

MOLY MINES LIMITED

FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
30 JUNE 2015

ABN 32 103 295 521

Board of Directors

Nelson Chen	Non-Executive Chairman
Gregory Jones	Non-Executive Director
Huan Jun Kang	Non-Executive Director
Anthony Martin	Non-Executive Director
Gou Qing Lou	Non-Executive Director
Cathie (Wei) Wu	Non-Executive Director

Executive Officers

Graeme Kininmonth	Acting Chief Executive Officer
Riccardo Vittino	Chief Financial Officer
Susan Hunter	Company Secretary

Principal & Registered Office

50 Kings Park Road	PO Box 8215
West Perth, WA, 6005	Subiaco East, WA, 6008
Telephone:	+61 8 9429 3300
Fax:	+61 8 9429 3399

Email:	info@molymines.com
Website:	www.molymines.com

ASX Share Register

Computershare Investor Services Pty Ltd	
Level 11 / 172 St Georges Terrace	
Perth, WA, 6000	
Telephone:	+61 8 9323 2000
	1300 850 505 (investors within Australia)
Fax:	+61 8 9323 2033
Website:	www.computershare.com

Auditor

Deloitte Touche Tohmatsu	
240 St Georges Terrace	
Level 14, Woodside Plaza	
Perth, WA, 6000, Australia	
Telephone	+61 8 9365 7000
Fax	+61 9365 7001
Web:	www.deloitte.com.au

Your directors submit their report for the half-year ended 30 June 2015.

DIRECTORS

The names of Moly Mines Limited (the Company or Moly Mines) directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Nelson Chen	Non-Executive Chairman
Gregory Jones	Non-Executive Director
Huan Jun Kang	Non-Executive Director
Anthony Martin	Non-Executive Director
Gou Qing Lou	Non-Executive Director
Cathie (Wei) Wu	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

Principal Activities

The principal activity of Moly Mines and its subsidiaries (the Group) during the half-year was the ongoing evaluation of potential acquisitions.

Results from Operations

The net profit after taxation attributable to the members of Moly Mines for the half-year to 30 June 2015 was A\$641,000 (half-year to 30 June 2014: loss of A\$1,946,000). The basic earnings per share for the Company was 0.17 cents per share (half-year to 30 June 2014: loss of 0.51 cents per share) and the diluted earnings per share was 0.17 cents per share (half-year to 30 June 2014: loss of 0.51 cents per share). The Company's financial performance and results have been, and will continue to be, attributable to its exploration, evaluation and development activities on its current ground holdings or properties that may be acquired in the future.

Financial Position

As at 30 June 2015, the Company had A\$70.2 million cash on hand (31 Dec 2014: A\$70.4 million).

Operations Summary

Spinifex Ridge Iron Ore Mine – Pilbara, Western Australia

For the period under review, rehabilitation activities at the Spinifex Ridge Iron Ore Mine were finalised and the site was transitioned to care and maintenance. Environmental monitoring, particularly in relation to revegetation of waste dumps, will be ongoing.

A Care and Maintenance Plan was submitted to the Department of Mines and Petroleum. Ongoing care and maintenance activities are aimed at maintaining the value of the infrastructure assets for potential future use.

Negotiations with Mineral Resources Limited, to determine the final payment calculation for the Spinifex Ridge iron ore sale based on final tonnes and grade of ore at site, progressed during the reporting period to the point where all outstanding issues will be resolved by Expert Determination as stipulated in Iron Ore Sale and Purchase Agreement.

The Western Australian Minister for Mines determined that additional royalty payments were required for part of the Spinifex Ridge Iron Ore operation. Moly Mines is currently reviewing its position in relation to this matter. The Company's maximum exposure is \$2 million.

Corporate

The Company's current acquisition strategy remains unchanged and is focussed on near term production assets particularly in the gold and copper space. Earlier stage opportunities and advanced projects in other metals or minerals will be considered on their merits.

During the half-year, Moly Mines sold all of its shares in Unity Mining Limited (ASX: UML) for cash consideration of approximately \$2.5 million. The shareholding was acquired as the final part of the 2008 sale of the Dargues Reef project to Cortona Resources.

