sampling program on several underexplored zones of the Moly Brook Property.

EXPLORATION OVERVIEW

Creston Property, Sonora Mexico

- A property review completed in 2009 showed the Creston Main Deposit to be open to the north, west and in part, to the east. In addition, the review outlined several targets considered to have potential to host additional mineral resources. These include the Red Hill, A-37, Red Hill West and Alejandra zones. Detailed mapping and sampling is presently being undertaken to further evaluate the potential of these targets. Results are pending.

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Moly Brook Property, Newfoundland, Canada

- 2008 and 2009's programs outlined widespread at surface molybdenum mineralization.
- Mapping and sampling of the Wolf and Chimney Pond zones has identified widespread molybdenite mineralization.
- Mapping and sampling was recently completed in the vicinity of the Wolf and Chimney Pond zones and in other areas considered to have the potential to host molybdenum. Results are pending.

CRESTON MOLY ACQUIRES TENAJON RESOURCES

Highlights of the Tenajon Transaction:

(All amounts are in US\$ unless otherwise stated.)

- 100% ownership of two Canadian development molybdenum deposits, Ajax and Moly Brook, both of which possess significant 43-101 Mineral Resource estimates and the Creston Molybdenum Property, located in Mexico which has a pre-tax NPV8% of US\$503 million at \$15/lb Mo and \$1.75/lb Cu under an owner mining scenario. (The PFS has been filed on SEDAR and is available at www.sedar.com);
- The new Company creates a leading molybdenum development company via organic growth as all three projects have excellent exploration potential ;
- Consolidation of a large Mineral Resource base consisting of three projects in favourable mining jurisdictions (Mexico and Canada);
- Strengthened management team with extensive development experience;
- Improved Creston's balance sheet with the addition of working capital and Mineral Resources.

Effective August 26, 2009 Creston and Tenajon completed the Transaction by way of a plan of arrangement whereby Creston acquired all of the issued shares of Tenajon. Full details of the transaction were included in the definitive Arrangement Agreement and Management Information Circular prepared and filed with the regulatory authorities and mailed to Tenajon shareholders in accordance with applicable securities laws. Under the terms of the Transaction, each Tenajon shareholder was entitled to 0.84 share of Creston for each share of Tenajon. Tenajon's outstanding options and warrants were adjusted in accordance with their terms so that the number of Creston shares to be received upon exercise and the exercise price of the warrants were adjusted proportionately to reflect the exchange ratio described above. The Transaction involved the issuance of 53,241,129 Creston shares for the acquisition of all outstanding shares of Tenajon.

ACQUISITION OF TENAJON RESOURCES CORP.

| | |
|--|---------------|
| Consideration paid | |
| Issuance of common shares- (53,241,129 shares at \$0.30 per share) | \$ 15,972,338 |
| Fair value of stock options | 773,688 |
| Acquisition costs | 1,193,346 |
| | <hr/> |
| | \$ 17,939,372 |
| Net assets acquired | |
| Cash and cash equivalents | \$ 2,589,100 |
| Receivables | 21,840 |
| Prepaid expenses and deposits | 23,845 |
| Short-term investments | 9,337 |
| Mineral properties | 17,731,960 |
| Accounts payable | (141,368) |
| Future income taxes | (2,169,811) |
| Asset retirement obligations | (125,531) |
| | <hr/> |
| | \$ 17,939,372 |

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MINERAL RESOURCE SUMMARY OF THE CONSOLIDATED COMPANY

The Moly Brook and Ajax Molybdenum Projects contain the following mineral resources at a 0.04% Mo cut-off grade:

| <u>Project</u> | <u>Category</u> | <u>Tonnes (000's)</u> | <u>Mo (%)</u> | <u>lbs Mo (000's)</u> | <u>Cu (%)</u> | <u>lbs Cu (000's)</u> |
|---------------------------|-----------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
| Moly Brook ⁽¹⁾ | Indicated | 86,781 | 0.065 | 124,600 | 0.034 | 65,800 |
| | Inferred | 31,263 | 0.056 | 38,600 | 0.027 | 18,800 |
| Ajax ⁽²⁾ | Indicated | 69,000 | 0.065 | 98,900 | N/A | N/A |
| | Inferred | 483,120 | 0.061 | 649,800 | N/A | N/A |

1. The Mineral Resource estimate for the Moly Brook Molybdenum Property was completed by Kirkham Geosystems Ltd. under the direction of Garth Kirkham, an independent qualified person as defined by National Instrument 43-101. The Moly Brook Report is available at www.sedar.com.
2. The Mineral Resource estimate for the Ajax Molybdenum Property was completed under the direction of Gary Giroux, P.Eng., an independent qualified person as defined by National Instrument 43-101. The Ajax Report is available at www.sedar.com.

