General Moly, Inc
Form 10-Q
August 04, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-32986

General Moly, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	**91-0232000**

(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1726 Cole Blvd., Suite 115
Lakewood, CO 80401
Telephone: (303) 928-8599
(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

The number of shares outstanding of issuer s common stock as of July 30, 2014, was 91,876,527.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GENERAL MOLY, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,242	$ 21,685
Deposits, prepaid expenses and other current assets	543	625
Total Current Assets	12,785	22,310
Mining properties, land and water rights	212,123	206,251
Deposits on project property, plant and equipment	74,132	74,108
Restricted cash held at EMLLC	36,000	36,000
Restricted cash held for electricity transmission	12,021	12,020
Restricted cash held for reclamation bonds	6,349	6,332
Non-mining property and equipment, net	594	669
Other assets	2,994	2,994
TOTAL ASSETS	$ 356,998	$ 360,684
LIABILITIES, CRNCI, AND EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 4,466	$ 4,691
Accrued advance royalties	500	500
Accrued payments to Agricultural Sustainability Trust	2,000	2,000
Current portion of long term debt	200	263
Total Current Liabilities	7,166	7,454
Provision for post closure reclamation and remediation costs	1,045	1,318
Accrued advance royalties	5,200	4,700
Accrued payments to Agricultural Sustainability Trust	2,000	2,000
Long term debt, net of current portion	473	538
Other accrued liabilities	875	875
Total Liabilities	16,759	16,885
COMMITMENTS AND CONTINGENCIES		
CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST (CRNCI)	209,151	209,007

EQUITY				
Common stock, $0.001 par value; 200,000,000 shares authorized, 91,876,527 and 91,761,249 shares issued and outstanding, respectively		92		92
Additional paid-in capital		275,339		273,857
Accumulated deficit before exploration stage		(213)		(213)
Accumulated deficit during exploration and development stage		(144,130)		(138,944)
Total Equity		131,088		134,792
TOTAL LIABILITIES, CRNCI, AND EQUITY	$	356,998	$	360,684

The accompanying notes are an integral part of these consolidated financial statements.

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GENERAL MOLY, INC. (GMI)
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited In thousands, except per share amounts)

	Three Months Ended		Six Months Ended		January 1, 2002 (Inception of Exploration Stage) to June 30, 2014
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	
REVENUES	$	$	$	$	$
OPERATING EXPENSES:					
Exploration and evaluation	986	217	1,120	334	42,371
General and administrative expense	1,841	2,352	4,066	4,874	93,426
Write-downs of development and deposits					8,819
TOTAL OPERATING EXPENSES	2,827	2,569	5,186	5,208	144,616
LOSS FROM OPERATIONS	(2,827)	(2,569)	(5,186)	(5,208)	(144,616)
OTHER INCOME / (EXPENSE):					
Interest and dividend income				1	4,070
Interest expense		(260)		(721)	(1,715)
Realized gain from sale of mining properties				100	3,292
Write off of loan commitment fees (warrant)		(11,472)		(11,472)	(11,472)
Gain on forgiveness of debt (interest on bridge loan)					804
Constructive receipt of break fee					10,000
Write-off of debt issuance costs					(6,420)
TOTAL OTHER (EXPENSE) / INCOME , NET		(11,732)		(12,092)	(1,441)
LOSS BEFORE INCOME TAXES	(2,827)	(14,301)	(5,186)	(17,300)	(146,057)
Income Taxes					
CONSOLIDATED NET LOSS	$ (2,827)	$ (14,301)	$ (5,186)	$ (17,300)	$ (146,057)
Less: Net loss attributable to CRNCI					1,927
NET LOSS ATTRIBUTABLE TO GMI	$ (2,827)	$ (14,301)	$ (5,186)	$ (17,300)	$ (144,130)
Basic and diluted net loss attributable to GMI per share of common stock	$ (0.03)	$ (0.16)	$ (0.06)	$ (0.19)	
Weighted average number of shares outstanding basic and diluted	91,873	91,547	91,868	91,538	
COMPREHENSIVE LOSS	$ (2,827)	$ (14,301)	$ (5,186)	$ (17,300)	$ (144,130)

The accompanying notes are an integral part of these consolidated financial statements.

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GENERAL MOLY, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited In thousands)

	Six Months Ended		January 1, 2002 (Inception of Exploration Stage) to
	June 30, 2014	June 30, 2013	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated Net Loss	$ (5,186)	$ (17,300)	$ (146,057)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	146	196	2,441
Interest expense		721	1,715
Stock-based compensation for employees and directors	1,023	1,113	21,078
Decrease (increase) in deposits, prepaid expenses and other	82	(655)	(451)
Increase (decrease) in accounts payable and accrued liabilities	327	(6,676)	(18,715)
(Increase) in restricted cash held for electricity transmission	(1)	(4)	(12,021)
(Decrease) increase in post closure reclamation and remediation costs	(273)	1,102	836
Realized gain related to sale of mining properties		(100)	(3,292)
Write off of loan commitment fees (warrant)		11,472	11,472
Gain on forgiveness of debt (interest on bridge loan)			(804)
Constructive receipt of break fee			(10,000)
Write-off of debt issuance costs			6,420
Write downs of development and deposits			8,819
Services and expenses paid with common stock			1,990
Warrant repricing			965
Net cash used by operating activities	(3,882)	(10,131)	(135,604)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and development of mining properties, land and water rights	(4,980)	(27,472)	(181,844)
Deposits on property, plant and equipment	(576)	(2,266)	(74,330)
Proceeds from option to purchase agreement		400	4,100
(Increase) in restricted cash held for reclamation bonds	(17)		(5,858)
(Increase) in restricted cash - EMLLC			(36,000)
Cash provided by sale of marketable securities			109
Net cash used by investing activities	(5,573)	(29,338)	(293,823)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash proceeds from POS-Minerals Corporation	144	6,655	211,078
Net (decrease) in leased assets, net	(128)	(148)	(388)
Stock proceeds, net of issuance costs, and restricted stock net share settlement	(4)	49	228,347
(Increase) in capitalized debt issuance costs		(702)	(4,420)
Proceeds from debt			10,000
			(2,994)

Cash paid to POS-Minerals Corporation for purchase price adjustment			
Net cash provided by financing activities	12	5,854	441,623
Net (decrease) increase in cash and cash equivalents	(9,443)	(33,615)	12,196
Cash and cash equivalents, beginning of period	21,685	68,331	46
Cash and cash equivalents, end of period	$ 12,242	$ 34,716	$ 12,242
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Equity compensation capitalized as development	$ 463	$ 460	$ 8,638
Change in accrued portion of deposits on property, plant and equipment	(552)	884	(552)
Installment purchase of equipment and land		191	139
Accrued portion of advance royalties	500	500	5,700
Accrued payments to the Agricultural Sustainability Trust			4,000
Post closure reclamation and remediation costs, reclamation bond, and accounts payable assumed in an acquisition			754
Common stock and warrants issued for property and equipment			1,586

The accompanying notes are an integral part of these consolidated financial statements.

