

June 14, 2009

Investment Analysis for Intelligent Investors

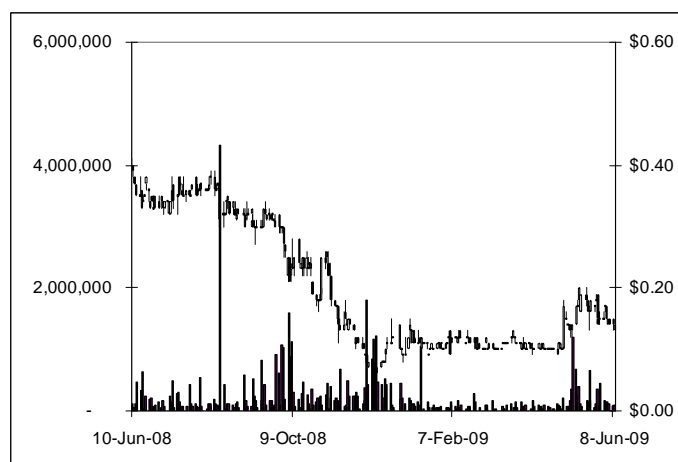
Creston Moly Corp. (TSXV: CMS) – Announces Merger with Tenajon Resources at Reasonable Valuation

Sector/Industry: Junior Mining

www.crestonmoly.com

Market Data (as of June 10, 2009)

Current Price	C\$0.135
Fair Value	C\$0.15
Rating*	HOLD
Risk*	5 (Highly Spec)
52 Week Range	C\$0.05 – C\$0.41
Shares O/S	121,768,146
Market Cap	C\$16.44 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	0.38
YoY Return	-65.4%
YoY TSX-V	-57.1%



On May 27, 2009, CMS and Tenajon Resources Corp. (TSXV: TJS) announced they have entered into an agreement to merge by way of a plan of arrangement, or other form of business combination. According to the agreement, CMS will acquire all of the issued and outstanding shares of TJS by issuing 0.84 shares of CMS for each share of TJS.

TJS has 100% ownership in two molybdenum deposits (both of which have 43-101 compliant resource estimates) in Canada. The following table shows the resource estimates on the Moly Brook and the Ajax molybdenum projects.

Project	Category	Tonnes (000's)	Mo (%)	lbs Mo (000's)	Cu (%)	lbs Cu (000's)
Moly Brook ⁽¹⁾	Indicated	86,781	0.065	124,600	0.034	65,800
	Inferred	31,263	0.056	38,600	0.0272	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) 2009 estimate; cut-off grade – 0.04%

(2) 2008 estimate; cut-off grade – 0.04%

Source: Tenajon Resources

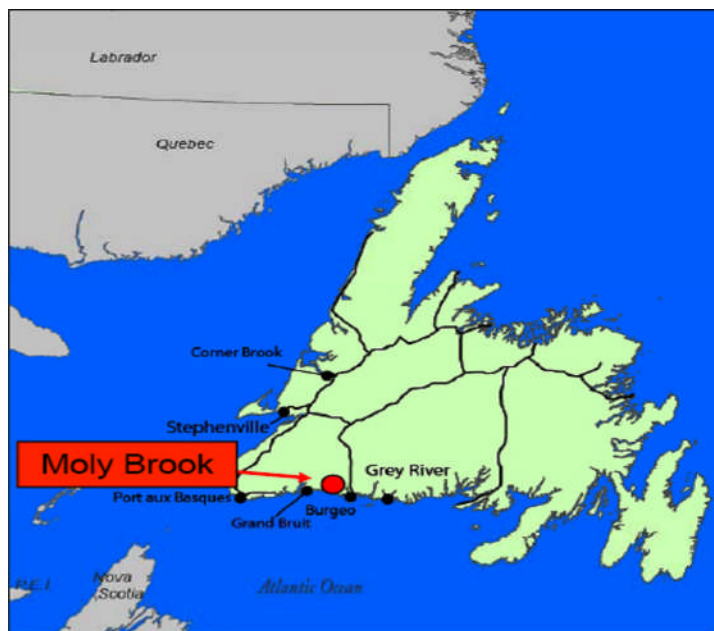
The following is a quick summary of the projects.

1. Ajax Porphyry Molybdenum Property – The 1,718 hectare Ajax Property is located 13 km north of Alice Arm, BC. The deposit is considered to be one of North America's largest undeveloped primary molybdenum deposits covering a surface area of approximately 650m x 600m.



Source: Tenajon Resources

2. Moly Brook Molybdenum Property – This project is located 2.5 km from the Hamlet of Grey River on the southern coast of Newfoundland. 2009 metallurgical work determined that in bench scale tests, rougher stage Mo recoveries of 90%+ can be achieved.



Source: Tenajon Resources

Board and Management – Upon the completion of the transaction, Bruce McLeod (President, CEO & Director of TJS) will be appointed as President and CEO of the merged company. Colin K. Benner and Wayne Johnstone will continue to serve as Chairman and CFO, respectively. Jonathan George, the current CEO of CMS, will continue as an advisor to the Board. The Board of Directors of CMS will consist of Colin K. Benner (CMS), Bruce McLeod (TJS), Richard Godfrey (CMS), John McCleery (CMS), John Robins (TJS) and Michael Gunning (TJS).

Status of the transaction - The boards of CMS and TJS have unanimously approved the terms of the transaction. The transaction, which is expected to be completed in July 2009, is subject to conditions including: completion of due diligence reviews by each party, the approval of the Supreme Court of BC, and the affirmative vote of not less than 66 2/3% of the common shares of TJS.

Valuation of TJS – Our fair value estimate on TJS, based on its resource estimates on the Ajax and Moly Brook properties is \$19.84 million. A summary of our valuation is shown below.

Tenajon Resources - Valuation		
	Resource (in mm lbs)	
	(Ind. + 50% Inf)	Valuation (\$ mm)
Moly Brook	143.9	\$4.32
Ajax	423.8	\$12.71
Working Capital - LT Debt		\$2.81
Fair Value (in \$ mm)		\$19.84

We used a valuation metric of \$0.03/lb, which we believe is the average value of junior Mo projects, to value the company's resources. Note that we have only used 50% of the inferred resources in our valuation.

Reasonable Acquisition Price for CMS - Under the terms of the proposed transaction, CMS has to issue 53.2 million shares to acquire all the outstanding shares of TJS (all the outstanding options and warrants of TJS are currently 'out-of-the money'). The value of these CMS shares on May 27, 2009, (date of announcement of the transaction) was \$7.99 million (at \$0.15 per share). CMS shares are currently trading at \$0.135, which implies the value is now \$7.19 million. This implies a reasonable acquisition price for CMS considering our valuation on TJS is \$19.84 million.

Valuation and Rating – Based on our evaluation of TJS, we estimate the fair value of the company increases from \$0.15 to \$0.22 per share if and when the merger is completed. A summary of our valuation is shown in the following table.

Post-Merger Valuation	
Valuation of CMS (\$ mm)	\$18.82
Valuation of TJS (\$ mm)	\$19.84
Total Value (\$ mm)	\$38.66
No. of Shares (mm)	175.01
Value per Share	\$0.22

For now, we have maintained our HOLD rating and fair value estimate of \$0.15 per share on CMS. However, considering our post-merger valuation is \$0.22 per share, highly risk tolerant investors may wish to speculate on a successful merger.

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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The distribution of FRC's ratings are as follows: BUY (69%), HOLD (11%), SELL (3%), SUSPEND (17%).

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