At a 0.03% Mo equivalent cut-off the Creston Deposit contains the following Mineral Resources:

| <u>Project</u> | <u>Category</u> | <u>Tonnes (000)</u> | <u>Mo%</u> | <u>Lbs Mo (000)</u> | <u>Cu %</u> | <u>Lbs Cu (000)</u> |
|----------------|--------------------|-------------------------|------------|---------------------|-------------|---------------------|
| Creston | Measured | 52,240 | 0.074 | 85,490 | 0.050 | 58,080 |
| | Indicated | 124,650 | 0.070 | 192,720 | 0.044 | 121,060 |
| | Total (M+I) | 176,890 | 0.071 | 278,210 | 0.046 | 179,140 |
| | Inferred | 16,300 | 0.051 | 18,320 | 0.061 | 21,860 |

The mineral resources referred to herein have been estimated in a NI 43-101 technical report (the "MDA Report") prepared for the Company in December 2008 by Mine Development Associates ("MDA"). The person responsible for the mineral resource estimate on behalf of MDA is Michael Gustin, P.Geo, and a Qualified Person for the purposes of National Instrument 43-101. The MDA Report is available at www.sedar.com. Proven and probable mineral reserves are included in the statement of resources.

Creston Property Highlights- located 145 km north of Hermosillo in Sonora, Mexico

- Positive pre-feasibility study;
- Proven and probable Mineral Reserves and in-pit resources;
- Management has identified opportunities to further enhance the economics of the project;
- The Creston Main Deposit is open to the north-west and in part to the east with the potential to add to the existing resource being considered excellent. In addition several other zones have been identified that may host additional resources including the Red Hill, Red Hill West, A-37 and Alejandra.

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Positive Pre-feasibility Study received for the Creston Property

During 2009 the Company received an independent PFS on its wholly-owned Creston Property. The independent PFS, prepared by M3, estimates production, capital and operating cost parameters along with project economics, and considers both owner and contract mining scenarios.

Highlights of the Pre-Feasibility Study and Base Case Mine Plan include:

(Based on \$15/lb Mo and \$1.75/lb Cu)

(All amounts are in US\$ unless otherwise stated.)

- A pre-tax Net Present Value (“NPV”) at an 8% discount rate of \$465.3 million with contract mining and \$502.9 million with owner mining;
- A pre-tax Internal Rate of Return (“IRR”) of 28.2% with contract mining and 27.2% with owner mining;
- Annual molybdenum and copper production of approximately 20 million pounds and 12 million pounds respectively from processing of 40k tonnes per day (ktpd) of ore;
- Direct costs, inclusive of copper byproduct credits, of \$6.57 per lb of Mo equivalent with contract mining and \$5.74 per lb with owner mining;
- An estimated initial capital expenditure of \$511.6 million utilizing contract mining and \$576.2 million with owner mining.

Financial Evaluation

Financial evaluations of the project have been made for both owner mining and contract mining scenarios. In addition the study examined the sensitivity of the project value to changes in metal prices. The metal prices for the base case are established at \$15 per pound for molybdenum and \$1.75 per pound for copper. As of January 2009 the historic three-year rolling average price for molybdenum and copper were \$28.67 per pound and \$3.12 per pound respectively.

Management intends to continue to advance the project in order to position the Company as a frontrunner in the molybdenum sector. The Creston Property is, management believes, one of the more viable primary molybdenum projects in the Americas and is preparing the project to take full advantage of improved steel markets when they arrive.

Development Plan

The Creston Property has been planned as a conventional open-pit mining operation. The average stripping ratio is estimated at 1.23:1 (waste to ore) over the life of mine.

The grade of ore processed from the mine in the first five years will average 0.088% Mo and the average grade processed for the life of mine is expected to be 0.077% Mo. The project will produce 219 million pounds of molybdenum and 129 million pounds of copper over an 11 year mine life. As well there is an opportunity to extend the life of the project by increasing the overall Mineral Resource in the Main Zone and through continuing evaluation, exploration and assessment of other zones including the Red Hill and Alejandra

Mineral Reserves and Mineral Resources

In accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators, the Company has delineated proven and probable mineral reserves and measured, indicated and inferred mineral resources.