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GENERAL MOLY, INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF BUSINESS

General Moly, Inc. (we, us, our, Company, or General Moly) is a Delaware corporation originally incorporated as General Mines Corporatio November 23, 1925. We have gone through several name changes and on October 5, 2007, we reincorporated in the State of Delaware (Reincorporation) through a merger involving Idaho General Mines, Inc. and General Moly, Inc., a Delaware corporation that was a wholly-owned subsidiary of Idaho General Mines, Inc. The Reincorporation was effected by merging Idaho General Mines, Inc. with and into General Moly, with General Moly being the surviving entity. For purposes of the Company s reporting status with the United States Securities and Exchange Commission (SEC), General Moly is deemed a successor to Idaho General Mines, Inc.

We were in the exploration stage from January 1, 2002 until October 4, 2007, when our Board of Directors (Board) approved the development of the Mt. Hope molybdenum property (Mt. Hope Project) in Eureka County, Nevada. The Company is now in the development stage and is in the process of obtaining project financing for the development of the Mt. Hope Project.

We are also conducting exploration and evaluation activities on our Liberty molybdenum and copper project (Liberty Project) in Nye County, Nevada. On April 8, 2014, we announced the initiation of a National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administration (NI 43-101) compliant Preliminary Economic Assessment (PEA) on a starter pit project at the Liberty Project. On July 7, 2014, the Company announced the elevation of the PEA to a Pre-Feasibility Study (PFS) prepared in accordance with NI 43-101. On July 24, 2014, the Company announced the completion of the updated PFS. This PFS estimates production, capital, operating cost, and economic analysis for this more capital efficient project when compared to earlier studies. A technical report prepared in compliance with NI 43-101 was filed on July 30, 2014.

Mt. Hope Project Ownership

From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project, into Eureka Moly, LLC (the LLC), and in February 2008 entered into an agreement (LLC Agreement) for the development and operation of the Mt. Hope Project with POS-Minerals Corporation (POS-Minerals). Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada Moly, LLC (Nevada Moly), a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required capital contributions under the LLC Agreement can change as discussed below.

Pursuant to the terms of the LLC Agreement, POS-Minerals made its first and second capital contributions to the LLC totaling $100.0 million during the year ended December 31, 2008 (Initial Contributions). Additional amounts of $100.7 million were received from POS-Minerals in December 2012, following receipt of major operating permits for the Mt. Hope Project, including the Record of Decision (ROD) from the U.S. Bureau of Land Management (BLM).

In addition, as commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals $36.0 million of its capital contributions, with no corresponding reduction in POS-Minerals ownership percentage. This return of contributions payment is contingent upon the commencement of commercial production, as defined in the LLC Agreement, and will be due 20 days thereafter. Based on our current plan, subject to availability of full financing for construction of the Mt. Hope Project, we anticipate commercial production will be achieved following a 20 24 month construction period. Nevada Moly is obligated under the terms of the LLC Agreement to make capital contributions to the LLC to fund the return of contributions to POS-Minerals upon achievement of commercial production (i.e. when the contingency is resolved). If Nevada Moly does not fund its additional capital contribution in order for the LLC to return to POS-Minerals $36.0 million of its total capital contributions, POS-Minerals has an election to either make a secured loan to the LLC to fund the return of contributions, or receive an additional interest in the LLC of approximately 5%. In the latter case, Nevada Moly s interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid return of contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC (Dilution Formula). At June 30, 2014, the aggregate amount of deemed capital contributions of both parties was $1,070.0 million.

Furthermore, the LLC Agreement permits POS-Minerals to put its interest in the LLC to Nevada Moly after a change of control of Nevada Moly or the Company, as defined in the LLC Agreement, followed by a failure to use standard mining industry practice in connection with the development and operation of the Mt. Hope Project as contemplated by the parties for a period of twelve consecutive months. If POS-Minerals puts its interest, Nevada Moly or its transferee or surviving entity would be required to

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purchase the interest for 120% of POS-Minerals total contributions to the LLC, which, if not paid timely, would be subject to 10% interest per annum.

Beginning in November 2012, the Company and POS-Minerals began making monthly pro rata capital contributions to the LLC to fund costs incurred as required by the LLC Agreement. The interest of a party in the LLC that does not make its monthly pro rata capital contributions to fund costs incurred is subject to dilution based on the Dilution Formula. The Company and POS-Minerals consented, effective July 1, 2013, to Nevada Moly accepting financial responsibility for POS-Minerals 20% interest in costs related to Nevada Moly s compensation and reimbursement as Manager of the LLC, and certain owners costs associated with Nevada Moly s ongoing progress to complete project financing for its 80% interest, resulting in $2.8 million paid by Nevada Moly on behalf of POS-Minerals during the term of the consensual agreement, which ended on June 30, 2014. Effective July 1, 2014, POS-Minerals is once again obligated to contribute its 20% interest in all costs incurred by the LLC. Subject to the terms above, all required monthly contributions have been made by both parties.

Termination of Agreements with Hanlong (USA) Mining Investment Inc.

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. (Hanlong), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a $745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements included a Securities Purchase Agreement (the Purchase Agreement) that provided for the sale to Hanlong of shares of our common stock in two tranches that would have aggregated 25% of our outstanding stock on a fully diluted basis, conditioned on Hanlong procuring a project financing Term Loan from a Chinese bank; a Stockholder Agreement that provided Hanlong representation on our Board of Directors (Board), governed how Hanlong would vote its shares of the Company, and limited Hanlong s ability to purchase or dispose of our securities; and a Bridge Loan whereby Hanlong provided $10 million to the Company to preserve liquidity until availability of the Term Loan. Pursuant to the Purchase Agreement, in December, 2010, we issued 11.8 million shares of common stock for the first tranche to Hanlong, for a purchase price of $40 million. After the share purchase, Hanlong became entitled to nominate one director to serve on our Board, and Nelson Chen was designated by Hanlong to serve in that capacity. We granted Hanlong registration rights with respect to those shares. The Company filed a Registration Statement on Form S-3 in December 2013, which, among other transactions included registration of the Hanlong shares, thereby allowing Hanlong to sell their shares to a third party. The registration statement was declared effective on January 29, 2014.

