MOLY MINES LIMITED

ABN 32 103 295 521

ANNUAL FINANCIAL REPORT

31 DECEMBER 2017

CORPORATE DIRECTORY

Board of Directors

Nelson Chen	Executive Chairman
Gregory Jones	Managing Director
Ivo Polovineo	Non-Executive Director
Gou Qing Lou	Executive Director

Executive Officers

Michelle Lilley	Chief Financial Officer
Susan Hunter	Company Secretary

Principal & Registered Office

Level 1, 80 Chandos Street	PO Box 956
St Leonards, NSW, 2065	Crows Nest, NSW, 1585
Telephone:	+61 2 9437 1284

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

Share Register

Computershare Investor Services Pty Ltd
Level 11 / 172 St Georges Terrace
Perth, WA, 6000

Telephone:	1300 850 505 (investors within Australia)
Fax	+61 8 9323 2033
Web	www.computershare.com

Auditor

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth, 6000, Australia

Telephone	+61 8 9365 7000
Fax	+61 8 9365 7001
Web:	www.deloitte.com.au

DIRECTORS' REPORT

The Directors present their report together with the financial report of Moly Mines Limited ("Moly Mines" or the "Company") and of the consolidated entity, being the Company and its controlled entities (the "Group") for the year ended 31 December 2017, and the auditor's report thereon.

In this report and the financial statements, references to:

- "Hanlong" are to Hanlong Mining Investment Pty Ltd.
- "Sichuan Hanlong Group" are to Sichuan Hanlong Group, a private company incorporated in China.
- "Hanlong Group" are to the Chinese companies controlled by Sichuan Hanlong Group, including Hanlong and Sichuan Hanlong Group itself.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are set out below. Directors were in office for the entire year unless otherwise stated.

Director	Qualifications, Experience and Other Directorships	Committee Membership
Nelson Chen Executive Chairman	Appointed 31 May 2013. Appointed Chairman 20 December 2013. Mr Chen is a Director of Hanlong (Australia) Resources Pty Ltd and a Chartered Accountant in Australia. He holds postgraduate degrees in finance and accounting. Prior to joining Hanlong, Mr Chen spent over 11 years with PricewaterhouseCoopers, Sydney office in their audit and M&A advisory practices. Mr Chen has served on the board of Australia China Business Council, NSW branch for over 7 years. Details of Mr Chen's other listed public company directorships over the past three years are: • Marenica Energy Limited, appointed 4 October 2011, continuing. • General Moly, Inc. (NYSE Amex and TSX) appointed 14 September 2011, resigned 28 June 2016.	Remuneration Committee, Material Investment Committee (Chair).
Gregory Jones Managing Director	Appointed 22 August 2014. Mr Jones is a geologist with 37 years' exploration and operational experience gained in a broad range of metalliferous commodities both within Australia and overseas. Mr Jones has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Limited. His experience spans a wide spectrum of activities from grass-roots exploration through to resource definition and new project generation, project assessment and acquisition, as well as mine geology, ore resource/reserve generation and new mine development. Details of Mr Jones's other listed public company directorships over the past three years are: • Variscan Mines Limited, appointed 20 April 2009, continuing. • Silver City Minerals Limited, appointed 30 April 2009, continuing. • Thomson Resources Ltd, appointed 17 July 2009, continuing.	Audit and Risk Management Committee, Remuneration Committee (Chair).

Gou Qing Lou Acting Executive Director	Appointed 22 August 2014. Mr Lou was formerly the president of China Construction Bank, Panzhihua Municipality branch in Sichaun province and has over 27 years of experience in credit management and financial investment. Mr Lou holds a Bachelor of Economics degree from Wuhan University and a Postgraduate Diploma in business administration from Sichuan University. Mr Lou is a Board nominee and director of Hanlong. Details of Mr Lou's other listed public company directorships over the past three years are: • Marenica Energy Limited, resigned 22 November 2017.	Audit and Risk Management Committee, Material Investment Committee.
Ivo Polovineo Non-Executive, independent	Appointed 13 March 2017. Mr Polovineo has over 40 years' experience in corporate accounting, finance and company secretarial work for a diverse range of companies. He spent the past 30 years in senior management roles in the resources sector including seven years as Company Secretary (and five years as CFO) of Sino Gold Mining Limited (a former ASX 100 company) until December 2009 and played an instrumental role in that company's dual listing on the Hong Kong Stock Exchange in 2007. Mr Polovineo was with Sino Gold for 12 years forming part of the executive team that built the company from a market capitalisation of A$100m in 2002 to its acquisition by Eldorado Gold Corporation in December 2009 for approximately $2.4 billion. Mr Polovineo is currently Company Secretary of Thomson Resources Ltd and Silver City Minerals Limited.	Audit and Risk Management Committee (Chair), Material Investment Committee.
Anthony Martin Non-Executive, independent	Appointed 22 August 2014, resigned 13 March 2017. Mr Martin is a Perth-based geologist with over 30 years' technical and corporate experience in the junior mining sector. He is currently an executive director (non corporate) of the London-based advisory firm Northcott Capital and manages their Australian-based technical team. Northcott performed advisory work for Moly Mines during the year. His experience covers a wide range of commodities including precious metals, base metals and bulk commodities throughout the Asia Pacific region and southern Africa. He is the former CEO of ASX-listed companies Queensland Mining Corporation Limited, Sihayo Gold Limited and Westgold Resources Limited. In the past five years he has also worked as a technical consultant for a number of Chinese companies seeking investments in mining projects owned by Australian-based companies. He has been a member of AusIMM since 1991. Mr Martin has not been a director of any other listed public companies in the last three years.	Remuneration Committee, Material Investment Committee (Resigned 13 March 2017).

COMPANY SECRETARY

Ms Susan Hunter

Ms Hunter has over 20 years' experience in the corporate finance industry. She is founder and managing director of consulting firm Hunter Corporate Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX listed companies, and has previously held senior management roles at Ernst & Young, Pricewaterhouse Coopers and Bankwest both in Perth and Sydney. Ms Hunter holds a Bachelor of Commerce, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors and an Associate of the Governance Institute of Australia Ltd. She is currently company secretary for several ASX listed companies.

INTERESTS IN THE SHARES, OPTIONS AND WARRANTS OF THE COMPANY

As at the date of this report, the interests (directly or indirectly held) of the Directors in the shares and warrants of Moly Mines were as follows. No options were outstanding.