Securities on Issue

	Balance 30 June 2015
Ordinary shares	<u>384,893,989</u>
Options	
- EIG Warrants	4,832,157
- Employee options	<u>6,833,320</u>
Total options	<u>11,665,477</u>
Total potential ordinary shares	<u>396,559,466</u>

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (when rounding is applicable) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the class order applies.

AUDITORS' INDEPENDENCE DECLARATION

We have obtained the attached independence declaration from our auditors, Deloitte, which forms part of this report.

Signed in accordance with a resolution of directors.



Nelson Chen
Chairman
31 August 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Note	Six months ended	
		30 June 2015 A\$'000	30 June 2014 A\$'000
Continuing Operations			
Sales revenue – iron ore		-	12,731
Cost of sales	2	(24)	(14,122)
Gross loss		(24)	(1,391)
Interest revenue		407	667
Royalty income		-	667
Foreign currency gains		1,883	-
Gain on sale of financial assets classified as available for sale	5	1,170	-
Reversal of impairment of non-current assets classified as held for sale	4	20	-
Profit on sale of plant and equipment		5	-
Fair value gain on derivative financial instruments		-	88
Expenses:			
Administrative expenses	12	(2,003)	966
Impairment of development costs		(354)	(425)
Finance costs		(463)	(391)
Foreign currency losses		-	(1,187)
Loss on sale of plant and equipment		-	(2)
Loss on sale of financial assets classified as available for sale		-	(12)
Impairment of non-current financial assets classified as available for sale		-	(926)
Profit / (loss) before income tax		641	(1,946)
Income tax expense		-	-
Net profit / (loss) after income tax		641	(1,946)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		641	(1,946)
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the Company:			
Basic profit / (loss) per share (cents per share)		0.17	(0.51)
Diluted profit / (loss) per share (cents per share)		0.17	(0.51)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	30 June 2015 A\$'000	31 Dec 2014 A\$'000
Current Assets			
Cash and cash equivalents		70,168	70,413
Receivables	3	1,083	1,178
Prepayments		180	113
Inventories		63	109
		<u>71,494</u>	<u>71,813</u>
Non-current assets classified as held for sale	4	8,300	8,300
Total Current Assets		<u>79,794</u>	<u>80,113</u>
Non-Current Assets			
Financial assets classified as available for sale	5	-	1,376
Receivables	3	698	383
Plant and equipment	6	29	405
Total Non-Current Assets		<u>727</u>	<u>2,164</u>
Total Assets		<u>80,521</u>	<u>82,277</u>
Current Liabilities			
Trade and other payables	7	361	2,049
Provisions	8	1,168	2,739
Total Current Liabilities		<u>1,529</u>	<u>4,788</u>
Non-Current Liabilities			
Borrowings	9	13,457	12,601
Provisions	8	70	66
Total Non-Current Liabilities		<u>13,527</u>	<u>12,667</u>
Total Liabilities		<u>15,056</u>	<u>17,455</u>
Net Assets		<u>65,465</u>	<u>64,822</u>
Equity			
Contributed equity		402,673	402,673
Reserves		10,213	10,211
Accumulated losses		(347,421)	(348,062)
Total Equity		<u>65,465</u>	<u>64,822</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Note	30 June 2015 A\$'000	30 June 2014 A\$'000
Cash flows from operating activities			
Payments to suppliers and employees		(5,258)	(5,126)
Interest paid		(458)	(484)
Net cash flows used in operating activities		(5,716)	(5,610)
Cash flows from investing activities			
Proceeds from security deposits		-	4,464
Payments for security deposits		(315)	(4,464)
Payments for mine property development activities		-	(400)
Payments for plant and equipment		(1)	(19)
Proceeds from sale of financial assets classified as available for sale	5	2,546	160
Deferred proceeds from disposal of subsidiary		-	1,000
Proceeds from disposal of plant and equipment		25	-
Interest received		476	808
Net cash flows provided by investing activities		2,731	1,549
Cash flows from financing activities			
Proceeds from derivative financial instrument		-	88
Net cash flows provided by financing activities		-	88
Net decrease in cash and cash equivalents		(2,985)	(3,973)
Net foreign exchange difference		2,740	(1,702)
Cash and cash equivalents at beginning of the period		70,413	76,057
Cash and cash equivalents at end of the period		70,168	70,382