In October 2012, we entered into an agreement with Hanlong for a Subordinated Debt Facility (Sub Debt Facility) of up to $125.0 million. Simultaneously with the execution of the Sub Debt Facility, the Company issued a warrant to Hanlong with a 2.5-year maturity to purchase ten million shares of the Company s common stock. In May 2013, the Company and Hanlong mutually agreed to terminate the Sub Debt Facility and warrant to provide the Company with greater flexibility in securing an additional strategic partner. As the warrant was fully vested and exercisable at the time of termination, this resulted in an $11.5 million non-cash charge to the income statement for the remaining unamortized value associated with the issuance of the warrant.

As a result of Hanlong s failure to timely procure the Term Loan as required by the Purchase Agreement, in August 2013, the Company terminated certain agreements it had in place with Hanlong. In addition, as a result of the failure to procure the Term Loan, Hanlong was obligated to pay the Company a break fee of $10.0 million. The Company and Hanlong agreed to offset the break fee against the repayment of the $10.0 million Bridge Loan. The outstanding balance of the Bridge Loan and related accrued interest were recorded on the income statement as constructive receipt of break fee for $10.0 million and forgiveness of debt of bridge loan interest for $0.8 million. Concurrently, the Company wrote off $6.4 million of debt issuance costs, as those costs were related to Hanlong s obligation to procure the Term Loan to construct the Mt. Hope Project, and that obligation was released upon termination of the Purchase Agreement.

In connection with the termination of the Hanlong agreements, most of the provisions of the Stockholder Agreement were also terminated. Under the continuing provisions of the Stockholder Agreement, Hanlong s right to designate one nominee to the Board continues until such time that Hanlong s ownership percentage falls below 10%. As of June 30, 2014, Hanlong owns approximately 13% of our outstanding common stock. In June, 2013, the Board recommended the election of Mr. Chen as a Class III member, in the Board s slate of nominees submitted to our stockholders, pursuant to the Stockholder Agreement. He was elected by a vote of the stockholders at the Company s 2013 Annual Meeting of Stockholders for a three-year term, expiring in June 2016.

NOTE 2 LIQUIDITY

Our consolidated cash balance at June 30, 2014, was $12.2 million compared to $21.7 million at December 31, 2013, with the decrease primarily attributed to Mt. Hope Project spend and general and administrative expenses.

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The cash needs for the development of the Mt. Hope Project are significant and require that we and/or the LLC arrange for financing to be combined with funds anticipated to be received from POS-Minerals in order to retain its 20% membership interest. If we are unsuccessful in obtaining financing, we will not be able to proceed with the development of the Mt. Hope Project.

The Company is working with its financial advisors to advance the full financing of the Mt. Hope Project, and continues to pursue other potential financing sources such as strategic partners, capital markets, including equity offerings, domestic and international credit markets, and bank project financing. There is no assurance that the Company will be successful in raising the financing required to complete the Mt. Hope Project, or in raising additional financing in the future on terms acceptable to the Company, or at all. Further, the Company does not have an estimated timeframe for finalizing any financing agreements.

In order to preserve our cash liquidity, effective September 7, 2013, we implemented a cost reduction and personnel retention program, which included reductions in base cash compensation for our executive officers, senior management employees and members of the Board. Cash compensation for our Chief Executive Officer was reduced by 25%, with other senior officers and employees receiving 10 20% salary reductions and non-employee directors receiving a 25% decrease in cash compensation for annual retainer and meeting fees. We also approved cash and equity incentives for the executive officers who remain with the Company through the earliest to occur of a financing plan for the Mt. Hope Project approved by the Board, a Change of Control (as defined in the employment or change of control agreements between the Company and each of our executive officers); involuntary termination (absent cause); or January 15, 2015 (the Vesting Date), and a personnel retention program providing cash and equity incentives for other employees who remain with the Company. Under this plan, we estimate that we will pay $1.8 million upon the earliest of occurrence of the aforementioned events. Also, in a further cost reduction effort, the Board was reduced to seven members effective December 31, 2013, with the retirement of three Board members.

We continue to work with our long-lead vendors to defer timing of contractual payments for mining and milling equipment in order to preserve current liquidity. The following table sets forth the LLC s cash commitments under these equipment contracts (collectively, Purchase Contracts) at June 30, 2014 (in millions):

Year		As of June 30, 2014 *
2014	$	0.7
2015		14.2
Total	$	14.9

* All amounts are commitments of the LLC, and are to be funded 80% by Nevada Moly and 20% by POS-Minerals.

If the LLC does not make the payments contractually required under these purchase contracts, it could be subject to claims for breach of contract or to cancellation of the respective purchase contract. In addition, the LLC may proceed to selectively suspend, cancel or attempt to renegotiate additional purchase contracts if necessary to further conserve cash. If the LLC cancels or breaches any contracts, the LLC will take all appropriate action to minimize any losses, but could be subject to liability under the contracts or applicable law. The cancellation of certain key contracts could cause a delay in the commencement of operations, and could add to the cost to develop the Company s interest in the Mt. Hope Project.

Through June 30, 2014, the LLC has made deposits and/or final payments of $74.1 million on equipment orders. Of these deposits, $64.3 million relate to fully fabricated items, primarily milling equipment, for which the LLC has additional contractual commitments of $14.9 million noted in the table above. The remaining $9.8 million reflects both partially fabricated milling equipment, and non-refundable deposits on mining equipment. As discussed in Note 11, the mining equipment agreements remain cancellable with no further liability to the LLC. The underlying value and recoverability of these deposits in our consolidated balance sheets are dependent on the LLC s ability to fund development activities that would lead to profitable production and positive cash flow from operations, or proceeds from the disposition of these assets. There can be no assurance that the LLC will be successful in generating future profitable operations, disposing of these assets or the Company securing additional funding in the future on terms acceptable to us or at all. Our audited consolidated financial statements do not include any adjustments relating to recoverability and classification of recorded assets or liabilities. Refer to Note 11 for more information related to these deposits and/or final payments on equipment orders.

The LLC established a $36.0 million reserve account in December of 2012, at the direction of the LLC management committee, which will remain until availability of the Company s portion of financing for the Mt. Hope Project is confirmed or until the management committee, consisting of equal representation from the Company and POS-Minerals, agrees to release the funds. These funds are payable to Nevada Moly upon release, at which time they become available for use by the Company.