Director	Ordinary Shares	Options over Unissued Ordinary Shares	Warrants over Unissued Ordinary Shares
N. Chen (i)	-	-	-
G. Jones	-	-	-
G. Lou (ii)	-	-	-
I. Polovineo	-	-	-

(i) Mr Chen is a director of Hanlong (Australia) Resources Pty Ltd. Its ultimate parent entity, Hanlong, holds 207,244,146 shares in the Company.

(ii) Mr Lou is a Director of Hanlong Group. Its ultimate parent entity, Hanlong, holds 207,244,146 shares in the Company.

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors and Committees of the Board held during the year and the numbers of meetings attended by each Director were as follows:

	Directors' Meetings		Audit and Risk Management Committee Meetings		Remuneration Committee Meetings		Material Investment Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
N. Chen	14	14	-	-	1	1	2	3
G. Jones	14	14	2	2	1	1	3	3
G. Lou	12	14	1	2	-	-	2	3
I. Polovineo	13	14	1	2	1	1	3	3

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activity of Moly Mines and its subsidiaries (the Group) during the year was the evaluation and acquisition of the White Range Project.

Result from Operations and Financial Position

Moly Mines is a company limited by shares that is incorporated in Australia.

Since the Company's incorporation in January 2003 and since listing on the ASX in March 2004, the Company's financial performance and result has been, and will continue to be, attributable to its ongoing exploration, evaluation, planned development activities and mining operations on its ground holdings. Moly Mines was removed from the official list of ASX on 22 April 2017.

The net loss after taxation attributable to the members of the Group for the year ended 31 December 2017 was $6,780,000 (2016: $5,645,000). The basic and diluted loss per share for the Group for the year was 1.76 cents per share (2016: loss of 1.47 cents per share).

The Group's current year financial performance included finance costs of $942,000 (2016: $976,000). During 2017 the Company incurred exploration and project evaluation expenses of $671,000.

As at 31 December 2017, the Company had exploration and evaluation assets of $50,738,000 recognised in the statement of financial position which the majority relates to the Queensland Mining Corporation Limited takeover (refer to Review of Operations for further information). In addition, the Company had net working capital (current assets less current liabilities) of $15,299,000 which included $20,496,000 of cash and cash equivalents.

The Hanlong Loan of $13,250,000 (2016: $14,283,000) is not due for repayment until 23 April 2020. As the Hanlong Loan is in USD, any variation in the loan balance, from year to year, is due to exchange rate fluctuations unless otherwise stated.

REVIEW OF OPERATIONS AND PROJECT DEVELOPMENT ACTIVITIES

The highlights of the Company's operations and project acquisition activities during the year and to the date of this financial report are summarised as follows:

Queensland Mines Limited

During the year the Company continued its search for projects that met the Company's goal of acquiring an advanced project or mine to establish a production base and cash flow. With the assistance of BurnVoir Corporate Finance Limited, Moly evaluated a number of assets and companies resulting in the Company initiating discussions with Queensland Mining Corporation Limited (ACN 109 962 469) ("QMC").

On 13 October 2017, after extensive negotiation and due diligence, Moly executed binding agreements with QMC to acquire 100% of its White Range copper project consisting of three main deposits (Greenmount, Kuridala and Young Australian), several smaller deposits (Mt McCabe, Vulcan and Desolation) and numerous advanced exploration prospects (including Copper Canyon, Chopper Ridge and Black Fort).

Following that agreement, Moly and QMC then negotiated a revised transaction whereby Moly initiated an off market takeover bid for QMC on 15 December 2017, which was recommended by the Board of QMC in the absence of a superior proposal. The takeover offer was declared unconditional on 21 December 2017 and closed on 19 January 2018.

Following the close of the offer period, Moly made an offer to compulsorily acquire the remaining shares in QMC which was effected on 2 March 2018. QMC was subsequently delisted from the ASX and is now a wholly owned subsidiary of Moly Mines.

The acquisition of QMC and the White Range Project provides Moly with ownership of an advanced, high quality copper project, well located around existing copper operations and infrastructure, with strong near-term development potential. The Cloncurry region is well known to contain significant copper deposits with a number of existing mining operations, including Glencore's Mt. Isa and Ernest Henry copper mines and CuDeco's Rocklands copper mine.

Over the past few years, QMC has been focused on exploration work within the White Range area resulting in a published JORC 2012 Mineral Resource of 29.2 Mt @ 0.82% copper, 0.18 g/t gold and 0.03% cobalt.

In addition, the White Range package of assets continue to show excellent exploration upside, as QMC demonstrated in their most recent announcement reporting assay results received from its recently completed RC drilling program in Young Australian (QMC ASX Announcement 3 October 2017, "Very Significant Drill Intercept of 60 metres @ 1.0% Copper Returned from a New Zone in Young Australian").

Moly Mines considers that White Range has strong potential to be brought into production and intends to commence further work, including a Definitive Feasibility Study to bring the project to development. Recent exploration by QMC (e.g. drilling of the Young Australian deposit) suggests substantial exploration upside for White Range and the potential for significant additional Resources to extend the potential mine life.

The copper market has seen strong supply-demand fundamentals over the past 12 months, underpinned by expectations of strong demand from top consumer China. The metal, used in power and construction, has seen benchmark prices on the London Metal Exchange rise more than 40 per cent over the past 2 years.

Moreover, the consensus view among brokers is that tight supply in the global refined copper market would result in the base case for copper remaining solid, with few indications that demand will slow. Moly believes that the White Range development will allow it to take advantage of this projected strong demand cycle and bring the project into operation during a period of forecast solid copper prices.

Spinifex Ridge Iron Ore Mine

Finalisation of the Iron Ore Sales agreement with Mineral Resources Limited ("MRL") was ongoing during the year. As previously advised, the Expert determination of the quantity of iron ore available on site at the time of transfer to MRL was completed. This determination had an outcome that would have resulted in Moly paying MRL approximately $4.2M when all outstanding amounts were included. However, Moly was of the view that this determination was not valid and Moly issued MRL with a Dispute Notice on this issue on 23 December 2015. Moly was served with a generally indorsed writ of summons from MRL on 24 December 2015 claiming $4.9M, calculated by reference to the Expert determination. Both Moly and MRL had subsequently agreed that this issue, and all other outstanding issues between the parties, would be determined by arbitration.