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Contributed Equity	Accumulated Losses	Share- Based Payments Reserve	Warrants Reserve	Total Equity
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
At 1 January 2014	402,673	(337,034)	4,871	9,390	79,900
Loss for the period	-	(1,946)	-	-	(1,946)
Total comprehensive loss for the period	-	(1,946)	-	-	(1,946)
Equity transactions					
Recognition of share-based payments	-	-	(4,059)	-	(4,059)
At 30 June 2014	402,673	(338,980)	812	9,390	73,895
At 1 January 2015	402,673	(348,062)	821	9,390	64,822
Profit for the period	-	641	-	-	641
Total comprehensive income for the period	-	641	-	-	641
Equity transactions					
Recognition of share-based payments	-	-	2	-	2
At 30 June 2015	402,673	(347,421)	823	9,390	65,465

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 30 June 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not contain all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2014 and considered together with any public announcements made by Moly Mines Limited during the half-year ended 30 June 2015, in accordance with the continuous disclosure obligations of the Australian Securities Exchange Listing Rules.

The half-year financial report has been prepared on a historical cost basis, except for available for sale investments, held for trading investments and derivative financial instruments, which have been measured at fair value. Non-current assets classified as held for sale have been measured at fair value less costs to sell.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy

The Group has adopted the following new and amended Australian Accounting Standards and Interpretations as of 1 January 2015.

- AASB 2014-1 Amendments to Australian Accounting Standards – Part A: Annual Improvements to IFRS 2010-2012 and 2011-2013 Cycles, Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119), Part C: Materiality, Part E: Financial Instruments
- AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 10 (December 2010)

The adoption of these amendments did not have a material impact on the financial statements or performance of the Group.

2. EXPENSES

	Six months ended	
	30 June 2015 A\$'000	30 June 2014 A\$'000
Cost of Sales		
Site administration and landholding costs	-	357
Royalty expense	24	957
Depreciation and amortisation	-	12,808
	24	14,122

3. RECEIVABLES

	30 June 2015 A\$'000	31 Dec 2014 A\$'000
Current		
Trade receivables	738	738
Security deposits	189	189
GST receivables	19	93
Interest receivable	65	158
Other receivables	72	-
	1,083	1,178
Non-current		
Security deposits	698	383
	698	383

4. NON-CURRENT ASSETS HELD FOR SALE

(a) Details of assets held for sale

The Group has certain long-lead plant and equipment held for sale due to it being in excess of expected future development requirements. The non-current assets classified as held for sale are as follows:

	30 June 2015 A\$'000	31 Dec 2014 A\$'000
Plant and equipment	8,300	8,300

(b) Movements in the carrying amount of assets held for sale

Carrying amount at beginning of the period	8,300	14,500
Disposals	(20)	(60)
Reversal of impairment / (impairment)	20	(6,140)
Closing Balance (i)	8,300	8,300

- (i) The value of plant and equipment has been written down to its fair value less cost to sell.
- (ii) Minasco Australia Pty Ltd has been appointed to sell this plant and equipment. Promotion of the sale commenced on 1 September 2009 and is ongoing. The plant and equipment held for sale includes:
- 14 MW Polysius 7.3 x 12.5 metre ball mills (2); and
 - other ancillary equipment.

The carrying value of these assets represents the fair value less cost to sell.

5. NON-CURRENT ASSETS – FINANCIAL ASSETS CLASSIFIED AS HELD FOR SALE

	30 Jun 2015 A\$'000	31 Dec 2014 A\$'000
Listed shares – Unity Mining Limited	-	1,376
Movements in the carrying amount		
Opening Balance	1,376	396
Value of shares received	-	2,667
Carrying value of shares sold	(1,376)	(172)
Impairment of financial assets classified as available for sale	-	(1,515)
Closing Balance	-	1,376

The fair value of financial assets classified as available for sale has been determined directly by reference to published price quotations in an active market.

