



Adanac Updates Ruby Creek Bankable Feasibility Study Costs

October 22, 2008 - Vancouver, British Columbia

Adanac Molybdenum Corporation ("Adanac or the Company", - TSX: AUA, Pink Sheets: AUAYF, Frankfurt: A9N) announces that it has updated capital and operating costs for its 100% owned Ruby Creek Molybdenum mine project in Northern British Columbia (the "Ruby Creek Project") to the end of the third quarter of 2008.

In addition to the Bankable Feasibility Study cost update, Adanac has examined an alternative plan of increasing the mine production rate from the December 2007 Bankable Feasibility Study throughput of 23,000 tonnes per day to 30,000 tonnes per day after production year three. The alternative plan's economic results are encouraging and are also provided in this news release.

Adanac is seeking project financing which the Company plans to be in place before the end of 2008.

The Ruby Creek Project, with a production rate of 23,000 tonnes per day, has an updated capital cost estimate of Cdn. \$647 million and life of mine average annual site operating costs of US\$9.75 per pound of Molybdenum (Mo), generating a Net Present Value (NPV) at an 8% discount rate of US\$110 million and an Internal Rate of Return (IRR) before tax of 12.0%. The December 2007 Bankable Feasibility Study had a capital cost estimate of Cdn. \$640 million and life of mine average annual site operating costs of US\$7.41 per pound of Mo, generating an NPV (at an 8% discount rate) of US\$295 million and an IRR of 18.9%.

Compared to the updated Bankable Feasibility Study costs the alternative 30,000 tonne plan, examined by Adanac, has the same initial capital cost of Cdn. \$647 million, as well as the same permitting and production rate to the end of production year three. During the life of mine an additional US\$45 million of sustaining capital is required. The alternative 30,000 tonne plan life of mine average annual site operating costs of US\$7.63 per pound of Mo, generates an NPV (at an 8% discount rate) of US\$387 million and an IRR of 19.8%.

Peter Jones, Adanac's Chairman and CEO, said, "the alternative 30,000 tonne plan is very attractive and warrants pursuing in detail", he went on to say, "the world economic situation is challenging but we are driving ahead with the most advanced primary Moly project in the world, which is permitted and ready to start construction immediately funding is available. We are currently in discussions with several potential strategic partners to arrange off-take agreements and a possible joint venture partnership." Based on the updated capital and operating costs, which reflect pre-ordered long-lead equipment at fixed prices and the alternative 30,000 tonne per day plan, the economics are very attractive and are not reflected in our current share price especially as we have de-risked the project and have identified several upside opportunities."

NI 43-101 and Exploration

The previously reported February 22, 2007 NI 43-101 Mineral Resources were used in the December 2007 Bankable Feasibility Study, the updated feasibility costs and the alternative 30,000 tonne plan. This Mineral Resource contains Measured and Indicated mineral resources, using a 0.04% Mo cut-off grade, of 212.9 million tonnes at 0.063% Mo with Proven and Probable mineral reserves of 157.7 million tonnes at 0.058% Mo.

The February 22, 2007 Mineral Resources do not include exploration drill results from the Company's 2007 and 2008 program. This 60-hole program focussed on mineralization outside the northwest wall and below the feasibility design of the open pit. All the 2007/2008 exploration drill results are expected to be issued, and the NI 43-101 Mineral Resources are also expected to be updated, prior to the end of 2008. Exploration results to date are encouraging and Adanac expects additions to the Mineral Resources when they are updated, with a potential mine life extension.

Capital Cost Update – Feasibility Study

The capital cost estimate update is Cdn. \$647 million and is accurate to +/-15%. It excludes production ramp up, interest costs and financing costs. It includes a contingency of Cdn. \$51 million and long-lead equipment and other expenditures to date have not been deducted. The estimate compares to Cdn. \$640 in the December 2007 Bankable Feasibility Study.

Pre-ordered long- lead delivery equipment

Adanac has ordered Cdn. \$149 million of long lead equipment and has paid to date over Cdn. \$48 million for this equipment. In addition, Cdn. \$16 million has been expended on final design engineering by AMEC Americas and the road to site has been upgraded at a cost of Cdn. \$9 million.

Project funding

Adanac is actively engaged in procuring project financing which is currently planned to be completed by the end of 2008. Bridge financing of US\$80 million was obtained in May 2008. If project funding can be sourced by the end of 2008, a construction start is expected in February 2009 with construction completion by October 1, 2010 followed by a three month ramp up and with full production planned for January 1, 2011. The delivery schedule for the pre-ordered long lead equipment allows for this aggressive 20-month schedule to production.

Operating Cost Update – Feasibility Study

The following shows the estimated life of mine average annual site operating costs:

	<u>US\$/ lb. Mo</u>
Administration	\$0.90
Mining	1.90
Processing	<u>6.95</u>
<i>Total average operating costs</i>	<u>\$9.75</u>

Similar operating costs from the December 2007 Bankable Feasibility Study were US \$7.41 per pound of Mo. The higher cost is primarily due to US\$90 per barrel of crude oil and site power generation used for the life of mine.