As announced on 17 August 2017, arbitration determined in favour of Moly and approximately $4.2 million, deposited by Moly into a jointly controlled account was released back to Moly. In addition an amount of $1,737,000 was paid by MRL to Moly for finalisation of the settlement arrangement.

Spinifex Ridge Molybdenum / Copper Project

Development of the Spinifex Ridge Molybdenum/Copper Project has been postponed as the Project's economics do not currently support the completion of full funding for the Project and a final investment decision.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

All significant changes in the state of affairs of the Group during the year are discussed in detail above.

DIVIDENDS

The Directors of Moly Mines have resolved not to recommend a dividend for the year ended 31 December 2017. No dividends were declared or paid during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Other than as stated under the Operating and Financial Review and the Review of Operations and Project Development Activities sections, there has not arisen in the interval between the end of the reporting period and the date of this financial report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Group are referred to elsewhere in this financial report. Additionally, as previously disclosed Moly Mines was removed from the official list of ASX on 22 April 2017.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration and development activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and complies with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the period under review.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement to indemnify all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer incurred in good faith in the ordinary course of business in their capacities as Directors and Officers of the Company. During or since the end of the reporting period, the Company has paid premiums in respect of a contract insuring all the Directors of Moly Mines legal costs incurred in defending proceedings for conduct involving:

- A wilful breach of duty.
- A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest thousand (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.

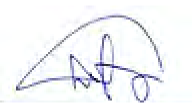
NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 21 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Nelson Chen
Chairman

29 March 2018
Sydney

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		Consolidated	
		31 Dec	31 Dec
		2017	2016
	Note	A$'000	A$'000
Interest income		771	423
Other income	4	1,009	4
Foreign currency gains	4	-	346
Administrative expenses	4	(3,486)	(3,717)
Foreign currency losses	4	(3,121)	-
Exploration expenses	9	(109)	(76)
Provision for rehabilitation		(340)	-
Project assessment expenses		(562)	(1,649)
Finance costs	4	(942)	(976)
Loss before income tax		**(6,780)**	**(5,645)**
Income tax expense / (benefit)	5	-	-
Loss after income tax		**(6,780)**	**(5,645)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year		**(6,780)**	**(5,645)**
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	16	(1.76)	(1.47)

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 31 DECEMBER 2017

	Note	Consolidated 31 Dec 2017 A$'000	Consolidated 31 Dec 2016 A$'000
Current Assets			
Cash and cash equivalents	6	20,496	63,677
Receivables	7	373	1,039
Inventories		51	49
Other financial assets – at fair value	3	862	-
Total Current Assets		**21,782**	**64,765**
Non-Current Assets			
Receivables	7	32	315
Plant and equipment	8	8,135	8,443
Exploration and evaluation assets	9	50,738	-
Rehabilitation security deposit	3	637	-
Investments accounted for using the equity method	3	500	-
Total Non-Current Assets		**60,042**	**8,758**
Total Assets		**81,824**	**73,523**
Current Liabilities			
Trade and other payables	10	6,483	489
Provisions	11	-	1,177
Total Current Liabilities		**6,483**	**1,666**
Non-Current Liabilities			
Borrowings	12	13,250	14,283
Provisions	11	2,064	82
Total Non-Current Liabilities		**15,314**	**14,365**
Total Liabilities		**21,797**	**16,031**
Net Assets		**60,027**	**57,492**
Equity			
Contributed equity	13	402,673	402,673
Reserves	14	9,390	9,390
Accumulated losses		(361,351)	(354,571)
Non-controlling interest	3	9,315	-
Total Equity		**60,027**	**57,492**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Contributed Equity $'000	Accumulated Losses $'000	Share Based Payments Reserve $'000	Warrants Reserve $'000	Non-Controlling Interest $'000	Total Equity $'000
	(Note 11)		(Note 12)	(Note 12)		
At 1 January 2016	402,673	(349,749)	823	9,390		63,137
Loss for the period	-	(5,645)	-	-		(5,645)
Other comprehensive income	-	-	-	-		-
Total comprehensive income for the period	-	(5,645)	-	-		(5,645)
Equity Transactions						
Transfer of share-based payments reserve to accumulated losses	-	823	(823)	-		-
At 31 December 2016	**402,673**	**(354,571)**	**-**	**9,390**		**57,492**
At 1 January 2017	**402,673**	**(354,571)**	**-**	**9,390**		**57,492**
Loss for the period	-	(6,780)	-	-	-	(6,780)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(6,780)	-	-	-	(6,780)
Equity Transactions						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	9,315	9,315
At 31 December 2017	**402,673**	**(361,351)**	**-**	**9,390**	**9,315**	**60,027**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated 31 Dec 2017 A$'000	Consolidated 31 Dec 2016 A$'000
Cash flows from operating activities			
Receipts from customers		10	4
Payments to suppliers and employees		(3,965)	(3,556)
Payments for exploration and project assessment expenses		(1,241)	(1,842)
Rental bond refunded		285	-
Other – MRL settlement		1,737	-
Interest received		776	383
Interest paid		(949)	(982)
Net cash flows used in operating activities	18	**(3,347)**	**(5,993)**
Cash flows from investing activities			
Loans to other entities		-	2,435
Repayment of loans by other entities		-	(2,435)
Interest on loans to other entities		-	35
Proceeds from security deposits		-	191
Payments for plant and equipment		(1)	(133)
Proceeds from disposal of plant and equipment		182	1
Acquisition of subsidiary and costs of acquisition		(39,009)	
Net cash flows from investing activities		**(38,828)**	**94**
Cash flows from financing activities		**-**	-
Net decrease in cash and cash equivalents		(42,175)	(5,899)
Cash on Acquisition of subsidiary		2,114	-
Net foreign exchange difference		(3,120)	506
Cash and cash equivalents at beginning of the period		63,677	69,070
Cash and cash equivalents at end of the period	6	**20,496**	**63,677**

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

1. CORPORATE INFORMATION

The financial report of Moly Mines Limited ("Moly Mines" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 29 March 2018.

Moly Mines is a Company limited by shares incorporated and domiciled in Australia. The ultimate Australian parent of Moly Mines is Hanlong, which owns 53.8% of the issued share capital. The ultimate parent of Hanlong is Sichuan Hanlong Group, a private company incorporated in China.