The Unity Mining Limited shares were sold during the half-year for net proceeds of A\$2.546m, representing a gain on sale of A\$1.170m.

6. PLANT AND EQUIPMENT

Plant and equipment		
- at cost	12,633	12,702
- accumulated depreciation	(12,604)	(12,297)
Total plant and equipment	29	405

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current and previous reporting periods

Plant and Equipment		
Carrying amount at beginning of the period	405	7,579
Additions	1	87
Disposals	-	(325)
Depreciation expense	(377)	(2,661)
Carrying amount at end of the period	29	4,680

7. PAYABLES

Current		
Trade and other payables	56	161
Accruals	305	1,454
Off-take termination royalty payable to Hanlong Metals	-	434
	361	2,049

8. PROVISIONS

	30 Jun 2015 A\$'000	31 Dec 2014 A\$'000
Current		
Annual leave	92	85
Rehabilitation – exploration drilling	504	504
Rehabilitation – Spinifex Ridge Iron Ore Project	572	2,150
	<u>1,168</u>	<u>2,739</u>
Non-current		
Long service leave	70	66
	<u>70</u>	<u>66</u>
Movement in the Spinifex Ridge provision for rehabilitation		
Carrying amount at beginning of the period	2,150	3,980
Utilisation	(1,578)	(1,830)
Carrying amount at end of the period	<u>572</u>	<u>2,150</u>

Rehabilitation provisions are estimated based on survey data, external contracted rates and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments and the risks specific to that liability. Rehabilitation provisions are subject to inherent uncertainty in both timing and amount and as a result are continuously monitored and revised.

9. BORROWINGS

Non-Current		
Loan – Hanlong (i)	13,457	12,601
	<u>13,457</u>	<u>12,601</u>

(i) Refer to the December 2014 Annual Report for full disclosure of the terms of the Hanlong loan.

10. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are used by the chief operating decision makers (CODM) in order to allocate resources to the segment and to assess its performance. Segments are identified on the basis of mineral type. The CODM of the Group are the Board of Directors and the Acting Chief Executive Officer. Financial information about each segment is provided to the CODM on at least a monthly basis.

The entity has two reportable operating segments as follows:

- Spinifex Ridge Molybdenum / Copper Project. This project is located in the Pilbara region of Western Australia; it is fully permitted and ready for immediate development subject to achieving a successful project financing based on improvements in commodity prices and/or exchange rates.
- Spinifex Ridge Iron Ore Mine. This project is located in the Pilbara region of Western Australia.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cash on hand and interest revenue.
- Foreign currency gains and losses incurred on foreign currency cash on hand.
- Fair value gains/losses on derivatives that are not directly related to commodity prices.
- Fair value gains/losses on available for sale financial assets.
- Fair value gains/losses on options.
- Foreign currency gains/losses and finance costs on interest-bearing liabilities.
- Corporate administrative expenses.
- Property, plant and equipment considered not part of an operating segment.
- Exploration expenditure considered not part of an operating segment.
- Income tax considered not part of an operating segment.
- Borrowings considered not part of an operating segment.

10. SEGMENT INFORMATION (CONTINUED)

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

	Spinifex Ridge Molybdenum Project 30 June 2015 A\$'000	Spinifex Ridge Iron Ore Mine 30 June 2015 A\$'000	Total 30 June 2015 A\$'000
Revenue and other income			
Segment revenue	-	-	-
Segment other income	20	-	20
Unallocated			
Interest revenue			407
Foreign currency gains			1,883
Gain on sale of financial assets classified as available for sale			1,170
Profit on sale of plant and equipment			5
Total revenue and other income			3,485
Results			
Pre-tax segment result	(334)	(404)	(738)
Unallocated			
Interest revenue			407
Foreign currency gains			1,883
Gain on sale of financial assets classified as available for sale			1,170
Profit on sale of plant and equipment			5
Administrative expenses			(1,623)
Finance costs			(463)
Profit after income tax			641
Segment Assets			
Segment operating assets	8,300	1,009	9,309
Unallocated assets			71,212
Total assets			80,521