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Proven and Probable Mineral Reserves and In-Pit Inferred Resources

The Creston Property contains the following Mineral Reserves and Inferred Mineral Resources at a 0.037% Mo equivalent cut-off grade:

| <u>Category</u> | <u>Tonnes (000's)</u> | <u>Mo (%)</u> | <u>lbs Mo (000's)</u> | <u>Cu (%)</u> | <u>lbs Cu (000's)</u> |
|---|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
| Proven Mineral Reserves | 44,736 | 0.079 | 78,024 | 0.053 | 52,217 |
| Probable Mineral Reserves | 101,968 | 0.076 | 171,924 | 0.047 | 106,614 |
| Proven and probable Mineral Reserves | 146,705 | 0.077 | 249,948 | 0.049 | 158,831 |
| In-pit Inferred Mineral Resources | 8,718 | 0.065 | 12,464 | 0.063 | 12,158 |
| <i>*Mo equivalent: Mo% + (Cu%/7.5)</i> | | | | | |

Opportunities

The PFS states that opportunities exist to enhance the project's economics including:

- Increasing the overall mineral resource.
- Refined engineering during a feasibility study.
- Inclusion of revenue from the recovery of silver.
- Enhance the project value by processing lower-grade material at the end of the mine life that has not been included in proven and probable mineral reserves.
- Improved terms for the contract mining case as the project becomes better defined and contractors are able to bid with more certainty.
- Investigate the potential for economic recovery of tungsten.

Red Hill, Red Hill West, A-37 and Alejandra Zones

The Red Hill Zone is located approximately 300 metres to the southwest of the Main Zone. The zone occurs below fault that appears to separate it from the Creston Main Deposit.

In 2008, 12 diamond drill holes totalling, 2,808 metres in length were completed over a 300 x 900 metre area on the Red Hill Zone. The purpose of the drill program was to evaluate the extent of shallow molybdenite mineralization encountered by previous operators and to further investigate a buried porphyry system intersected by Amax in drill hole A-35.

The results confirmed the presence of shallow, high grade molybdenum mineralization, immediately south of the Creston Fault. Results included 61.15 metres of 0.19% molybdenum and 0.10% copper in Hole EC08-057 and 83.8 metres of 0.07% molybdenum Mo and 0.07% copper in Hole EC08-058. The style of mineralization is similar to that found at the Creston Main Zone deposit.

Both deep vertical holes (EC08-054 and EC08-062), drilled to investigate the extent of the porphyry system, encountered extensive molybdenum-copper mineralization and were stopped in mineralization at 496.5 and 499.1 metres respectively. The mineralized intercepts included 241.4 metres of 0.08% molybdenum and 0.06% copper in Hole EC08-054 and 315.5 metres of 0.06% molybdenum and 0.07% copper in hole EC08-062. The results from these two holes and Amax's hole A-35 indicate that the porphyry-style mineralization is open in all directions and at depth.

The Red Hill West Zone is adjacent and to the west of the Red Hill Zone. Previous sampling by Amax in 1975 showed several sites to contain anomalous molybdenum values. Recent prospecting by the company has located several sites hosting molybdenite. Results are pending.

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The A-37 Zone refers to a single drill hole located 200 metres south of the Red Hill Zone. The hole, drilled by Amax in 1975, intersected a 74 metre section averaging 0.094% molybdenum commencing 44 metres below the surface. No follow-up work was ever completed by Amax. Recent prospecting completed by the company has located molybdenite in outcrop in the vicinity of Hole A-37. Results are pending.

The Alejandra Zone is located two kilometres northeast of the Main Zone. In 2008 a program of grid mapping and sampling was completed. The 100 ppm molybdenum in rock contour outlined several anomalies within rocks similar to those hosting the Creston Deposit. Individual anomalies are up to 800 metres long and 300 metres wide with values of up to 0.145% molybdenum. The Company is currently mapping and sampling the Alejandra Zone in more detail. Results are expected in early 2010.

Going Forward

The Company will continue to prudently advance the Creston Property. In view of the state of the present financial markets, work on the Bankable Feasibility Study will continue, but will be done in a measured and cash conservative manner.

Currently the Company is completing a comprehensive review of the Creston data base. Several targets have been identified and prospecting, mapping and sampling are currently being undertaken at the Creston Property to evaluate these targets. It is anticipated that in the first quarter of 2010 that a 3D Inversion Induced Polarization Survey will be completed over the Creston Property with the purpose of defining its geophysical signature. Contingent upon results additional surveying may be completed over other zones on the property. In the first quarter of 2010, geotechnical drilling will be completed to determine the stability of the proposed open pit walls. In addition, both infill and drilling to test areas adjacent to the Creston Deposit for their potential to host additional molybdenum reserves and to gain confidence in higher grade portions of the deposit will be undertaken.