The nature of the operations and principal activities of Moly Mines is mining, exploration and development of mineral resources. The Company reviewed a number of potential merger and acquisition opportunities during 2017 and as outlined within the Operations Section of this report, Moly Mines launched a takeover bid for Queensland Mining Corporation Limited containing the White Range Copper Project, which was successfully concluded during February 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis except for certain financial instruments that are measured at fair value at he end of each reporting period, as explained in the accounting policies below.

The financial report is presented in Australian dollars. All values are rounded to the nearest thousand dollars ($'000) unless stated under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which that class order applies.

Compliance Statement

These financial statements are general purposes financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("IFRS").

New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) Amendments to accounting standards that are mandatorily effective for the current year

The Group has adopted the following new and amended Australian Accounting Standards and Interpretations as of 1 January 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

The adoption of these Standards and Interpretations did not have a significant impact on the amounts reported in these financial statements or disclosures.

(ii) Australian Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the year ended 31 December 2017. These are outlined the following table.

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 9	Financial Instruments (2014)	AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on: (1) The objective of the entity's business model for managing the financial assets; (2) The characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ➢ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ➢ The remaining change is presented in profit or loss. AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer required in profit or loss. The impact of this standard will depend on the Group's financial assets and liabilities at the time of application.	1 January 2018	1 January 2018

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 15 and AASB 2014-5 AASB 2015-8 AASB 2016-3	Revenue from Contracts with Customers	AASB 15 will supersede the current revenue recognition guidance in IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related Interpretations. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with the customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. As the Group is in the project assessment stage and currently has no customers, this standard would have no effect on its current financial statements.	1 January 2018	1 January 2018
AASB 16	Leases	The key features of the standard are: • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. A lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently. Enhanced disclosure requirements will improve information disclosed about a lessor's risk exposure. The Group will recognise a right-of-use asset and liability for its office premises leases and any other leases it has at the date of application of the standard. Depreciation of the lease assets and interest on the lease liability will be recognised in profit or loss.	1 January 2019	1 January 2019

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 2014-10 AASB 2015-10 AASB 2017-5	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Amendments to IFRS and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sales or contribution of assists between an investor and its associate or joint venture. Specifically, the amendments state the gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity model, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interested in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.	1 January 2022	1 January 2022
AASB2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions The amendments clarify the following: • In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. • Where tax law or regulation requires an entity to withhold a specific number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature. • A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:	1 January 2018	1 January 2018

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions - Continued	i) the original liability is derecognised; ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately. The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provision apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.		
AASB Interpretation 23 AASB2017-4	Uncertainty Over Income Tax Treatments	Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB *112 Income Taxes.* The interpretation requires an entity to: • Use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together • Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so • Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities • Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainly). If an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.	1 January 2019	1 January 2019

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB Interpretation 23 AASB2017-4	Uncertainty Over Income Tax Treatments - Continued	AASB 2017-4 amends AASB 1 *First-time Adoption of Australian Accounting Standards* as a consequence of the issuance of Interpretation 23. In terms of the amendment a first time adopter, whose date of transition to Australian Accounting Standards is before 1 July 2017, may elect not to reflect the application of Interpretation 23 in comparative information in its first IFRS compliant financial statements. Instead an entity which makes this election recognises the cumulative effect of applying interpretation 23 as an adjustment to opening retained earnings (or other component of equity) at the beginning of its first IFRS compliant reporting period.		
IFRS Standards 2015-2017	Annual Improvements to IFRS Standards 2015-2017 Cycle	Annual Improvements to IFRS Standards 2015-2017 Cycle Makes amendments to the following Accounting Standards: • IFRS 3 Business Combinations to clarify that remeasurement of a previously held interest in a joint operation is required on obtaining control of that joint operation • IFRS 11 Joint Arrangements to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business • IAS 12 Income Taxes to clarify the requirements surrounding when the tax consequences of distributions should be recognised in income tax expense rather than retained earnings • IAS 33 Borrowing Costs to clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	1 January 2019	1 January 2019

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Moly Mines Limited (the parent entity) and its subsidiaries at the reporting date (the “Group”).

Subsidiaries are fully consolidated from the date the Group obtains control until such time as control ceases. An investor controls an investee when:
i) it has power over an investee;
ii) it is exposed, or has rights, to variable returns from its involvement with the investee; and
iii) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses arising from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Investments in subsidiaries are detailed in Note 20.

Significant accounting judgments, estimates and assumptions

The following are the critical judgements estimates and assumptions that the Directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Asset acquisitions

In assessing the requirements of IFRS 3 Business Combinations, the Group has determined that the acquisition of QMC does not constitute a business. The principal assets acquired consist of the White Range copper project consisting of three main deposits (Greenmount, Kuridala and Young Australian), several smaller deposits (Mt McCabe, Vulcan and Desolation) and numerous advanced exploration prospects (including Copper Canyon, Chopper Ridge and Black Fort). When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

(b) Carrying value of capitalised exploration and evaluation expenditure

The Consolidated Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If ultimately the area of interest is abandoned or is not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would be written down to its recoverable amount. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, and changes to commodity prices.

(c) Impairment of plant and equipment

Plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of ‘value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and ‘fair value less costs to sell'.

The Group obtained revaluations to support the carrying value of the Ball Mills. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

(d) Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash includes cash at bank and in hand as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables, which generally have 30 to 90 day terms, are recognised initially at fair value, which is generally the original invoice amount, and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade and other receivables are reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

Available for sale financial assets

Available for sale investments are those non-derivative financial assets, principally equity securities, that are designated as available for sale or are not classified as any of the three preceding categories. After initial recognition available for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.
Under the equity method, investments in the associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's Statement of Comprehensive Income, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost of each item of plant and equipment is written off over its expected economic life, adjusted for any salvage value if applicable. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation is provided on a straight-line basis. Major depreciation periods are:

	Dec 2017	Dec 2016
Plant and equipment	2-4 years	2-4 years
Motor vehicles	5 years	5 years

The ball mills are not being depreciated as they are not being used. They are reviewed for impairment every reporting period.

Impairment

Plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in the area of interest have not, at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, an impairment allowance is raised against exploration expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the allowance account is recognised in profit and loss for the period.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in the period in which the decision to abandon is made, firstly against any existing allowance account for that expenditure, with any remaining balance recognised in profit and loss for the period.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Amortisation is not charged on areas under development, pending commencement of production.

Exploration and evaluation expenditure will commence to amortise by using unit-of-production method after the individual geological area commences production.