10. SEGMENT INFORMATION (CONTINUED)

	Spinifex Ridge Molybdenum Project 30 June 2014 A\$'000	Spinifex Ridge Iron Ore Mine 30 June 2014 A\$'000	Total 30 June 2014 A\$'000
Revenue and other income			
Segment revenue	-	12,731	12,731
Unallocated			
Interest revenue			667
Royalty income			667
Derivative gains			88
Total revenue and other income			14,153
Results			
Pre-tax segment result	(425)	(1,394)	(1,819)
Unallocated			
Interest revenue			667
Royalty income			667
Derivative gains			88
Foreign currency losses			(1,187)
Administrative expenses			969
Impairment of non-current financial assets			(926)
Loss on sale of financial assets classified as available for sale			(12)
Loss on sale of plant and equipment			(2)
Finance costs			(391)
Loss after income tax			(1,946)

	Spinifex Ridge Molybdenum Project 31 Dec 2014 A\$'000	Spinifex Ridge Iron Ore Mine 31 Dec 2014 A\$'000	Total 31 Dec 2014 A\$'000
Segment Assets			
Segment operating assets	8,300	1,365	9,665
Unallocated assets			72,612
Total assets			82,277

11. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with Hanlong and Hanlong Metals during the six month periods ended 30 June 2015 and 30 June 2014, as well as balances with Hanlong and Hanlong as at 30 June 2015 and 31 December 2014:

	Six months ended	
	30 June 2015 A\$'000	30 June 2014 A\$'000
Finance costs	463	391

	30 June 2015 A\$'000	31 Dec 2014 A\$'000
	Payables – loan interest	158
Off-take termination royalty payable to Hanlong Metals	-	434
Loan from Hanlong	13,457	12,601

12. SHARE-BASED PAYMENTS

Following the resignation of employees and directors during the comparative half-year period, the Company undertook a full review of the carrying values in the Share-Based Payments Reserve as at 30 June 2014. The amounts represent rights to options issued to current and former directors and employees of the Company pursuant to the Employee Incentive Option Scheme ("EIOS"). It was determined that as a result of the resignations, the service period conditions attached to previously issued options were not achieved. The Company adjusted the carrying values accordingly.

The amount credited to administrative expenses in the comparative period in the consolidated statement of profit or loss and other comprehensive income as a result of this adjustment was \$4,078,000.

13. CONTINGENT LIABILITIES

(a) Shareholder loan reinstatement

To the extent that Moly Mines makes a final investment decision for a new project that is financed with debt facilities supported by Hanlong guarantees and security, the Shareholder Loan of US\$15.3 million will be increased by a maximum amount of US\$44.7 million on a pro rata basis by comparing the debt made available to the US\$500 million of financing required under the Subscription Agreement. Interest will not be payable by Moly Mines on the portion of the Loan not reinstated.

(b) Hanlong Finance Fee

At the Company's Annual General Meeting held in May 2012, shareholders approved a variation to the Subscription Agreement between Moly Mines and Hanlong Mining Investment Pty Ltd (Hanlong) signed in October 2009 as subsequently amended (Subscription Agreement). The variation restructures the terms and extends the period in which Hanlong has to provide Moly Mines with the benefits originally contemplated under the Subscription Agreement.

On each occasion in the future before 22 April 2020 that Moly Mines makes a final investment decision for a new project that is financed with debt facilities supported by Hanlong guarantees and security, a finance fee of up to US\$44.7 million will become payable to Hanlong on 22 April 2020 with interest accruing at 10.0 per cent per annum from the date the facilities were arranged, matching the original commitments under the Subscription Agreement. The US\$45 million finance fee will be incurred on a pro-rata basis by comparing the debt made available to the US\$500 million of financing required under the Subscription Agreement.

13. CONTINGENT LIABILITIES (CONTINUED)

(c) Spinifex Ridge Iron Ore Mine

Following cessation of mining in October 2014 Moly Mines and Mineral Resources Limited (MRL) have been in the process of determining the final payment component of the Agreement based on final tonnes and grade of ore at site. Both Moly and MRL have exchanged correspondence on the determination of this final payment component and this process has progressed to the point where Moly and MRL have agreed to appoint an independent Expert, as allowed under the Agreement.

The independent Expert has been directed to make a determination as to the Available Tonnes as defined in the Agreement. A resolution is expected in calendar year 2015.

Moly considers the probability of any material financial outflow from the Group to be low; however, based on the outcome of the Expert determination and adjusting for other payments that are agreed to by both parties, the maximum additional payment to Moly from MRL could be \$1,662,856, should the Expert rule 100% in favour of Moly; or should the Expert rule 100% in favour of MRL, then the maximum exposure to Moly would be a payment of \$5,160,598 to MRL.

(d) State Government Royalties

Moly and Mineral Resources Limited (MRL) entered into an Iron Ore Sale and Purchase Agreement – Spinifex Ridge (IOSPA) on 10 May 2013.

Under the IOSPA, subject to certain adjustments to be made at the conclusion of mining, MRL was to pay for the iron ore mined at the rate \$15.93 per dmt (on the basis that the IOSPA was a 'mine gate sale').

In such circumstances, Moly has been paying the State Royalty at the percentage contemplated by the Mining Regulations on that sale price of \$15.93 per dmt.

In late 2014, Moly received a letter for Minister for Mines and Petroleum (Minister) indicating that the Minister considered that the State Royalty had not been properly calculated and recalculated the State Royalty on the basis of the spot price for iron ore from time to time (ranging \$119.92 per dmt in July 2013 to \$85.03 per dmt in June 2014). As a consequence, the Minister considers that the State Royalty has been underpaid.

At the time of entering into the IOSPA, Moly was aware of the risk that the Minister may recalculate the State Royalty by reference to the spot price for iron ore. In such circumstances any increase in the State would be paid as to 75% by MRL and 25% by Moly and Moly's liability was capped at \$2 million.

Moly and MRL have vigorously argued with the Minister that the recalculated State Government Royalty is inconsistent with the Legislation. This discussion is ongoing. Should Moly and MRL be unsuccessful in their discussion with the Minister, Moly's maximum exposure, for the period 1 July 2013 to 30 June 2014 is currently \$1.077 million.

The Directors are not aware of any other circumstance or information which leads them to believe there are any material contingent liabilities outstanding or likely to be outstanding as at 30 June 2015.

(e) GST Audit – Australian Taxation Office

In April 2015, Moly received a notification from the Australian Taxation Office (ATO) that it was intending to undertake an audit of the Company's Business Activity Statements (BAS) covering the period from 1 July 2011 to 31 March 2015.

The purpose of the Audit was to examine differences between transactions reported in the BAS and those disclosed in Moly's published Financial Statements, in order to determine whether Moly had accurately complied with its GST entitlements and obligations.

Moly has provided the ATO with all of the information requested and a decision is pending. At present, Moly is not in a position to quantify what the potential financial liability, if any, would be owing to the ATO.

14. SUBSEQUENT EVENTS

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the operations of the Group or the financial statements.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Moly Mines Limited in accordance with section 305(5) of the Corporations Act 2001, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Reporting*, International Accounting Standard IAS 34 *Interim Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become payable.

On behalf of the Board



Nelson Chen
Chairman
31 August 2015

The Board of Directors
Moly Mines Limited
50 Kings Park Road
WEST PERTH WA 6005

31 August 2015

Dear Board Members

Moly Mines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Moly Mines Limited.


As lead audit partner for the review of the financial statements of Moly Mines Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountant

Independent Auditor's Review Report to the Members of Moly Mines Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Moly Mines Limited, which comprises the condensed statement of financial position as at 30 June 2015 and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Moly Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Moly Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Moly Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, consisting of a stylized circular flourish followed by a horizontal line extending to the right.

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 31 August 2015