In addition, management is revisiting the basic tenets of the PFS in light of the economic downturn in order to ensure that the plan and cost information used is reflective of the current price environment. It is believed that a capital reduction is possible and combined with a potential increase in resources, could make the project economics even more robust.

Qualified Persons

An NI 43-101 compliant report titled "NI 43-101 Technical Report, Creston Project, Pre-Feasibility Study, Sonora, Mexico, Volume 1" has been posted on the Company's website (www.crestonmoly.com) and filed on SEDAR.

Lee A. Becker, P.E. of M3, is the qualified person responsible for the scientific and technical overview in accordance with NI 43-101. Michael Gustin, P. Geo of MDA, is the qualified person responsible for the preparation of the mineral resource estimate in accordance with NI 43-101. Thomas Dyer, P.E. of MDA, is the qualified person responsible for the preparation of the mineral reserve estimate.

Dave Visagie, P. Geo., a Qualified Person as defined by NI 43-101, reviewed the technical content in this MD&A in accordance with NI 43-101.

Moly Brook Project Highlights- located 2.5 km from the Hamlet of Grey River on the southern coast of Newfoundland

- * Completed a 39 drill hole program totaling 11,640 metres in 2008 which tested the along strike and down dip continuity of the Moly Brook Zone. The program showed the Moly Brook Zone to be at least 750 metres long with the width variable to 500 metres. The zone is open along strike to the north and south and at depth and is one of three zones located over a four km north trend that includes the Moly Brook, Wolf and Chimney Ponds. A 2009 Mineral Resource Estimate of the Moly Brook Zone showed it to contain an Indicated Mineral Resource of 86.8 million tonnes grading 0.065% Mo (124.6 million pounds Mo contained)

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and an Inferred Mineral Resource of 31.2 million tonnes grading 0.056% Mo (38.6 million pounds Mo contained) at a 0.04% cut-off grade (NI 43-101 compliant);

- * The Mineral Resource Estimate report shows Indicated Mineral Resources of 120.0 million pounds of molybdenum and Inferred Mineral Resources of 32.1 million pounds of molybdenum are contained within a pit shell, which has an estimated strip ratio of 2.03:1. Within this shell there is the potential for a higher grade starter pit with an estimated strip ratio of 1.09:1 hosting Indicated Mineral Resources of 43.4 million pounds of molybdenum and Inferred Mineral Resources of 4.3 million pounds of molybdenum;
- * 2009 metallurgical work completed was successful in determining that in bench scale tests rougher stage molybdenum recoveries in excess of 90% can be achieved;
- * Mapping and sampling at the Wolf Pond Zone in 2008 and outlined a 270 metre wide x 200 metre long zone of sheeted quartz veining containing molybdenite. Channel sample results included 2.5 and 3 metre samples assaying 0.122 and 0.185% molybdenum;
- * Completed limited sampling around the Chimney Pond Zone identified widespread molybdenum values in outcrop. In October, 2009 conducted an exploration program consisting of prospecting mapping and sampling on the Moly Brook Property. The purpose of the program was to further define the mineralization at both the Chimney and Wolf Pond Zones and to evaluate the area between all three zones and other prospective areas for their potential to host additional Mineral Reserves. Results are pending.

Ajax Project Highlights- located 13 km north of Alice Arm, B.C.

- * One of North America's largest undeveloped primary molybdenum deposits - the deposit covers a surface area approximately 650m by 600m;
- * Very good infrastructure with both tidewater access and hydro electric power situated at Kitsault 16 km to the south;
- * Completed a 2,639 metre (13 hole) drill program in October 2007 -- the program targeted near surface higher grade mineralized zones within a potential starter pit -- initial results include a 109.49 metre intercept averaging 0.126% Mo;
- * A Mineral Resource Estimate was calculated in 2008 that showed the Ajax Deposit hosted an indicated Mineral Resource of 69.0 million tonnes averaging 0.065% Mo (98.9 million pounds Mo contained) and an inferred Mineral Resource of 483.120 million tonnes grading 0.061% Mo (649.8 million pounds Mo contained) at a 0.04% cut-off grade (NI 43-101 compliant).