Provision for restoration, rehabilitation and environmental expenditure

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Furthermore, gains from the expected disposal of assets are not taken into account in measuring a provision.

Any adjustments to the provision as a result of the unwinding of the discount are recognised as an interest expense and not as a movement in the restoration provision expense.

Changes to the estimated liability, including changes as a result of changes to discount rates are added to or subtracted from the cost of the asset in the current period. The carrying value of the asset may not, however, be reduced below zero. Any excess is therefore taken to profit and loss.

Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest-bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effect interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit and loss when the liabilities are derecognised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provisions resulting from the passage of time is recognised as a finance cost.

Employee entitlements

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the reporting date. These entitlements include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits due to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction net of tax of the share proceeds received.

Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Taxes

(i) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Moly Mines and its wholly-owned Australian controlled entities (excluding Queensland Mining Corporation Limited which was acquired late December 2017) implemented the tax consolidation legislation as of 25 March 2004.

(ii) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the profit / (loss) from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the period, adjusted for any bonus element.

(ii) Diluted Earnings per Share

Diluted earnings per share is calculated as net profit / (loss) attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. ASSET ACQUISITION

(a) Acquisition of controlling interest in Queensland Mining Corporation Limited (QMC)

On 15 December 2017, Moly Mines Limited announced a takeover bid under which it offered to acquire all of the issued shares in Queensland Mining Corporation Limited (QMC). On 21 December 2017 the Company had received acceptances representing 55.53% of QMC's issued shares and Moly appointed two Directors on to the QMC Board, thereby obtaining control of QMC.

The Group has determined that the assets acquired did not meet the definition of a business defined in the Australian Accounting Standards as at the date of acquisition and therefore is not a business combination. The acquisition has been accounted for as an asset acquisition.

(b) Relative Fair Value of assets acquired and liabilities assumed in QMC

Details of the relative fair value of the assets acquired and liabilities assumed at 21 December 2017 being the date control of Queensland Mining Corporation Limited was obtained, are as follows:

	21 Dec 2017 A$'000
Purchase consideration – paid or payable	
Cash	50,845
Acquisition costs of QMC	3,299
Total purchase consideration	54,144
Net assets acquired	
Cash	2,114
Other financial assets – at fair value	862
Rehabilitation security deposit	637
Investment accounted for using the equity method	500
Other assets	36
Plant and equipment	46
Exploration and evaluation assets	50,738
Other liabilities	(789)
Net identifiable assets acquired	54,144
Less: Non-controlling interests (c)	(24,078)
Net assets acquired	**30,066**

(c) Further interest acquired in QMC

Following the takeover offer and subsequent control of QMC on 21 December 2017 (with a controlling interest of 55.53%) the Company's interest as at 31 December 2017 increased to 81.68%. The takeover offer was declared unconditional on 21 December 2017 and closed on 19 January 2018. At year end QMC has been consolidated into the Group with the non-controlling interest representing the remaining shares in QMC that have not been acquired at 31 December 2017. Subsequent to year end Moly made an offer to compulsorily acquire the remaining shares in QMC which was effected on 2 March 2018 (refer Review of Operations).

(d) Investments in associates

Set out below are the material associates of the Group. All of the entities listed below have share capital consisting solely of ordinary shares. The proportion of ordinary shares held by the Group equals the voting rights held by the Group. Each entity's place of incorporation is its principal place of business.

Name	Place of business/incorporation	Proportion of ordinary shares % 2017	Measurement method
Spinifex Mines P/L	Australia	20	Equity
QMC Exploration P/L	Australia	20	Equity

Spinifex Mines Pty Ltd is a private entity that holds one gold exploration licence and nine gold mining licences in Queensland. QMC Exploration Pty Ltd is a private entity that holds three gold exploration licences in Queensland. All of the Group's associates are private companies and therefore no quoted market prices are available for their shares.

(e) **Available for sale investments**

Other financial assets comprises of shares in a listed corporation. The shares are initially measured at cost and subsequently measured at fair value. Fair value is determined by their prices quoted on the relevant exchanges.

4. OTHER INCOME AND EXPENSES

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000
INCOME		
Other Income		
Rental and other income	10	4
Sale revenue – iron ore (i)	999	-
	1,009	4
Net Foreign Currency Gains		
Realised foreign currency gains	-	483
Unrealised foreign currency losses	-	(137)
	-	346
EXPENSES		
Administrative Expenses		
Salaries and wages	655	242
Directors' fees	646	503
Defined contribution superannuation expense	60	59
Other employee benefits expense	(56)	54
	1,305	858
Site administration expenses	737	1,488
Consultants and legal fees	486	443
Operating lease expense	392	454
Depreciation and amortisation	63	42
Other administrative expenses	503	432
	3,486	3,717
Net Foreign Currency Losses		
Realised foreign currency losses	4,154	-
Unrealised foreign currency gains	(1,033)	-
	3,121	-
Finance costs		
Interest expense	942	976

(i) An additional amount of $999,000 was recognised in the current year as part of the final amount of $1,737,000 which was received from MRL as part of the settlement arrangement.

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000

5. INCOME TAX

The major components of income tax expense are:

	2017	2016
Statement of comprehensive income		
Current Income Tax		
Current income tax charge / (benefit)	-	-
Deferred Income Tax		
Relating to origination and reversal of timing differences	-	-
	-	-

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2017	2016
Accounting loss before income tax	(6,780)	(5,645)
At the Group's statutory income tax rate of 27.5% (2016: 30%)	(1,864)	(1,694)
Non-deductible expenses	(139)	29
Unrecognised tax losses	2,003	1,665
Income tax expense	-	-

	2017	2016
Deferred Tax Balances		
Deferred Tax Liabilities		
Foreign exchange	-	(773)
Loans	(12,358)	(13,481)
Other	11	(31)
Deferred tax asset offset against deferred tax liability	12,347	14,285
	-	-

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Deferred Tax Assets		
Mine development	30,137	32,997
Plant and equipment	13,760	15,011
Provisions	389	378
Other	502	491
Tax losses	48,211	51,327
	92,999	100,204
Deferred tax asset offset against deferred tax liability	(12,347)	(14,285)
Deferred tax asset not recognised	(80,652)	(85,919)
	-	-

The deferred tax assets will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

6. CASH AND CASH EQUIVALENTS

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Cash at bank and in hand	15,933	59,419
Short term deposits	4,563	4,258
	20,496	63,677

Bank bills and other money market investments are typically held for 30 to 90 days and earn interest at the prevailing rates.