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Based on our commitments as of June 30, 2014, we expect to make additional payments to Mount Hope Mines Inc. (MHMI , the lessor for the Mt. Hope Project) of $0.5 million and reclamation bonding costs of $0.5 million through the end of 2014. With our cash conservation plan, our non-equipment related cash requirements have declined to approximately $1.5 million per month. Accordingly, based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity through the end of 2014. However, additional financing will be required to meet commitments and operating costs in the first quarter of 2015.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements (interim statements) of the Company are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. All such adjustments are, in the opinion of management, of a normal recurring nature. The results reported in these interim statements are not necessarily indicative of the results that may be presented for the entire year. These interim statements should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission (SEC) on March 13, 2014.

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Accounting Method

Our financial statements are prepared using the accrual basis of accounting in accordance with GAAP. With the exception of the LLC, all of our subsidiaries are wholly owned. In February 2008, we entered into the LLC Agreement, which established our ownership interest in the LLC at 80%. The consolidated financial statements include all of our wholly owned subsidiaries and the LLC. The POS-Minerals contributions attributable to their 20% interest are shown as Contingently Redeemable Noncontrolling Interest on the Consolidated Balance Sheet. The net loss attributable to contingently redeemable noncontrolling interest is reflected separately on the Consolidated Statement of Operations.

Contingently Redeemable Noncontrolling Interest (CRNCI)

Under GAAP, certain noncontrolling interests in consolidated entities meet the definition of mandatorily redeemable financial instruments if the ability to redeem the interest is outside of the control of the consolidating entity. As described in Note 1 Description of Business , the LLC Agreement permits POS-Minerals the option to put its interest in the LLC to Nevada Moly upon a change of control, as defined in the LLC Agreement, followed by a failure to use standard mining industry practice in connection with development and operation of the Mt. Hope Project as contemplated by the parties for a period of 12 consecutive months. As such, the CRNCI has continued to be shown as a separate caption between liabilities and equity. The carrying value of the CRNCI includes $36.0 million that will be returned to POS-Minerals contingent upon the achievement of commercial production at the Mt. Hope Project as stipulated in the LLC Agreement. The expected return of capital to POS-Minerals is carried at redemption value as we believe redemption of this amount is probable. The remaining carrying value of the CRNCI has not been adjusted to its redemption value as the contingencies that may allow POS-Minerals to require redemption of its

noncontrolling interest are not probable of occurring. Under GAAP, until such time as that contingency has been eliminated and redemption is no longer contingent upon anything other than the passage of time, no adjustment to the CRNCI balance should be made. Future changes in the redemption value will be recognized immediately as they occur and the Company will adjust the carrying amount of the CRNCI to equal the redemption value at the end of each reporting period.

Estimates

The process of preparing consolidated financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents and Restricted Cash

We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company s cash equivalent instruments are classified within Level 1 of the fair value hierarchy established by FASB guidance for Fair Value Measurements because they are valued based on quoted market prices in active markets.

We consider all restricted cash to be long-term. In December 2012, the LLC established a reserve account at the direction of the LLC management committee in the amount of $36.0 million, which will remain until availability of the Company s portion of

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financing for the Mt. Hope Project is confirmed or until the LLC management committee agrees to release the funds. These funds are payable to Nevada Moly upon release, at which time they become available for use by the Company.

Exploration and Development Stage Activities

We were in the exploration stage from January 2002 until October 4, 2007. On October 4, 2007, our Board approved the development of the Mt. Hope Project as contemplated in the Bankable Feasibility Study and we then entered into the development stage. We have not realized any revenue from operations. We are currently engaged in development of the Mt. Hope Project and exploration and evaluation of the Liberty Project.

Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss attributable to General Moly by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Outstanding awards as of June 30, 2014 and 2013, respectively, were as follows:

	June 30, 2014	June 30, 2013
Warrants	1,000,000	1,000,000
Stock Options	426,666	768,333
Unvested Stock Awards	2,236,148	1,144,304
Stock Appreciation Rights	2,096,653	1,615,272

These awards were not included in the computation of diluted loss per share for the six months ended June 30, 2014 and 2013, respectively, because to do so would have been anti-dilutive. Therefore, basic loss per share is the same as diluted loss per share.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no economic ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to the consolidated statement of operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Mining Properties, Land and Water Rights

Costs of acquiring and developing mining properties, land and water rights are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mining properties, land and water rights are expensed as incurred while the property is in the exploration and evaluation stage. Development and related costs and costs to maintain mining properties, land and water rights are capitalized as incurred while the property is in the development stage. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production basis over proven and probable reserves. Mining properties, land and water rights are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, a gain or loss is recognized and included in the consolidated statement of operations.

The Company has capitalized royalty payments made to Mt. Hope Mines, Inc. (MHMI) (discussed in Note 11 below) during the Mt. Hope Project s development stage. The amounts will be applied to production royalties owed upon the commencement of production.

Depreciation and Amortization

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment are depreciated using the following estimated useful lives:

Field equipment	Four to ten years
Office furniture, fixtures, and equipment	Five to seven years
Vehicles	Three to five years

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Leasehold improvements	Three years or the term of the lease, whichever is shorter
Residential trailers	Ten to twenty years
Buildings and improvements	Ten to twenty seven and one-half years

At June 30, 2014 and 2013, accumulated depreciation and amortization was $2.2 and $1.9 million, respectively, of which $1.9 and $1.6 million, respectively, was capitalized.

Provision for Taxes

Income taxes are provided based upon the asset and liability method of accounting. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. In accordance with authoritative guidance under Accounting Standards Codification (ASC) 740, *Income Taxes*, a valuation allowance is recorded against the deferred tax asset if management does not believe the Company has met the more likely than not standard to allow recognition of such an asset.

Reclamation and Remediation

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Future obligations to retire an asset, including site closure, dismantling, remediation and ongoing treatment and monitoring, are recorded as a liability at fair value at the time of construction or development. The fair value determination is based on estimated future cash flows, the current credit-adjusted risk-free discount rate and an estimated inflation factor. The value of asset retirement obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount will be depreciated or amortized over the estimated life of the asset upon the commencement of commercial production. An accretion cost, representing the increase over time in the present value of the liability, will also be recorded each period as accretion expense upon the commencement of commercial production. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced.

Stock-based Compensation

Stock-based compensation represents the fair value related to stock-based awards granted to members of the Board, officers and employees. The Company uses the Black-Scholes model to determine the fair value of stock-based awards under authoritative guidance for *Stock-Based Compensation*. For stock based compensation that is earned upon the satisfaction of a service condition, the cost is recognized on a straight-line basis (net of estimated forfeitures) over the requisite vesting period (up to three years). Awards expire five years from the date of vesting.

Further information regarding stock-based compensation can be found in Note 8 Equity Incentives.

Recent Accounting Pronouncements

Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists

In July 2013, the FASB issued Accounting Standards Update (ASU) 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists. The update aims to clarify presentation and disclosure of unrecognized tax benefits to ensure consistency among organizations. The adoption of this guidance in the first quarter of 2014 did not have a material impact on the Company s financial condition, results of operation, or cash flows.

Development Stage Entities (Topic 915) - Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915) - Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. The update removes all incremental financial reporting requirements from U.S. GAAP for development stage entities, including the removal of Topic 915, Development Stage Entities, from the FASB Accounting Standards Codification. The Company anticipates adoption of this guidance in its financial statements for the year ended December 31, 2014 which will result in removal of all references to development stage entities, modified disclosure and financial statements.

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NOTE 4 MINING PROPERTIES, LAND AND WATER RIGHTS

We currently have interests in two mining properties that are the primary focus of our operations. The Mt. Hope Project is currently in the development stage and the Liberty Project is in the exploration and evaluation stage. We also have certain other, non-core, mining properties that are being evaluated for future development or sale. The following is a summary of mining properties, land and water rights at June 30, 2014 and December 31, 2013 (in thousands):

	At June 30, 2014	At December 31, 2013
Mt. Hope Project:		
Development costs	$ 161,811	$ 156,436
Mineral, land and water rights	11,728	11,728
Advance Royalties	28,800	28,300
Total Mt. Hope Project	202,339	196,464
Total Liberty Project	9,703	9,706
Other Properties	81	81
Total	$ 212,123	$ 206,251

Development costs and Deposits on project property, plant and equipment

Development costs of $161.8 million include hydrology and drilling costs, expenditures to further the permitting process, capitalized salaries, project engineering costs, and other expenditures required to fully develop the Mt. Hope Project. Deposits on project property, plant and equipment of $74.1 million represent ongoing progress payments on equipment orders for the custom-built grinding and milling equipment, related electric mill drives, and other processing equipment that require the longest lead times.

Restricted Cash held for Electricity Transmission

The LLC has paid $12.0 million into an escrow arrangement for electricity transmission services. The amount represents security for a third party transmission contract that will provide power to the Mt. Hope Project, and is accounted for as restricted cash. In the event that electricity transmission is not delivered to the Mt. Hope Project commencing on December 1, 2014, the LLC will work with the provider to resell the available transmission capacity or renegotiate an extension of the existing agreement. To the extent that the transmission capacity cannot be resold or the agreement extended, the LLC will forfeit the $12.0 million over a five-year period according to a contractual monthly drawdown schedule.

NOTE 5 ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations arise from the acquisition, development, construction and normal operation of mining property, plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The exact nature

of environmental issues and costs, if any, which the Company or the LLC may encounter in the future are subject to change, primarily because of the changing character of environmental requirements that may be enacted by governmental authorities.

The following table shows asset retirement obligations for future mine closure and reclamation costs in connection with the Mt. Hope Project and within the boundaries of the Plan of Operations (PoO):

		At June 30, 2014 (in thousands)
At December 31, 2013	$	1,112
Additions		
Adjustments *		(266)
At June 30, 2014	$	846

* Includes annual changes to the escalation rate, the market-risk premium rate, or reclamation time periods

The estimated future reclamation costs for the Mt. Hope Project have been discounted using a rate of 8%. The total inflated and undiscounted estimated reclamation costs associated with current disturbance under the PoO at the Mt. Hope Project were $7.9 million at June 30, 2014.

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The LLC is required by U.S. federal and state laws to provide financial assurance sufficient to allow a third party to implement approved closure and reclamation plans if the LLC is unable to do so. The laws govern the determination of the scope and cost of the closure, and the amount and forms of financial assurance. As of June 30, 2014, the LLC has provided the appropriate regulatory authorities with $73.4 million in reclamation financial guarantees through the posting of surety bonds for reclamation of the Mt. Hope Project as approved in the ROD. As of June 30, 2014, we had $5.6 million in cash deposits associated with these bonds, which are specific to the PoO disturbance and accounted for as restricted cash and are unrelated to the inflated and undiscounted liability referenced above.

An additional $0.7 million in cash bonding has been posted by the Company for other disturbance outside the PoO at Mt. Hope, and at the Liberty Project.

The LLC has a smaller liability at the Mt. Hope Project for disturbance associated with exploration drilling which occurred outside the PoO boundaries. The LLC has not discounted this reclamation liability as the total amount is approximately $0.1 million.

The Company s Liberty Project is currently in the exploration stage. The Company has not discounted the reclamation liability incurred at the Liberty Project as the total is approximately $0.1 million.

	Mt. Hope Project outside PoO boundary	Liberty
	(in thousands)	
At December 31, 2013	$ 81	$ 125
Additions		
Adjustments *		(7)
At June 30, 2014	$ 81	$ 118

* Includes reduced / reclaimed disturbance, BLM rate changes, and transfer into the approved PoO

NOTE 6 COMMON STOCK UNITS, COMMON STOCK AND COMMON STOCK WARRANTS

During the three and six months ended June 30, 2014, respectively, we issued 6,631 and 115,278 shares of common stock pursuant to stock awards under the 2006 Equity Incentive Plan. All warrants outstanding at June 30, 2014 are exercisable at $5.00 per share once the Company has received financing necessary for the commencement of commercial production at Mt. Hope and will expire one year thereafter.

Pursuant to our Certificate of Incorporation, we are authorized to issue 200,000,000 shares of $0.001 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

NOTE 7 PREFERRED STOCK

Pursuant to our Certificate of Incorporation we are authorized to issue 10,000,000 shares of $0.001 per share par value preferred stock. The authorized but unissued shares of preferred stock may be issued in designated series from time to time by one or more resolutions adopted by the Board. The Board has the authority to determine the preferences, limitations and relative rights of each series of preferred stock. At June 30, 2014, no shares of preferred stock were issued or outstanding.

NOTE 8 EQUITY INCENTIVES

In 2006, the Board and shareholders of the Company approved the 2006 Equity Incentive Plan (2006 Plan) that replaced the 2003 Equity Incentive Plan (2003 Plan). In May 2010, our shareholders approved an amendment to the 2006 Plan increasing the number of shares that may be issued under the plan by 4,500,000 shares to 9,600,000 shares. The 2006 Plan authorizes the Board, or a committee of the Board, to issue or transfer up to an aggregate of 9,600,000 shares of common stock, of which 1,446,451 remain available for issuance as of June 30, 2014. Awards under the 2006 Plan may include incentive stock options, non-statutory stock options, restricted stock units, restricted stock awards, and stock appreciation rights (SARs). At the option of the Board, SARs may be settled with cash, shares, or a combination of cash and shares. The Company settles the exercise of other stock-based compensation with newly issued common shares.

Stock-based compensation cost is estimated at the grant date based on the award s fair value as calculated by the Black-Scholes option pricing model and is recognized as compensation ratably on a straight-line basis over the requisite vesting/service

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period. As of June 30, 2014, there was $3.2 million of total unrecognized compensation cost related to share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.5 years.

Stock Options and Stock Appreciation Rights

All stock options and stock appreciation rights (SARs) are approved prior to or on the date of grant. Stock options and SARs are granted at an exercise price equal to or greater than the Company s closing stock price on the date of grant. Both award types vest over a period of zero to three years with a contractual term of five years after vesting. The Company estimates the fair value of stock options and SARs using the Black-Scholes valuation model. Key inputs and assumptions used to estimate the fair value of stock options and SARs include the grant price of the award, expected option term, volatility of the Company s stock, the risk-free rate and the Company s dividend yield. The following table presents the weighted-average assumptions used in the valuation and the resulting weighted-average fair value per option or SAR granted:

For the Six Months Ended June 30:	**2014**
Expected Life *	3.5 to 6.0 years
Interest Rate+	0.36% to 1.37%
Volatility **+	62.04% to 87.82%
Dividend Yields	
Weighted Average Fair Value of Stock Appreciation Rights Granted During the Year	$

* The expected life is the number of years that the Company estimates, based upon history, that options or SARs will be outstanding prior to exercise or forfeiture.

** The Company s estimates of expected volatility are principally based on the historic volatility of the Company s common stock over the most recent period commensurate with the estimated expected life of the Company s stock options and other relevant factors.

\+ The interest rate and volatility used by the Company in calculating stock compensation expense represent the values in effect at the date of grant for all awards.

At June 30, 2014, the aggregate intrinsic value of outstanding and exercisable (fully vested) options and SARs was $0.1 million and had a weighted-average remaining contractual term of 1.9 years. No options or SARs were exercised during the six months ended June 30, 2014.

Restricted Stock Units and Stock Awards

Grants of restricted stock units and stock awards (Stock Awards) have been made to Board members, officers, and employees. Stock Awards have been granted as performance based, earned over a required service period, or to Board members and the Company Secretary without any service requirement. Time based grants for officers and employees generally vest and stock is received without restriction to the extent of one-third of the granted stock for each year following the date of grant. Performance based grants are recognized as compensation based on the probable outcome of achieving the performance condition. Stock Awards issued to members of the Board of Directors and the Company Secretary that are fully vested at the time of issue are recognized as compensation upon grant of the award.

The compensation expense recognized by the Company for Stock Awards is based on the closing market price of the Company s common stock on the date of grant. For the six months ended June 30, 2014, the weighted-average grant date fair value for Stock Awards was $1.42. The total fair value of stock awards vested during 2014 is $0.2 million.

Summary of Equity Incentive Awards

The following table summarizes activity under the Plans during the six months ended June 30, 2014:

	Stock Options		SARs		Stock Awards	
	Weighted Average Exercise Price	Number of Shares Under Option	Weighted Average Strike Price	Number of Shares Under Option	Weighted Average Grant Price	Number of Shares
Balance at January 1, 2014	$ 7.44	544,999	$ 2.79	2,096,653	$ 2.70	2,280,890
Awards Granted					1.42	95,000
Awards Exercised or Earned					1.75	(117,940)
Awards Forfeited					2.39	(21,802)
Awards Expired	6.54	(118,333)				
Balance at June 30, 2014	$ 7.69	426,666	2.79	2,096,653	2.69	2,236,148
Exercisable at June 30, 2014	$ 8.39	276,666	2.06	571,745		

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A summary of the status of the non-vested awards as of June 30, 2014 and changes during the six months then ended is presented below:

	Stock Options		SARs		Stock Awards	
	Weighted Average Fair Value	Number of Shares Under Option	Weighted Average Fair Value	Number of Shares Under Option	Weighted Average Fair Value	Number of Shares
Balance at January 1, 2014	$ 6.40	150,000	$ 3.06	1,524,908	$ 2.70	2,280,890
Awards Granted					1.42	95,000
Awards Vested or Earned					1.75	(117,940)
Awards Forfeited					2.39	(21,802)
Balance at June 30, 2014	$ 6.40	150,000	3.06	1,524,908	2.69	2,236,148

Compensation Cost Recognized and Capitalized Related to Equity Incentives

Summary of Compensation Cost Recognized and Capitalized related to Equity Incentives for the Period ended (in thousands):	June 30, 2014	December 31, 2013
Stock Options	$	$
SARs:		
Performance based	299	417
Vesting over time	48	146
Stock Awards:		
Performance based	748	810
Vesting over time	256	933
Board of Directors and Secretary	135	601
Total	$ 1,486	$ 2,907
Included in:		
Capitalized as Development	463	1,078
Expensed	1,023	1,829
	$ 1,486	$ 2,907

Taxes

A portion of the Company s granted options are intended to qualify as incentive stock options (ISO) for income tax purposes. As such, a tax benefit is not recorded at the time the compensation cost related to the options is recorded for book purposes due to the fact that an ISO does not ordinarily result in a tax benefit unless there is a disqualifying disposition. Stock option grants of non-qualified options result in the creation of a deferred tax asset, which is a temporary difference, until the time that the option is exercised. Any excess tax benefits from non-qualified stock option exercises are not recorded until the tax deduction reduces income tax payable.

