

# MOLY MINES LIMITED

FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
30 JUNE 2016

**ABN 32 103 295 521**

**Board of Directors**

Nelson Chen  
Gregory Jones  
Anthony Martin  
Gou Qing Lou

Non-Executive Chairman  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

**Executive Officers**

Graeme Kininmonth  
Riccardo Vittino  
Susan Hunter

Acting Chief Executive Officer  
Chief Financial Officer  
Company Secretary

**Principal & Registered Office**

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**Auditor**

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Your directors submit their report for the half-year ended 30 June 2016.

## 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
Anthony Martin	Non-Executive Director
Gou Qing Lou	Non-Executive Director
Kang Huan Jun	Non-Executive Director – resigned 30 May 2016
Cathie (Wei) Wu	Non-Executive Director – resigned 27 May 2016

## 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 loss after taxation attributable to the members of Moly Mines for the half-year to 30 June 2016 was A\$3,226,000 (half-year to 30 June 2015: profit of A\$641,000). The basic and diluted loss per share for the Company was 0.84 cents per share (half-year to 30 June 2015: profit of 0.17 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 2016, the Company had A\$65.8 million cash on hand (31 Dec 2015: A\$69.1 million).

### Operations Summary

#### Spinifex Ridge Iron Ore Mine – Pilbara, Western Australia

For the period under review, no exploration activity was undertaken on Moly Mines tenements. Environmental monitoring on the rehabilitated waste dumps associated with the Iron Ore mine continued.

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

Finalisation of the Iron Ore Sales agreement with Mineral Resources Limited ("MRL") continued during the period. MRL and Moly agreed that the disputed calculation of the quantity of iron ore available from the site should be determined by arbitration. An Arbitrator has been agreed and preliminary documentation prepared. It is expected that the dispute will be heard by the Arbitrator in the second half of the calendar year.

## Corporate

The Company's current acquisition strategy remains unchanged and is focussed on near term production assets. Moly Mines undertook a number of due diligence activities during the half year, with a view to progressing toward a transaction on a suitable project.

There were two changes to the Board made during the half year. Ms Cathie Wu resigned as an Independent Non-Executive Director on 27 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 30 May 2016.

## Securities on Issue

	Balance 30 June 2016
<b>Ordinary shares</b>	<u>384,893,989</u>
Options	
-       EIG Warrants	<u>4,832,157</u>
<b>Total options</b>	<u><b>4,832,157</b></u>
<b>Total potential ordinary shares</b>	<u><b>389,726,146</b></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  
22<sup>nd</sup> August 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2016**

	Note	Six months ended	
		30 June 2016 A\$'000	30 June 2015 A\$'000
<b>Continuing Operations</b>			
Cost of sales		-	(24)
Gross loss		-	(24)
Interest revenue		171	407
Other income		2	-
Foreign currency gains		-	1,883
Gain on sale of financial assets classified as available for sale		-	1,170
Reversal of impairment of non-current assets classified as held for sale		-	20
Profit on sale of plant and equipment		-	5
Expenses:			
Administrative expenses	2	(2,363)	(2,357)
Exploration costs		(25)	-
Finance costs		(488)	(463)
Foreign currency losses		(523)	-
<b>Profit / (loss) before income tax</b>		<b>(3,226)</b>	<b>641</b>
Income tax expense		-	-
<b>Net profit / (loss) after income tax</b>		<b>(3,226)</b>	<b>641</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>(3,226)</b>	<b>641</b>
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the Company:			
Basic profit / (loss) per share (cents per share)		(0.84)	0.17
Diluted profit / (loss) per share (cents per share)		(0.84)	0.17

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 2016**

	Note	30 June 2016 A\$'000	31 Dec 2015 A\$'000
<b>Current Assets</b>			
Cash and cash equivalents		65,836	69,070
Receivables	3	973	1,076
Inventories		43	94
<b>Total Current Assets</b>		<b>66,852</b>	<b>70,240</b>
<b>Non-Current Assets</b>			
Receivables	3	324	315
Plant and equipment	4	8,366	8,380
<b>Total Non-Current Assets</b>		<b>8,690</b>	<b>8,695</b>
<b>Total Assets</b>		<b>75,542</b>	<b>78,935</b>
<b>Current Liabilities</b>			
Trade and other payables		464	405
Provisions	5	1,171	1,173
<b>Total Current Liabilities</b>		<b>1,635</b>	<b>1,578</b>
<b>Non-Current Liabilities</b>			
Borrowings	6	13,917	14,146
Provisions	5	79	74
<b>Total Non-Current Liabilities</b>		<b>13,996</b>	<b>14,220</b>
<b>Total Liabilities</b>		<b>15,631</b>	<b>15,798</b>
<b>Net Assets</b>		<b>59,911</b>	<b>63,137</b>
<b>Equity</b>			
Contributed equity		402,673	402,673
Reserves		9,390	10,213
Accumulated losses		(352,152)	(349,749)
<b>Total Equity</b>		<b>59,911</b>	<b>63,137</b>