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000
7. RECEIVABLES		
Current		
Trade receivables (a)(i)	27	738
GST receivables	224	37
Interest receivable	39	44
Other debtors	-	98
Prepayments	83	122
	373	1,039
Non-current		
Security deposits (a)(ii)	32	315

(a) Terms and conditions

Terms and conditions relating to the above items

(i) At 31 December 2016 the Trade Receivable amount of $738,000 related to an amount due from MRL in relation to the Iron Ore Sales Agreement. A further $999,000 was subsequently booked as revenue during the year ended 31 Dec 2017 as part of the final settlement arrangement and the full amount of $1,737,000 was received during the year.

(b) Credit risk

The carrying value of the receivables approximates their fair value. The maximum exposure of credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables. No collateral is held as security.

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000

8. PLANT AND EQUIPMENT

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Plant and equipment		
- at cost	8,254	21,096
- accumulated depreciation	(119)	(12,653)
Total plant and equipment	8,135	8,443

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

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Plant and Equipment		
Carrying amount at beginning of the year	8,443	8,380
Additions	1	106
Additions on asset acquisition of QMC (refer note 3)	46	-
Disposals	-	(1)
Obsolete plant and equipment written off (written down value)	(292)	-
Depreciation expense	(63)	(42)
Carrying amount at end of the year	8,135	8,443

Of the $8,135,000 value in plant and equipment an amount of $8,050,000 relates to the value of the Ball Mills which management continue to evaluate the market value of the asset at each reporting period.

9. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Exploration and evaluation assets	50,738	-
Movements:		
Balance at the beginning of the year	-	-
Additions	109	76
Asset acquisition of QMC (refer note 3)	50,738	-
Expenditure written off during the year	(109)	(76)
Balance at end of the year	50,738	-

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	Consolidated 31 Dec 2017 A$'000	Consolidated 31 Dec 2016 A$'000

10. TRADE AND OTHER PAYABLES

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Trade and other payables	1,843	286
Accruals	386	194
Other	16	9
QMC consideration payable (refer note 3)	4,238	-
	6,483	489

Trade and other payables are non-interest bearing and generally settled on 30 day terms. Due to their short-term nature, their carrying amount is assumed to approximate their fair value.

11. PROVISIONS

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Current		
Annual leave	-	104
Rehabilitation – Spinifex Ridge	-	1,073
	-	1,177
Non-current		
Rehabilitation – Spinifex Ridge	1,413	-
Rehabilitation – QMC (refer note 3)	637	-
Long service leave	14	82
	2,064	82

Movement in the Spinifex Ridge provision for rehabilitation

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Opening balance	1,073	1,073
Increase resulting from remeasurement	340	-
Closing balance	1,413	1,073

Rehabilitation provisions are subject to inherent uncertainty in both timing and amount, and as a result are continuously monitored and revised. Timing is uncertain as the next stage in rehabilitation is dependent on success of previous work after a number of wet seasons, however rehabilitation is not expected to commence in the next year. For the current period to 31 December 2017 the Company reviewed the existing cost estimates associated with the rehabilitation work which has resulted in an increase in the provision. The provision recognised is aligned with the calculation provided by the Department of Mines and Petroleum for Moly tenements.

	Consolidated 31 Dec 2017 A$'000	Consolidated 31 Dec 2016 A$'000

12. BORROWINGS

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Non-Current		
Loan - Hanlong	13,250	14,283

Interest Rate, Foreign Exchange and Liquidity Risk
The Company does not have any exposure to variable interest rate risk on its borrowings as all interest rates have been fixed.

Carrying Value
Borrowings are held at amortised cost.

13. CONTRIBUTED EQUITY

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Issued and paid up capital	402,673	402,673

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Movements in shares on issue:	Number of shares	A$'000
Balance at 1 January 2016	384,893,989	402,673
Balance at 31 December 2016	384,893,989	402,673
Balance at 31 December 2017	384,893,989	402,673

Share options

No options were outstanding over unissued shares in the Company as at 31 December 2017 (Dec 2016: nil). No options were exercised during the period (Dec 2016: nil). No options expired during the period (2016: 6,833,320).

Warrants

At 31 December 2017, there were 4,832,157 (2016: 4,832,157) warrants on issue. No warrants were exercised during the period (2016: nil) or expired during the period (2016: nil). Details of the warrants on issue are:

Grant Date	15 February 2010
Expiry Date	15 February 2020
Exercise Price	A$0.0001
Number	4,832,157

14. RESERVES

Nature and purpose of reserves

Warrants reserve

This reserve is used to record the fair value of warrants issued.

Share based payments reserve

This reserve is used to record the value of share based payment benefits provided to employees and Directors as part of their remuneration.

Non-controlling interest reserve

This reserve is used to record the portion of investments held by third parties. The non-controlling interest arose on the acquisition of Queensland Mining Corporation Limited.

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	31 Dec 2017 A$	31 Dec 2016 A$
Short-term employee benefits	825,061	862,579
Long-term employee benefits	-	8,080
Post-employment benefits	63,697	73,900
Termination benefits (i)	521,812	-
	1,410,570	944,559

(i) Termination benefits were paid to G Kininmonth upon the termination of his role as Acting CEO of the Company effective 1 July 2017 (as approved by shareholders at the Company's AGM on 29 May 2017).

16. EARNINGS / (LOSS) PER SHARE

The following reflects the profit or loss and share data used in the calculation of basic and diluted earnings / (loss) per share

Profit / (loss) used in calculating basic and diluted earnings / (loss) per share		
Loss attributable to ordinary equity holders of the parent	(6,780)	(5,645)

	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share	384,893,989	384,893,989
Share options considered dilutive (i)	-	-
Weighted average number of ordinary shares used in calculating the diluted loss per share	384,893,989	384,893,989

(i) At 31 December 2017, no share options (2016: Nil) and 4,832,157 warrants (2016: 4,832,157) were not considered dilutive as the conversion of the options and warrants to ordinary shares will result in a decrease in the net loss per share.