NOTE 9 CHANGES IN CONTINGENTLY REDEEMABLE NONCONTROLLING INTEREST AND EQUITY

Changes in CRNCI (Dollars in thousands)	Activity for Six Months Ended June 30, 2014	Activity for Six Months Ended June 30, 2013
Total CRNCI January 1, 2014, & 2013, respectively	$ 209,007	$ 201,880
Plus: Capital Contributions Attributable to CRNCI	144	6,655
Total CRNCI June 30, 2014, and 2013, respectively	$ 209,151	$ 208,535

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Changes in Equity	Activity for Six Months Ended June 30, 2014	Activity for Six Months Ended June 30, 2013
Common stock:		
At beginning of period	92	91
Stock Awards		1
At end of period	92	92
Additional paid-in capital:		
At beginning of period	273,857	270,902
Exercised options		48
Restricted stock net share settlement	(4)	
Stock based compensation	1,486	1,573
At end of period	275,339	272,523
Accumulated deficit:		
At beginning of period	(139,157)	(122,853)
Consolidated net loss	(5,186)	(17,300)
At end of period	(144,343)	(140,153)
Total Equity June 30, 2014, and 2013, respectively	$ 131,088	$ 132,462

NOTE 10 INCOME TAXES

At June 30, 2014 and December 31, 2013 we had deferred tax assets principally arising from the net operating loss carry-forwards for income tax purposes multiplied by an expected rate of 35%. As management of the Company cannot determine that it is more likely than not that we will realize the benefit of the deferred tax assets, a valuation allowance equal to the net deferred tax asset has been established at June 30, 2014 and December 31, 2013. The significant components of the deferred tax asset at June 30, 2014 and December 31, 2013 were as follows (in thousands):

	June 30, 2014	December 31, 2013
Operating loss carry forward	$ 204,916	$ 195,733
Unamortized exploration expense	7,817	8,388
Fixed asset depreciation	(65)	(46)
Deductible stock based compensation	3,292	3,264
Other	210	220
Deductible temporary difference	$ 216,170	$ 207,559
Taxable temporary difference Investment in EMLLC	$ (114,880)	$ (109,699)
Net deductible temporary difference	$ 101,290	$ 97,860
Deferred tax asset	$ 35,452	$ 34,251
Deferred tax asset valuation allowance	$ (35,452)	$ (34,251)
Net deferred tax asset	$	$

At June 30, 2014 and December 31, 2013 we had net operating loss carry-forwards of approximately $204.9 million and $195.7 million, respectively, which expire in the years 2017 through 2034. The change in the allowance account from December 31, 2013 to June 30, 2014 was $1.2 million.

As of June 30, 2014 and December 31, 2013, the Company had no unrecognized tax benefits. There was no change in the amount of unrecognized tax benefits as a result of tax positions taken during the year or in prior periods or due to settlements with taxing authorities or lapses of applicable statues of limitations. The Company is open to federal and state tax audits until the applicable statutes of limitations expire.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Mt. Hope Project

The Mt. Hope Lease Agreement (Lease Agreement) with MHMI may be terminated upon the expiration of its 30-year term, earlier at the election of the LLC, or upon a material breach of the Lease Agreement and failure to cure such breach. If the LLC terminates the Lease Agreement, termination is effective 30 days after receipt by MHMI of written notice to terminate the Lease Agreement and no further payments would be due to MHMI. In order to maintain the Lease Agreement, the LLC must pay certain minimum advance royalties as discussed below.

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The Lease Agreement requires a payment of 3% of certain construction capital costs, defined in the Lease Agreement as the Capital Construction Cost Estimate (the Estimate). The Estimate payment is treated as an Advance Royalty payment under the Lease Agreement. The LLC is obligated to pay a portion of the Estimate each time capital is raised for the Mt. Hope Project based on 3% of the expected capital to be used for those certain construction capital costs defined in the lease. Through June 30, 2014, we have paid $23.1 million of the total Estimate and accrued an additional $5.7 million. A final reconciliation payment on the Estimate will be due following the commencement of commercial production, after as-built costs are definitively determined. Based on the revised capital estimate discussed in Item 2 - Management s Discussion & Analysis and the current proposed timeline for the commencement of commercial production, the LLC estimates that an additional $4.2 million will be due in 2017, which amount has been accrued as of June 30, 2014. The capital estimates may be subject to escalation in the event the Company experiences delays in achieving full financing for the Mt. Hope Project.

The LLC is also obligated to make a minimum annual advance royalty payment (Annual Advance Royalty) of $0.5 million each October 19 for any year wherein commercial production has not been achieved or the MHMI Production Royalty (as hereinafter defined) is less than $0.5 million. As commercial production is not anticipated to commence until late 2016, the LLC has accrued $1.5 million in Annual Advance Royalty payments which will be due in three $0.5 million installments in October 2014, 2015 and 2016, respectively. The Estimate and the Annual Advance Royalty are collectively referred to as the Advance Royalties. All Advance Royalties are credited against the MHMI Production Royalties once the mine has achieved commercial production. After the mine begins production, the LLC estimates that the MHMI Production Royalties will be in excess of the Annual Advance Royalties for the life of the Mt. Hope Project and, further, the Estimate will be credited against MHMI Production Royalties owed at the rate of 50% of MHMI Production Royalties on an annual basis until fully consumed. Assuming a $15 molybdenum price, the Annual Advance Royalties will be consumed within the first three years of commercial production.

Deposits on project property, plant and equipment

At June 30, 2014, the LLC has active orders with varying stages of fabrication on milling process equipment comprised of two 230kV primary transformers and substation, a primary crusher, a semi-autogenous mill, two ball mills, and various motors for the mills. In late 2012 and early 2013, the LLC made additional commitments for wellfield materials and equipment, and placed purchase orders for long-lead milling process equipment including the commitments for the engineering portion of flotation cells and roaster equipment.

The following table sets forth the LLC s cash commitments under mining and milling equipment contracts (collectively, Purchase Contracts) at June 30, 2014 (in millions):

Year		As of June 30, 2014 *
2014	$	0.7
2015		14.2
Total	$	14.9

* All amounts are commitments of the LLC, and are to be funded 80% by Nevada Moly and 20% by POS-Minerals.

Equipment and Supply Procurement

Through June 30, 2014, the LLC has made deposits and/or final payments of $74.1 million on equipment orders, has spent approximately $182.6 million for the development of the Mt. Hope Project and has paid $12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of $268.7 million.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of $1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2013, the LLC renegotiated the timelines for truck delivery, accepting a 3% price increase and delaying deliveries into late 2014. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of $0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In June of 2013, the LLC signed a change order which delayed delivery into the second half of 2014 and triggered a $0.2 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC s contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less

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a special discount in the amount of $3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

Obligations under capital and operating leases

We have contractual operating leases that will require a total of $0.2 million in payments over the next three years. Operating leases consist primarily of rents on office facilities and office equipment. Our expected payments are $0.1 million, $0.1 million, and nil for the years ended December 31, 2014, 2015, and 2016, respectively.