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 2016**

	30 June 2016 A\$'000	30 June 2015 A\$'000
<b>Cash flows from operating activities</b>		
Rent received	2	-
Payments to suppliers and employees	(1,948)	(5,258)
Payments for exploration and project evaluation expenses	(392)	-
Interest paid	(502)	(458)
<b>Net cash flows used in operating activities</b>	<b>(2,840)</b>	<b>(5,716)</b>
<b>Cash flows from investing activities</b>		
Proceeds from security deposits	192	-
Payments for security deposits	-	(315)
Payments for plant and equipment	(35)	(1)
Proceeds from sale of financial assets classified as available for sale	-	2,546
Proceeds from disposal of plant and equipment	1	25
Interest received	189	476
<b>Net cash flows provided by investing activities</b>	<b>347</b>	<b>2,731</b>
<b>Net cash flows provided by financing activities</b>	<b>-</b>	<b>-</b>
Net decrease in cash and cash equivalents	(2,493)	(2,985)
Net foreign exchange difference	(741)	2,740
Cash and cash equivalents at beginning of the period	69,070	70,413
<b>Cash and cash equivalents at end of the period</b>	<b>65,836</b>	<b>70,168</b>

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 2016**

	Contributed Equity	Accumulated Losses	Share- Based Payments Reserve	Warrants Reserve	Total Equity
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
<b>At 1 January 2015</b>	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
<b>At 30 June 2015</b>	<b>402,673</b>	<b>(347,421)</b>	<b>823</b>	<b>9,390</b>	<b>65,465</b>
<b>At 1 January 2016</b>	402,673	(349,749)	823	9,390	63,137
Loss for the period	-	(3,226)	-	-	(3,226)
Total comprehensive income for the period	-	(3,226)	-	-	(3,226)
Equity transactions					
Transfer share-based payments reserve to accumulated losses	-	823	(823)	-	-
<b>At 30 June 2016</b>	<b>402,673</b>	<b>(352,152)</b>	<b>-</b>	<b>9,390</b>	<b>59,911</b>

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 2016 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 2015 and considered together with any public announcements made by Moly Mines Limited during the half-year ended 30 June 2016, 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, with the exception of plant and equipment, which is 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 2016.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Interests in Joint Operations [AASB 1 and 11]
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation [AASB 116 and 138]
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs

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 2016 A\$'000	30 June 2015 A\$'000
<b>Administrative expenses</b>		
External consultants	768	276
Directors' fees	282	301
Rent and outgoing	234	241
Salaries and wages	213	268
Impairment	-	354
Other administrative expenses	866	917
	2,363	2,357

## 3. RECEIVABLES

	Note	30 June 2016 A\$'000	31 Dec 2015 A\$'000
<b>Current</b>			
Trade receivables	9 (c)	738	738
Security deposits		-	192
GST receivables		28	23
Interest receivable		26	53
Prepayments		181	70
		973	1,076
<b>Non-current</b>			
Security deposits		324	315
		324	315

**4. PLANT AND EQUIPMENT**

	30 June 2016 A\$'000	31 Dec 2015 A\$'000
<b>Plant and equipment</b>		
- at cost	20,996	20,997
- accumulated depreciation	(12,630)	(12,617)
<b>Total plant and equipment</b>	<b>8,366</b>	<b>8,380</b>

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

Carrying amount at beginning of the period	8,380	405
Additions	-	70
Disposals	(1)	-
Transfer from assets held for sale (i)	-	8,300
Depreciation expense	(13)	(395)
Carrying amount at end of the period	<b>8,366</b>	<b>8,380</b>

- (i) As a result of the Company not being able to find a suitable buyer for the assets held for sale during 2015, those assets no longer met the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, and were reclassified as plant and equipment.

Efforts to sell this plant and equipment are ongoing. The plant and equipment 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. PROVISIONS

	30 Jun 2016 A\$'000	31 Dec 2015 A\$'000
<b>Current</b>		
Annual leave	98	100
Rehabilitation – exploration drilling	504	504
Rehabilitation – Spinifex Ridge Iron Ore Project	569	569
	1,171	1,173
<b>Non-current</b>		
Long service leave	79	74
	79	74

Rehabilitation provisions are subject to inherent uncertainty in both timing and amount, and as a result are continuously monitored and revised. They are estimated based on survey data, external contracted rates and the timing of the current mining schedule. Timing is uncertain as the next stage in rehabilitation is dependent on success of previous work after a number of wet seasons. Iron ore rehabilitation will wait until economics determine the timing of removal of the low grade stockpile resource, after which the remaining rehabilitation can be undertaken.

## 6. BORROWINGS

<b>Non-Current</b>		
Loan – Hanlong (i)	13,917	14,146
	13,917	14,146

(i) Refer to the December 2015 Annual Report for full disclosure of the terms of the Hanlong loan. There has been no change to these terms during the half-year.