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000

17. COMMITMENTS & CONTINGENCIES

(a) Mineral tenement leases

	2017	2016
Within 1 year	813	282

Under the terms and conditions of the Group's title to its various mining tenements, it has an obligation to meet rentals and minimum levels of exploration expenditure per annum as gazetted by the Department of Industry and Resources of Western Australia and Queensland, as well as local government rates and taxes. The main increase in this commitment from 2016 to 2017 relates to the inclusion of Queensland Mining Corporation Limited tenement commitments upon takeover.

(b) Lease commitments

	2017	2016
Operating leases		
Not later than 1 year	26	232
Later than 1 year and not later than 5 years	28	-
	54	232

(c) 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 (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.

(d) 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.

18. CASH FLOW INFORMATION

	Consolidated 31 Dec 2017 A$'000	Consolidated 31 Dec 2016 A$'000
Reconciliation of operating loss after tax to net cash flows from operations		
Loss from ordinary activities	(6,780)	(5,645)
Adjusted for:		
Depreciation and amortisation	63	42
Impairment of exploration and evaluation costs	-	76
Net gain on foreign exchange	3,121	(346)
Impairment of development costs	-	-
(Profit) / loss on disposal of plant and equipment	110	-
Share-based payments	-	-
Reversal of impairment of non-current assets held for sale	-	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(636)	(145)
(Increase) / decrease in prepayments	39	(51)
Decrease in inventories	2	45
Increase / (decrease) in payables	580	19
Increase in employee provisions	(186)	12
Decrease in rehabilitation provision	340	-
Net cash flows used in operations	(3,347)	(5,993)

19. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of available for sale investments, borrowings, receivables, payables, and cash and short-term deposits.

The Group manages its exposure to a variety of financial risks, market risk (including currency risk, commodity price risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the Audit and Risk Management Committee Charter and specific approved Company policies. These policies are developed in accordance with the Company's operational requirements. Currently the Group has one investment policy with the purpose of maximising the return on surplus cash with the aim of outperforming the benchmark, within acceptable levels of risk return exposure and mitigate the credit and liquidity risks that the Group is exposed to through investment activities.

Primary responsibility for the identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board. The Committee reviews and agrees policies for managing each of the risks identified. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Commodity price risk

The Group does not have any exposure to commodity price risk as it does not currently operate a mine.

Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board (and Audit and Risk Management Committee) approved investment policy. This policy defines maximum exposures and credit ratings limits.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000
At reporting date the Group had the following exposure to variable interest rate risk		
Financial assets		
Cash at bank and money market investment	20,496	63,677
	20,496	63,677

The following table summarises the impact of reasonably possible changes in interest rates for the Group and the parent entity at 31 December 2017. The sensitivity is based on the assumption that interest rate changes by 25 basis points (2016: 25 basis points) with all other variables held constant. The 25 basis points sensitivity is based on reasonably possible changes over the reporting period.

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Impact on post tax profit and equity		
Higher / (lower)		
25 bp increase (2016: 25 bp)	51	159
25 bp decrease (2016: 25 bp)	(51)	(159)

Fair value risk

The group uses three different methods in estimating the fair value of a financial investment. The methods comprise -

Level 1 – the fair value is calculated using quoted prices in active markets; and
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3 – the fair value is estimated using inputs other than quoted prices.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the tables below.

2017	Quoted market price (Level 1) A$'000	Valuation technique – market observable inputs (Level 2) A$'000	Valuation technique – non market observable inputs (Level 3) A$'000	Total A$'000
Financial assets				
Available for sale investments – share in listed entity	862	-	-	862
Total financial assets	862	-	-	862

2016	Quoted market price (Level 1) A$'000	Valuation technique – market observable inputs (Level 2) A$'000	Valuation technique – non market observable inputs (Level 3) A$'000	Total A$'000
Financial assets				
Available for sale investments – share in listed entity	-	-	-	-
Total financial assets	-	-	-	-

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The fair value of derivatives that do not have an active market are based on valuation techniques. Level 2 derivatives include market observable inputs whilst level 3 derivatives do not include market observable inputs.

Transfer between categories

There were no transfers between levels during the year.

Foreign currency risk

The Group has significant foreign currency risk exposure on cash reserves and borrowings and has transactional exposures arising from the payment of foreign currency interest. The Group is exposed to movements in US dollar currency on cash reserves and borrowings.

At reporting date the Group had the following exposure to foreign currencies.

	Consolidated	
	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Financial Assets and Liabilities		
Cash and cash equivalents		
- USD	2	54,764
Receivables		
- USD	-	20
Borrowings		
- USD	(13,250)	(14,283)
Trade and other payables		
- USD	(157)	(164)

The following table summarises the impact of reasonably possible changes in foreign currency exchange rates for the Group at 31 December 2017 on recognised financial assets and liabilities at the reporting date. The sensitivity is based on the assumption that the exchange rates change by increasing 10% and decreasing 5% with all other variables held constant. These 10% and 5% sensitivities are based on reasonably possible changes over the reporting period, using the observed range of actual historical rates for the preceding three year period. The analysis is performed on the same basis for the comparative period.

Impact on post tax profit and equity		
Higher / (lower)		
AUD/USD +10% (2016: +10%)	(1,219)	(3,697)
AUD/USD -10% (2016: -10%)	1,490	4,519

The Group does not have a formal policy to mitigate foreign currency risks.

Credit risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities and financing activities including deposits with banks.

The credit risk control procedure adopted by the Group is to assess the credit quality of the institution with which funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Audit and Risk Management Committee based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

Credit Quality of Financial Assets

	S&P Credit Rating		
	AAA	A1+	Unrated
	$'000	$'000	$'000
31 December 2017			
Cash & cash equivalents	-	20,496	-
Receivables	224	71	27
Number of counterparties	1	2	1
Largest counterparty (%)	100%	72%	100%
31 December 2016			
Cash & cash equivalents	-	63,677	-
Receivables	37	457	738
Number of counterparties	1	4	1
Largest counterparty (%)	100%	35%	100%

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Group's liquidity needs can be met through a variety of sources, including: cash generated from operations, short and long term borrowings and issue of equity instruments.

Alternatives for sourcing the Company's future capital needs include current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources.

The following table details the Company and Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position.

	Less than 6 months	6 months – 12 months	1-2 years	> 2 years
	$'000	$'000	$'000	$'000
Consolidated entity at 31 December 2017				
Trade and other payables	6,483	-	-	-
Borrowings	500	500	1,000	11,540
	6,983	500	1,000	11,540
Consolidated entity at 31 December 2016				
Trade and other payables	489	-	-	-
Borrowings	500	500	1,000	15,583
	989	500	1,000	15,583

Capital risk management

When managing capital (being equity and long term debt) management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity reflecting the current business status of the entity.