Alternative 30,000 tonnes per day Plan

Adanac has investigated increasing the production rate at its Ruby Creek Project from the December 2007 Bankable Feasibility Study rate of 23,000 tonnes per day to 30,000 tonnes per day after production year three. This expansion has not been studied at the feasibility level of accuracy. The expansion uses the February 22, 2007 NI 43-101 Mineral Resources and the same open pit extraction plan. The rate of mining is increased and the higher production rate through the concentrator is expected to result in a lower recovery of Mo compared to the December 2007 Bankable Feasibility Study. The capital cost and operating costs through production year three are similar to the December 2007 Bankable Feasibility study.

The 30,000 tonnes per day alternative plan:

- . Increases production to 30,000 tonnes after production year 3;
- . Reduces Mo concentrator recovery from about 90% to about 83.5% after production year 3;
- . Installs grid power, after production year 5; and
- . Uses CPM Group's higher range Mo price forecast (see below).

Capital Cost - Alternative 30,000 tonnes per day Plan

The capital cost is estimated to be Cdn. \$647 million, identical to the feasibility study update and other aspects of the production ramp up and schedule to production are identical to the feasibility study update. A sustainable capital cost increase, over the life of mine, of US\$45 million is required for the alternative plan over the feasibility study update.

Operating Cost - Alternative 30,000 tonnes per day Plan

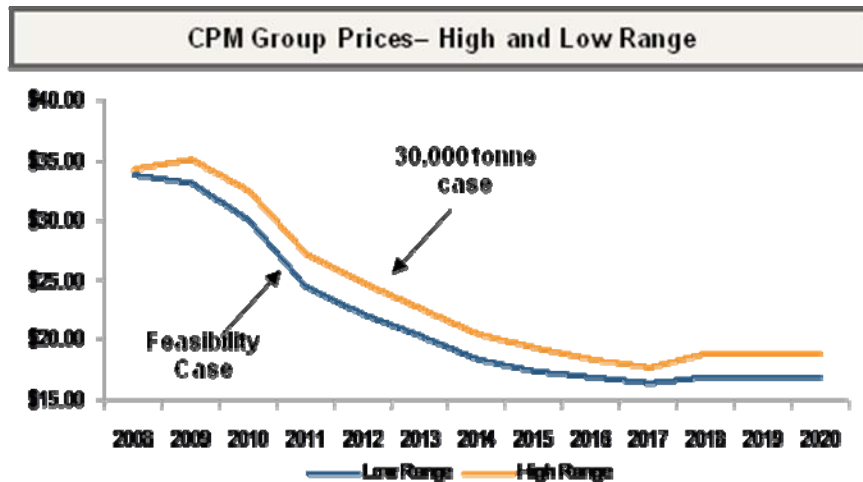
The following shows the estimated life of mine average annual site operating costs:

	<u>US\$/lb. Mo</u>
Administration	\$0.77
Mining	1.95
Processing	<u>4.91</u>
<i>Total site operating costs</i>	<u>\$7.63</u>

CPM Group – July 2008 Price Forecast

In addition to updating its capital and operating costs, the Company has updated its molybdenum price assumptions based on a July 2008 update to CPM Group's molybdenum market research which includes a long-term price of US\$16.50 per pound.

The following graph indicates the price forecasts provided by the CPM Group:



The CPM Group is based in New York and provides commodity forecasting for a variety of commodities. Mo prices are shown in US\$.

Economics Results⁽¹⁾

The following table shows the key operating and investment indicators on a life of mine basis:

	<u>Feasibility Update</u>	<u>Alternative 30,000 tonnes Plan</u>
Selling price (US\$ lb. Mo)	\$17.90	\$20.12
Capital cost (Cdn. \$ millions)	\$647	\$647
Sustaining capital (US\$ millions)	\$83	\$128
Operating costs (US\$ lb. Mo)	\$9.75	\$7.63
EBITDA (US\$ millions)	\$1,332	\$1,970
Pre tax NPV ₈ (US\$ millions)	\$110	\$387
Pre-tax IRR	12.0%	19.8%

(1) Values have been translated at US\$0.85 = Cdn. \$1.00 during the 20-month construction period and US\$0.80 = Cdn. \$1.00 thereafter. Operating costs are annual average site costs.

Updated Reports

The December 2007 Bankable Feasibility Study was posted on SEDAR in December 2007. Adanac will post on SEDAR two reports by Wardrop Engineering Inc. entitled "Ruby Creek Feasibility Study Operating Cost Update" and "Ruby Creek Feasibility Study Capital Cost Update", which contains detailed cost update information. Wardrop did not study the alternative 30,000 tonne plan.

Qualified Person

Richard C. Alexander, B.Sc., P. Eng., who is a qualified person under NI 43-101 and is independent of the Company, has reviewed the 23,000 tonne per day Bankable Feasibility Study updated capital and operating costs but has not reviewed the alternative 30,000 tonne plan or other economic results shown on page four of this news release.

About Adanac Molybdenum Corporation

Adanac Molybdenum Corporation is listed on the TSX and Frankfurt exchanges and owns the Ruby Creek Project in northern British Columbia. The Company has advanced the project through feasibility studies, a production decision and has previously ordered long-lead equipment, completed permitting for construction, constructed a road to the site and secured US\$80 million in bridge financing. The Company is sourcing construction funding and plans a site construction start in February 2009 and production in the fourth quarter of 2010.

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