Board & Management

Following the completion of the Tenajon acquisition, D. Bruce McLeod was appointed as President and CEO, Colin K. Benner as Executive Chairman, Wayne Johnstone as CFO and Brenda Nowak as Corporate Secretary. The new Board of the Directors of Creston consists of Colin K. Benner, D. Bruce McLeod, Richard Godfrey, John McCleery, John Robins and Dr. Michael Gunning.

A summary of the additions to the Board are as follows:

D. Bruce McLeod is a Mining Engineer with over 25 years experience in all areas of the exploration and mining industry. Mr. McLeod is currently the President & CEO of Troon Ventures Ltd., and sits as an independent board member of Capstone Mining Corp., and Reunion Gold Corp. He was a founder of Stornoway Diamond Corporation and founder and Executive Chairman of Sherwood Copper Corp., which in 2008 completed a business combination with Capstone Mining Corp. Mr. McLeod primarily focuses on project development, strategic planning and financing activities.

John Robins is a graduate from the University of British Columbia with a degree in geological sciences. With over 25 years of experience in mineral exploration, Mr. Robins has earned a reputation as being an innovative explorer and an astute business man. He is a registered professional geologist in the province of British Columbia and a Fellow of the Geological Association of Canada. Mr. Robins is a principal in the Hunter Exploration Group, one of Canada's most successful private mineral exploration firms and an active director of several successful public companies.

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Dr. Gunning has over 20 years of experience in mineral exploration, regional mapping and geological research, with a Ph.D. in Mineral Deposits and Volcanology from the University of Western Ontario. He was President and CEO of Triex Minerals Corporation from 2005 through 2009, leading to the recent business combination of Triex with Diamondex Resources. At Triex, Dr. Gunning successfully steered the company into a leadership position in the junior uranium sector, raising some \$30M over four years, and advancing some 13 exploration projects in three different districts in North America. Prior to joining Triex, he served as the principal Mineral Deposits Research Geologist at the Saskatchewan Geological Survey, where he was responsible for publication and presentation of Exploration and Development overviews for the province. Prior to his departure from the survey, he managed the Minerals Group within the Strategic Development division of Saskatchewan Industry and Resources ("SIR"), where he successfully proposed, developed and initiated a new Natural Gas from Coal initiative for the province. Prior to joining SIR in 2002, Dr. Gunning was a Senior Project Geologist in Exploration at Teck Cominco, exploring in the Canadian Arctic and South America. Dr. Gunning is extensively published, has been an invited speaker at numerous technical and investor conferences throughout the past ten years, is a past President of the Saskatchewan Geological Society, and is an active member of AME BC's OH&S and Exploration Roundup committees.

Operations and Financial Results

During the three months ended October 31, 2009 the Company incurred a net loss of \$371,933 or \$0.01 per share compared to a loss of \$1,276,259 or \$0.01 per share for the comparable period in 2008. As at October 31, 2009 the Company had working capital of \$1,405,646 which included \$4,381,169 of cash and cash equivalents compared to working capital of \$2,879,057 which included \$4,742,630 of cash and cash equivalents for the comparable period in 2008. With the acquisition of Tenajon Resources Corp. and reductions in its commitments the Company has improved its financial position, added additional technical expertise and acquired additional molybdenum properties for growth.

SUMMARY OF QUARTERLY RESULTS

The following tables set out selected quarterly information of the Company:

| | <u>10/31/2009</u> | <u>07/31/2009</u> | <u>04/30/2009</u> | <u>01/31/2009</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | - | - | - | - |
| Net Loss before extra-ordinary items or discontinued operations | 371,933 | 504,101 | 711,909 | 3,028,036 |
| Net Loss period before extra-ordinary items or discontinued operations per share (basic and fully diluted) | 0.01 | 0.01 | 0.01 | 0.02 |
| Net Loss | 371,933 | 504,101 | 711,909 | 3,028,036 |
| Net Loss per share (basic and fully diluted) | 0.01 | 0.01 | 0.01 | 0.02 |
| | <u>10/31/2008</u> | <u>07/31/2008</u> | <u>04/30/2008</u> | <u>01/31/2008</u> |
| | \$ | \$ | \$ | \$ |
| Revenue | - | - | - | - |
| Net Loss before extra-ordinary items or discontinued operations | 1,276,259 | 522,227 | 1,400,963 | 626,212 |
| Net Loss before extra-ordinary items or discontinued operations per share (basic and fully diluted) | 0.01 | 0.01 | 0.01 | 0.01 |
| Net Loss | 1,276,259 | 522,227 | 1,400,963 | 626,212 |
| Net Loss per share (basic and fully diluted) | 0.01 | 0.01 | 0.01 | 0.01 |

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EXPLANATION OF VARIATIONS IN THE QUARTERS

The Company's quarterly results can be affected by many factors such as seasonal fluctuations, variations in capital markets, the write-down or write-off of capitalized mineral expenditures, stock-based compensation costs, tax recoveries and legal matters.