Management constantly adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may return capital to shareholders, issue new shares or sell assets to reduce debt. Management have no plans to issue further shares on the market. The Group does not currently have a dividend policy.

The Company monitors its capital through monthly Board reporting including management accounts and forecasts combined with appropriate external financial, corporate and legal advice when required. Due to the nature of the operations of the Group and its financial position, Management does not have a target debt/equity ratio. Management prefers to maintain a flexible financing structure. The Company has a major shareholder that owns 53.8% of the Company and as a result its structure is currently inflexible.

The Group is not subject to any externally imposed capital requirements.

20. RELATED PARTY DISCLOSURE

Subsidiaries

Name	Country of Incorporation	% Equity Interest Dec 2017	Dec 2016	Principal Activities
Moly Metals Australia Pty Ltd	Australia	100	100	Owns the Spinifex Ridge iron ore mine
Copper Metals Australia Pty Ltd	Australia	100	100	Dormant
Spinifex Ridge Holdings Pty Ltd	Australia	100	100	Holding company
Moly Ex Pty Ltd	Australia	100	100	Evaluation and relinquishment of tenement holdings
Moly Mines USA Limited	USA	100	100	Evaluation of acquisition opportunities
Mettle Mining Holdings Limited	Cayman Islands	100	100	Evaluation of acquisition opportunities
Queensland Mining Corporation Limited (refer to below table)	Australia	81.68	-	Exploration and Evaluation of mineral resources

Queensland Mining Corporation Limited
The below represent to subsidiaries of Queensland Mining Corporation Limited – of which Moly's interest at 31 December 2017 is 81.68% (nil at 31 December 2016)

Name	Country of Incorporation	% Equity Interest Dec 2017
North Queensland Mines Pty Ltd	Australia	100
Mt Norma Mining Company Pty Ltd	Australia	100
Flamingo Copper Mines Pty Ltd	Australia	100
Spinifex Mines Pty Ltd	Australia	20
Soldiers Cap Mining Pty Ltd	Australia	100
Cloncurry Mining Company Pty Ltd	Australia	100
Kuridala Mining Pty Ltd	Australia	100
Mr McNamara Pty Ltd	Australia	100
Sierra Line Pty Ltd	Australia	100
QMC Operations Pty Ltd	Australia	100
White Range Mines Pty Ltd	Australia	100
QMC Exploration Pty Ltd	Australia	20
Iron Ridge – Black Fort Pty Ltd	Australia	100
Mt McCabe Pty Ltd	Australia	100
Maxiforde Pty Ltd	Australia	100

Ultimate Parent Entity

Moly Mines Limited is the ultimate parent entity of the Group. The ultimate Australian parent of Moly Mines Limited is Hanlong Mining Investment Pty Ltd, which was incorporated in Australia and owns 53.8% of Moly Mines Limited. The ultimate parent of Hanlong Mining Investment Pty Ltd is Sichuan Hanlong Group, a private company incorporated in China.

Details of Related Party Transactions

(a) Subsidiaries

Moly Mines Limited has related party transactions with its subsidiaries whereby it funds and pays for the exploration and evaluation expenses incurred by its subsidiaries. These expenses are charged to the subsidiaries through intercompany loans, which are non-interest bearing and have no fixed repayment terms. Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

(b) Ultimate parent entity

Transactions and outstanding balances with Hanlong were as follows:

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Finance costs	942	976
Director fees	344	292
Other transactions with Hanlong entities	70	14
Payables – loan interest	157	165
Payables – other	-	-
Loan from Hanlong	13,250	14,283

(c) Northcott Capital

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

Project assessment consultancy fees	92	440

The consolidated entity has not entered into any transactions nor has other outstanding commitments at 31 December 2017 with other related parties (2016: nil).

21. AUDITOR'S REMUNERATION

The auditor of the Group is Deloitte Touche Tohmatsu.

	Consolidated	
	31 Dec 2017 A$	31 Dec 2016 A$
Amounts received or due and receivable by Deloitte Touche Tohmatsu:		
Audit fees for audit and review of the financial report	48,300	44,500
Tax compliance (non-audit services)	13,125	15,750
Tax consulting (non-audit services)	8,606	-
IAR fees (non-audit services)	-	20,475
Amounts received or due and receivable by other audit firms:		
Tax consulting (non-audit services)	-	100,069
	70,031	180,794

22. PARENT ENTITY INFORMATION

	31 Dec 2017 A$'000	31 Dec 2016 A$'000
Current assets	18,610	56,768
Total assets	75,263	72,440
Current liabilities	1,987	584
Total liabilities	15,237	14,948
Contributed equity	402,673	402,673
Accumulated losses	(352,037)	(354,571)
Warrants reserve	9,390	9,390
Total shareholders' equity	60,026	57,492
Loss of the parent entity	(6,359)	(5,645)
Total comprehensive loss of the parent entity	(6,359)	(5,645)

Moly Mines and its 100% owned Australian resident subsidiaries (excluding Queensland Mining Corporation Limited which was acquired late December 2017) formed a tax consolidated group with effect from 25 March 2004. Moly Mines is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statement in respect of this agreement on the basis that the possibility of default is remote.

23. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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 other than those discussed in the Review of Operations.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Moly Mines Limited, 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 31 December 2017 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;

(c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 31 December 2017; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

On behalf of the Board

Nelson Chen
Chairman
29 March 2018
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Moly Mines Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

Moly Mines Limited has two '14 MW Polysius 7.3 x 12.5M' ball mills recognised within Property Plant and Equipment at a total fair value of $8 million. Given the specific nature and market for such assets, we have not been able to obtain sufficient appropriate audit evidence to enable us to determine the recoverable amount of these assets at either 31 December 2016 or 31 December 2017. Consequently, we were unable to determine whether an adjustment to the carrying value of these assets was necessary at either 31 December 2016 or 31 December 2017. Should the recoverable amount be different to the carrying value, the difference would result in further impairment of the assets or a reversal of impairment recognised in prior periods.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Deloitte.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 29 March 2018

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Moly Mines Limited
Level 1, 80 Chandos St
St Leonards, NSW 2065

29 March 2018

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 audit of the financial statements of Moly Mines Limited for the year ended 31 December 2017, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants