

Quarterly Activities Report

June 2016



Moly Mines Limited

ASX Code: MOL

Principal & Registered Office

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West Perth, WA 6005
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Issued Capital

Ordinary Shares: 384,893,989
Warrants: 4,832,157

Board of Directors

Nelson Chen - Chairman
Lou Guo Qing
Gregory Jones
Anthony Martin

Officers

Graeme Kininmonth - Acting CEO
Ric Vittino – CFO
Susan Hunter - Company Secretary

Investor Relations

Natalie Frame (Canada):
+1 416 371 7541

Share Register

Computershare
Level 11 / 172 St Georges Terrace
Perth, WA, 6000
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www.computershare.com

HIGHLIGHTS FOR THE JUNE QUARTER

Operations (unaudited)

- The Spinifex Ridge facilities and infrastructure remains in good condition.
- The arbitration on the final payment for the Spinifex Ridge Iron Ore sale is likely to be heard in the second half of 2016.
- The Spinifex Ridge Molybdenum / Copper Project remains on care and maintenance.

Corporate and Finance (unaudited)

- Cash on hand at end of the Quarter was \$65.8 M, up from \$65.4 M at end of previous Quarter.
- Moly Mines continues to review a range of M&A opportunities both within Australia and overseas and has undertaken a significant amount of due diligence on possible opportunities.

Exploration

- No exploration activity was undertaken on Moly Mines tenements during the Quarter.

Note - all dollar amounts are in A\$ unless otherwise stated

Corporate and Finance

At quarter end Moly Mines Limited (“Moly Mines” or “the Company”) had \$65.8 M in cash, up from \$65.4 M at the end of the March 2016 quarter. This increase is primarily due to currency fluctuations, as a significant portion of the Company’s cash is held in US dollars.

Moly Mines undertook a number of due diligence activities during the quarter, with a view to progressing toward a transaction on a suitable project.

Moly Mines continues to source other projects as potential M&A opportunities. Details on individual projects can only be provided in line with ongoing ASX disclosure requirements.

Administration costs were higher than normal this quarter due to relocation of the Ball Mill components, thereby reducing ongoing storage costs by approximately \$600k per annum.

Board & Executive Changes

There were two changes in the Board made during the Quarter. Ms Cathie Wu resigned as an Independent Non-Executive Director on 30th May 2016. Mr Kang Huan Jun, a nominee of major shareholder Hanlong Mining Investment Pty Ltd, decided not to offer himself for re-election to the Board and ceased his role as Non-Executive Director on 30th May 2016.

Securities on Issue

During the Quarter there was no change to the number of ordinary shares on issue.

	Balance 31 June 2016
Ordinary shares	384,893,989
Options	
- EIG Warrants	4,832,157
Diluted Total	389,726,166

The shares of the Company remain suspended from official quotation by ASX. Moly Mines remains an ASX listed entity and provided it is able to recommence operations of a level adequate to justify, in the opinion of the ASX, quotation of Moly’s securities in the future, Moly Mines will be able to again seek re-quotation of its shares.

Moly Mines continues to be a Reporting Issuer in Canada.

Operations

The Spinifex Ridge Molybdenum / Copper Project remains on care and maintenance. Associated facilities and infrastructure remain in good condition.

Preparation for the arbitration of the finalisation of the Iron Ore Sales agreement with Mineral Resources Limited (“MRL”) continued during the quarter. It is likely that the hearing before the Arbitrator will be held in the second half of the year, with a subsequent determination of final payments required to be made by the parties.

Appendix A: Mining Tenements

Mining tenements held at the end of the June 2016 quarter, and their location, are given in the table below.

Western Australia

Tenement ID	District	Description	Ownership (100%)	Status
M45/1095	Marble Bar	Spinifex Ridge Project	Moly Metals	Granted
M45/1096	Marble Bar	Spinifex Ridge Project	Moly Metals	Granted
M45/1164	Marble Bar	Spinifex Ridge Project	Moly Metals	Granted
G45/276	Marble Bar	Spinifex Ridge Project	Moly Metals	Granted
L45/159	Marble Bar	Spinifex Ridge Infrastructure	Moly Metals	Granted
L45/160	Marble Bar	Spinifex Ridge Infrastructure	Moly Metals	Granted
L45/185	Marble Bar	Spinifex Ridge Infrastructure	Moly Metals	Granted
L45/186	Marble Bar	Spinifex Ridge Infrastructure	Moly Metals	Granted

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MOLY MINES LIMITED

ABN

32 103 295 521

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration & evaluation	(252)	(392)
(b) development		
(c) asset/tenement management	(381)	(500)
(d) administration	(863)	(1,448)
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received	91	189
1.5 Interest and other costs of finance paid	(248)	(502)
1.6 Income taxes paid	-	-
1.7 Other	1	2
Net Operating Cash Flows	(1,652)	(2,651)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(35)
1.9 Proceeds from sale of:		
(a) prospects / subsidiary	-	-
(b) equity investments	-	-
(c) other fixed assets	1	1
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other		
- Payments for security deposits	-	-
- Proceeds from security deposits	191	191
Net investing cash flows	192	157
1.13 Total operating and investing cash flows (carried forward)	(1,460)	(2,494)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,460)	(2,494)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid	-	-
1.19	Other		
	(a) Refund of borrowing costs	-	-
	(b) Payment of finance loans	-	-
	(c) Settlement of derivative financial instrument	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,460)	(2,494)
1.20	Cash at beginning of quarter/year to date	65,392	69,070
1.21	Exchange rate adjustments to item 1.20	1,904	(740)
1.22	Cash at end of quarter	65,836	65,836

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2 (includes \$248k interest payment to Hanlong Mining Investments Pty Ltd)	460
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (A\$ equivalent of US\$ 10,334,947 @ 0.7426)	13,917	13,917
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	50
4.4 Administration	500
Total	750

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	872	10,251
5.2 Deposits at call	64,964	55,141
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	65,836	65,392

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities (description)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	384,893,989	384,893,989	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 +Convertible debt securities (description)	-	-		

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7	Options (description and conversion factor)	4,832,157	-	Exercise price (i)	Expiry date (i)
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter				
7.11	Debentures (totals only)	-			
7.12	Unsecured notes (totals only)	-			

(i) Options Outstanding - Additional Information

EIG Warrants on issue at 31 March 2016:

Number	Exercise Price	Expiry
4,832,157	\$0.0001	15 Feb 2020

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:



Date: 29 July 2016

Print name: Susan Hunter
Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.