## 7. SEGMENT INFORMATION

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 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.

## 7. 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 2016 A\$'000	Spinifex Ridge Iron Ore Mine 30 June 2016 A\$'000	Total 30 June 2016 A\$'000
<b>Revenue and other income</b>			
Segment revenue	-	-	-
Segment other income	-	-	-
Unallocated			
Interest revenue			171
Rental income			2
Total revenue and other income			173
<b>Results</b>			
Pre-tax segment result	-	(6)	(6)
Unallocated			
Interest revenue			171
Rental income			2
Foreign currency losses			(523)
Administrative expenses			(2,357)
Exploration costs			(25)
Finance costs			(488)
Loss after income tax			(3,226)
<b>Segment Assets</b>			
Segment operating assets	8,302	781	9,083
Unallocated assets			66,459
Total assets			75,542

## 7. SEGMENT INFORMATION (CONTINUED)

	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
<b>Revenue and other income</b>			
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
<b>Results</b>			
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
	Spinifex Ridge Molybdenum Project 31 Dec 2015 A\$'000	Spinifex Ridge Iron Ore Mine 31 Dec 2015 A\$'000	Total 31 Dec 2015 A\$'000
<b>Segment Assets</b>			
Segment operating assets	8,300	870	9,170
Unallocated assets			69,765
Total assets			78,935

## 8. RELATED PARTY TRANSACTIONS

### (a) Ultimate parent entity

Transactions and outstanding balances with Hanlong were as follows:

	Six months ended	
	30 June 2016 A\$'000	30 June 2015 A\$'000
Finance costs	488	463
Director fees	162	168
Other	25	65
	30 June 2016 A\$'000	31 Dec 2015 A\$'000
Payables – loan interest	165	167
Payables – other	25	28
Loan from Hanlong	13,917	14,146

### (b) Northcott Capital

The consolidated entity entered into a transaction with Northcott Capital, a company of which Moly Mines director Mr A. Martin is an employee, for project assessment consultancy.

	Six months ended	
	30 June 2016 A\$'000	30 June 2015 A\$'000
Project assessment consultancy fees	135	-

## 9. 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\$10.3 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.



**(c) Spinifex Ridge Iron Ore Mine**

Following cessation of mining in October 2014, Moly Mines and MRL were unable to agree on components of the final payment under the Iron Ore Sale and Purchase Agreement (IOSPA). In accordance with the agreement, an Independent Expert (Expert) was appointed to determine the Available Tonnage component of the payment. The Expert's report concluded that approximately A\$4.2 million, net of all offsets, was payable by Moly Mines to MRL. Included within the offset amount is a receivable of \$0.7 million owed by MRL to Moly, which has been recognised in the financial statements.

Moly Mines is of the opinion that the Expert has incorrectly interpreted the determination of Available Tonnage under the IOSPA, specifically in relation to the ore which had been extracted and stockpiled at the commencement of the contract. Consequently, the Company has not paid any amount to MRL and on 23 December 2015 issued a Dispute Notice to MRL under the IOSPA.

On 24 December 2015, Moly Mines received a writ of summons from MRL claiming AUD\$4.9 million, calculated by reference to the Expert's determination of Available Tonnage.

Moly Mines sought legal advice in relation to whether Moly Mines has a viable basis to challenge the expert determination. After independently obtaining a Senior Counsel opinion, the legal counsel advised Moly Mines that in their view they had a greater than 50/50 chance of successfully arguing that the Expert had made an error in determining the Available Tonnage.

Both parties have agreed that this issue, and all other outstanding issues between the parties, will be determined by arbitration. It was expected that this process would be finalised in the first half of 2016, however due to unforeseen delays this process should now be finalised prior to year-end.

For the period ended 30 June 2016, Moly Mines has not recognised any amount as a liability in relation to the final payment, nor have any costs associated with the arbitration been provided for.

**10. 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 2016 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  
22<sup>nd</sup> August 2016

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

22 August 2016

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 2016, 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 2016 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 3 to 16.

#### *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 2016 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.

## *Basis for Qualified Conclusion*

Moly Mines Limited has two '14 MW Polysius 7.3 x 12.5M' ball mills recognised within Property Plant and Equipment at a total carrying value of \$8 million. Given the current economic environment and the specific nature and market for such assets, we have not been able to obtain sufficient appropriate evidence to enable us to determine the recoverable amount of these assets at either 30 June 2016 or 31 December 2015. Consequently we were unable to determine whether an adjustment to the carrying value of these assets was necessary at either 30 June 2016 or 31 December 2015. Should the recoverable amount be less than the carrying value, the difference would need to be expensed through profit or loss as an impairment expense.

## *Qualified Conclusion*

Based on our review, which is not an audit, and except for the effects of the matter referred to in the Basis for Qualified Conclusion paragraph 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 2016 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**



**Leanne Karamfiles**  
Partner  
Chartered Accountants  
Perth, 22 August 2016