During the quarters ended April 30, 2009, July 31, 2009 and October 31, 2009 the Company's activities focused on raising funds, reducing costs, continuing exploration, challenging the finder fee arbitration award and completing the Tenajon acquisition. In December of 2008 the Company lost an arbitration case that awarded \$4,140,000 plus costs to a party who helped negotiate the Company acquisition of Creston Mining which owns the Creston deposit in Mexico. The Company had accrued US\$1,500,000 as payable to the finder, however, the finder had the right to receive his payment in shares, disputed the value the shares were assigned and took the Company to arbitration to resolve this. In arbitration the finder was awarded \$4,140,000, approximately \$2,500,000 more than the Company had accrued. The additional amount awarded by the arbitrator of more than \$2,500,000 was charged to operations resulting in a significant loss and impaired financial position. This accrued expenditure was reflected in the \$3,028,036 loss the Company had for the quarter ended January 31, 2009. As part of the process of challenging this decision in the courts the Company had to grant the finder a General Security Agreement over the assets of the Company and place the shares of its subsidiaries in escrow. In July 2009 the Company raised \$3,000,000 and in August 2009 completed the Tenajon acquisition that brought an additional \$2,500,000 to the combined entity. In September 2009 the Company paid US\$1,500,000 to the finder and subsequent to October 31, 2009 the Company placed in trust the disputed amount of more than \$2,500,000 plus interest to pay the finder should it lose its appeal in the courts. On depositing the funds in trust the Finder terminated the General Security and Escrow Agreements. With the arbitration award provided for, the Tenajon acquisition completed and additional funds raised the Company anticipates increasing exploration work on the Creston deposit in 2010.

Financial Condition, Liquidity and Solvency, and Capital Resources

Financial Condition- October 31, 2009 compared to July 31, 2009 and October 31, 2008

During the three months ended October 31, 2009 the Company incurred a net loss of \$371,933 or \$0.01 per share compared to \$1,276,259 or \$0.01 per share for the comparable period in 2008 and \$5,520,305 for the year ended July 31, 2009. As at October 31, 2009 the Company had working capital of \$1,405,646 (2008 - working capital of \$2,879,057) compared to a working capital deficiency of \$239,598 at July 31, 2009. The improvement in the Company's financial position at October 31, 2009 as compared to July 31, 2009 reflects the Company's acquisition of Tenajon Resources Corp. that added cash of \$2,589,100 and several properties to the consolidated company.

During fiscal 2009 the Company lost an arbitration decision with respect to a finder's fee related to the acquisition of the Creston Deposit in Mexico. As previously disclosed, the Company is challenging the award and subsequent to October 31, 2009 placed more than CDN\$2,500,000 plus interest in trust pending the outcome of the appeal process to pay the finder in the event that the appeal is unsuccessful. With the placing of the funds in trust the General Security and Escrow Agreements that the Company granted the finder were terminated, the shares of the subsidiaries held in escrow were returned and all covenants were released.

Expenses

Overall expenses were \$374,575 for the three months ended October 31, 2009 as compared to \$1,322,384 for the same period in 2008. Expenses decreased during 2009 largely as a result of reductions in foreign exchange losses, consulting fees and stock-based compensation charges.

The most significant contributors to the expenses are: stock-based compensation expense of \$nil (2008 - \$251,733), consulting fees of \$31,667 (2008 - \$129,240), shareholder communication expenses of \$36,811 (2008 - \$83,351), travel and promotion expenses of \$26,605 (2008 - \$67,964), management fees of \$31,500 (2008 - \$94,500), office expenses of \$153,344 (2008 - \$93,549), foreign exchange loss \$7,968 (2008 - 413,359) and professional fees of \$58,151 (2008 - \$182,301).

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During the first quarter of fiscal 2010 the Company accelerated its exploration program in Mexico, and initiated a surface exploration program in Newfoundland. Subsequent to October 31, 2009 the Company received conditional approval of an incentive program to encourage the early exercise of up to 31,473,000 warrants that will raise up to \$4,720,950. 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. On December 17, 2009, 22,423,000 warrants were exercised pursuant to the program raising proceeds of \$3,363,450.

Liquidity

Operating Activities

The Company's operating activities used cash of \$2,086,032 (2008 - \$509,906) during the three months ended October 31, 2009, arising from a net loss of \$371,933 (2008 - \$1,276,259), adjusted for add-back of non-cash items for amortization of \$8,759 (2008 - \$6,387), stock based compensation expense of \$nil (2008 - \$251,733), gain on dispositions \$389 (2008- \$nil) and from changes in non-cash working capital items of \$(1,722,469) (2008 - \$508,233) which reflects the Company's payment of US\$1,500,000 of the arbitration award.

Investing Activities

During the three months ended October 31, 2009 the Company's investing activities provided a total of \$3,660,579 largely as a result of the funds acquired from the acquisition of Tenajon Resources Corp. In 2009 a total of \$76,631 (2008 - \$2,507,051) was invested in mineral property expenditures, \$nil (2008 - \$1,140) was spent on the acquisition of equipment, \$440,475 (2008 - \$nil) was expended on the Tenajon acquisition, \$1,618,500 (US\$1,500,000) (2008 - \$nil) was recovered from escrow, \$38,082 (2008 - \$nil) was used to reduce asset retirement obligations and \$2,589,100 was contributed on the acquisition of Tenajon. Subsequent to October 31, 2009 the unpaid balance of the arbitration award of approximately \$2,500,000 was deposited into trust pending the outcome of the appeal process.

Financing Activities

During the three month period ended October 31, 2009, the Company's financing activities provided a total of \$60,626 (2008 - \$539,999 on the exercise of warrants) on the exercise of stock options.

Capital Resources and Capital Management

The Company has no operations that generate cash flow and its long term financial success is dependant on its ability to discover economically viable mineral deposits.

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 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 current capital resources may not be sufficient to meet all of its future exploration plans and operating requirements and may be dependent upon future equity or debt transactions to meet these obligations. Management

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believes it will be able to raise equity capital as required in the long term, but recognizes that there will be risks involved that may be beyond their control.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At October 31, 2009 the Company has designated its cash and cash equivalents as held-for-trading; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as liabilities.

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. Cash and cash equivalents include deposits which can be subject to variable interest rates. Sensitivity to a plus or minus 1% change in rates could affect net loss by \$5,750 over the next three months.

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 taxes recoverable are due 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. At October 31, 2009 the Company did not have significant amounts denominated in Mexican pesos or U.S. dollars. The Company does not have foreign currency derivatives in place to hedge this risk.

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 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 accounts payable and accrued liabilities represent their fair values due to the short term to maturity of the instruments.

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CHANGES IN ACCOUNTING POLICIES Recent Accounting Pronouncements

- i) 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.
- ii) 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.

- iii) 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.
- iv) The Company adopted EIC-173, Credit risk and the Fair Value of Financial Assets and Liabilities, which provides guidance on how to take into account an entity's own credit risk and that of the counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. Upon adoption of this EIC there were no resulting material changes to the Company's financial position or results of operations.
- v) The Company adopted EIC-174 Mining Exploration Costs, which provides guidance on how to account for mineral exploration costs as well as when and how to assess for impairment when such exploration costs are capitalized. Upon adoption of the EIC there were no resulting material changes to the Company's financial position or results of operations.

OUTSTANDING SHARE DATA

The following information is provided as at December 21, 2009

| | |
|------------------------|-------------|
| Authorized: | Unlimited |
| Issued and Outstanding | 234,913,381 |

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Warrants

| <u>Number</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 |
| 7,932,143 | \$0.90 | May 15, 2012 |
| 9,050,000 | \$0.15 | July 27, 2011 |
| <u>11,211,500</u> | <u>\$0.24</u> | <u>December 17, 2011</u> |
| <u>59,603,244</u> | | |

Stock Options

| <u>Options</u> | <u>Exercise Price</u> | <u>Expiry Date</u> |
|-------------------|-----------------------|----------------------|
| 600,000 | 0.17 | March 18, 2010 |
| 50,000 | 0.20 | May 10, 2010 |
| 100,000 | 0.18 | June 14, 2010 |
| 84,000 | 0.339 | June 15, 2010 |
| 125,000 | 0.17 | September 21, 2010 |
| 100,000 | 0.25 | October 14, 2010 |
| 25,000 | 0.25 | December 14, 2010 |
| 100,000 | 0.25 | February 10, 2011 |
| 756,000 | 0.476 | April 21, 2011 |
| 175,000 | 0.18 | August 13, 2011 |
| 126,000 | 0.268 | January 24, 2012 |
| 1,325,000 | 0.40 | March 26, 2012 |
| 37,800 | 0.988 | April 30, 2012 |
| 100,000 | 0.70 | April 30, 2012 |
| 300,000 | 1.05 | May 13, 2012 |
| 113,400 | 0.565 | September 10, 2012 |
| 735,000 | 0.893 | September 26, 2012 |
| 2,185,000 | 0.40 | January 21, 2013 |
| 33,600 | 0.631 | February 28, 2013 |
| 350,000 | 0.31 | May 11, 2013 |
| 300,000 | 0.35 | July 17, 2013 |
| 134,400 | 0.333 | July 31, 2013 |
| 50,000 | 0.25 | October 8, 2013 |
| 1,000,000 | 0.25 | October 30, 2013 |
| 16,800 | 0.179 | October 31, 2013 |
| 360,000 | 0.15 | March 2, 2014 |
| 1,218,000 | 0.179 | April 1, 2014 |
| <u>3,109,500</u> | <u>0.22</u> | <u>Dec. 21, 2014</u> |
| <u>13,609,500</u> | <u>\$ 0.35</u> | |

Related Party Transactions

During the three month period ended October 31, 2009, the Company entered into the following transactions with related parties not disclosed elsewhere in this report:

- a. Paid or accrued fees of \$70,660 (2008 - \$102,000) of which the Company capitalized geological consulting and costs of \$nil (2008 - \$88,214) paid to a company controlled by the chief operating officer.
- b. The Company shares office premises with a public company that has a director and officer in common and paid \$43,196 (2008 - \$24,810) as its share of the ongoing occupancy and staffing costs.

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- c. Included in accounts payable is \$126,084(2008 - \$nil) due to directors, previous directors and officers.
- d. Issued 1,890,000 shares in conjunction with the termination of contracts at a deemed value of \$567,000.
- e. Issued 406,062 shares in settlement of \$67,000 of amounts payable.

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 included directors and officers and companies with common management and directorships.

Commitments

The Company previously 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. During the period the Company terminated three of the 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 previously entered into a management consulting agreement with a company wholly owned by a director which provided for annual payments of \$120,000. The agreement contained 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 6 months to 36 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. During the period the agreement was amended to provide annual payments to \$55,000 and payments of up to 36 months on termination. In addition, the agreement has a revised incentive clause providing for a payment of up to 36 months should certain specified transactions occur.

Minimum annual payments over the remaining initial terms of the above contracts for fiscal years are; 2010 - \$134,550; 2011 - \$145,000; and 2012 – \$36,250.

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

ix. Subsequent events

- i) 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 a liability. The Company applied to the Courts for leave to appeal the award, however, the leave to appeal was denied and the Company has applied to appeal the award to a higher court. In conjunction with seeking an appeal of the arbitrator's award the Company registered a General Security Agreement over the assets of the Company in favour of the Finder and entered into an Escrow Agreement which provided that the Escrow Agent would 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. During the period the Escrow Agent forwarded US\$1,500,000 to the finder and subsequent to October 31, 2009 the Company deposited the unpaid balance of the arbitration award (\$2,502,600) plus interest into trust.

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On depositing the \$2,502,600 into trust the General Security and Escrow agreements were terminated and the shares of the Company's subsidiaries were released from escrow.

- ii) Subsequent to October 31, 2009 the Company received conditional regulatory approval of an incentive program to encourage the early exercise of up to 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. Effective December 17, 2009 22,423,000 warrants were exercised pursuant to the program for proceeds of \$3,363,450.
- iii) Subsequent to October 31, 2009, 193,000 stock options were exercised for proceeds of \$34,322 and 2,341,200 stock options were forfeited.
- iv) Subsequent to October 31, 2009 the Company granted 3,109,500 stock options exercisable at a price of \$0.22 per share for a period of five years to directors, officers, consultants and employees.

Directors

Directors

D. Bruce McLeod
Colin K. Benner
John McCleery*
Richard Godfrey*
John Robins
Mike Gunning*

Officers

D. Bruce McLeod, President and CEO
Brenda Nowak, Corporate Secretary
Wayne Johnstone, CFO
Colin K. Benner, Executive Chairman

* Member of the audit committee

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Creston's general and administrative expenses and resource property costs is provided in the Company's unaudited Interim Consolidated Financial Statements for October 31, 2009 that is available on the Company's website at www.crestonmoly.com or on its SEDAR Page Site accessed through www.sedar.com.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Interim MD&A. A copy of this Interim MD&A will be provided to anyone who requests it.

FORWARD-LOOKING INFORMATION

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-

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looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's annual financial statements which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.