Creation of Agricultural Sustainability Trust

On August 19, 2010, the LLC entered into an agreement with the Eureka Producers Cooperative (the EPC) whereby the LLC will fund a $4.0 million Sustainability Trust (the Trust) in exchange for the cooperation of the EPC with respect to the LLC s water rights and permitting of the Mt. Hope Project. The Trust will be tasked with developing and implementing programs that will serve to enhance the sustainability and well-being of the agricultural economy in the Diamond Valley Hydrographic Basin through reduced water consumption.

The Trust may be funded by the LLC over several years based on the achievement of certain milestones, which are considered probable, and as such $4.0 million has been accrued in the Company s June 30, 2014, financial statements and is included in mining properties, land, and water rights.

Permitting Considerations

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. The LLC was required to obtain approval from the BLM to implement the Mt. Hope Project PoO. This approval, in the form of a ROD was obtained only after successful completion of the process of environmental evaluation, which incorporates substantial public comment. The LLC was also required to obtain various state and federal permits including, but not limited to, water protection, air quality, water rights and reclamation permits. In addition to requiring permits for the development of the Mt. Hope Project, we will need to obtain and modify various mining and environmental permits during the life of the Mt. Hope Project. Maintaining, modifying, and renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and substantial expenditures. The duration and success of the LLC s efforts to obtain, modify or renew permits will be contingent upon many variables, some of which are not within the LLC s control. Increased costs or delays could occur, depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. All necessary permits may not be obtained and, if obtained, may not be renewed, or the costs involved in each case may exceed those that we previously estimated. In addition, it is possible that compliance with such permits may result in additional costs and delays.

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. The ROD approves the PoO for construction and operation of the mining and processing facilities and also grants the Rights-of-Way for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD developed in collaboration with the regulatory agencies involved throughout the permitting process will avoid, minimize, and mitigate environmental impacts, and reflect the Company s commitment to operate the Mt. Hope Project to the highest environmental standards.

On February 15, 2013, Great Basin Resource Watch and the Western Shoshone Defense Project (Plaintiffs) filed a Complaint against the U.S. Department of the Interior and the BLM in the U.S. District Court, District of Nevada, seeking relief under the National Environmental Policy Act (NEPA) and other federal laws challenging the BLM s issuance of the ROD for the Mt. Hope Project, and on February 20, 2013 filed a Motion for Preliminary Injunction. The Court allowed the LLC to intervene on the matter.

On August 22, 2013, the Court denied, without prejudice, the Motion for Preliminary Injunction based on the parties Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the Court that as a result of current economic conditions, including the Company s ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project.

On July 23, 2014, the Court denied Plaintiffs motion for summary judgment in its entirety. Previously, the parties and the Court had agreed to address Plaintiffs claims under the Complaint based on the administrative record and the parties motion for summary judgment briefing on the merits. On August 1, 2014, following the denial of summary judgment, the Court entered judgment in favor of the Defendants and the LLC, and against Plaintiffs regarding all claims raised in the Complaint. The Plaintiffs will have sixty (60) days from the entry of Judgment or September 30, 2014 to file a notice to appeal the District Court s decision to the Ninth Circuit Court of Appeals.

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On June 17, 2014, the LLC submitted an amendment to the approved PoO to accommodate minor increases in the disturbance footprint and various design changes. The BLM is expected to require completion of an Environmental Assessment (EA) to approve the amendment in compliance with NEPA. During the amendment review and preparation of the EA, the approved PoO remains in effect and the LLC is authorized to continue construction under that existing approval. The changes proposed in the amendment are similar to approved activities, and we do not anticipate any additional baseline studies or mitigation will be required. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

Water Rights Considerations

The Nevada State Engineer (State Engineer) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed an appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer s approval of the Monitoring, Management and Mitigation Plan (3M Plan) for the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in late 2014.

Two individual water rights holders appealed the State Engineer s approval of the 3M Plan to the Nevada State District Court (District Court). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District s Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal of the water permits. We remain confident the Nevada Supreme Court will uphold the District Court s Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court s ruling, the Company s water permits have been granted and the water remains available, as described above, for use at the Mt. Hope Project.

Environmental Considerations

Our mineral property holdings in Shoshone County, Idaho include lands contained in mining districts that have been designated as Superfund sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act. This Superfund Site was established to investigate and remediate primarily the Bunker Hill properties of Smelterville, Idaho, a small portion of Shoshone County where a large smelter was located. However, because of the extent of environmental impact caused by the historical mining in the mining district, the Superfund Site covers the majority of Shoshone County including our Chicago-London and Little Pine Creek properties as well as many small towns located in Northern Idaho. We have conducted a property environmental investigation of these properties, which revealed no evidence of material adverse environmental effects at either property. We are unaware of any pending action or proceeding relating to any regulatory matters that would affect our financial position due to these inactive mining claims in Shoshone County.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References made in this Quarterly Report on Form 10-Q to we, our, us, or the Company, refer to General Moly, Inc.

The following discussion and analysis of our financial condition and results of operations constitutes management s review of the factors that affected our financial and operating performance for three and six months ended June 30, 2014, and 2013. This discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2013, which was filed on March 13, 2014.

We routinely post important information about us on our Company website. Our website address is www.generalmoly.com.

Overview

We are a development stage company and began the development of the Mt. Hope Project on October 4, 2007. We are also conducting exploration and evaluation activities on our Liberty molybdenum and copper project (Liberty Project) in Nye County, Nevada. On April 8, 2014, we announced the initiation of a National Instrument 43-101 Standards of Disclosure for Mineral Projects

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of the Canadian Securities Administration (NI 43-101) compliant Preliminary Economic Assessment (PEA) on a starter pit project at the Liberty Project. The NI 43-101 is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. On July 7, 2014, the Company announced the elevation of the PEA to a Pre-Feasibility Study (PFS) prepared in accordance with NI 43-101. On July 24, 2014, the Company announced the completion of the updated PFS. This PFS estimates production, capital, operating cost, and economic analysis for this more capital efficient project when compared to earlier studies. A technical report prepared in compliance with NI 43-101 was filed on July 30, 2014.

Mt. Hope Project

In August, 2007, we completed a Bankable Feasibility Study (Bankable Feasibility Study or BFS) that provided data on the viability, expected economics, and production and cost estimates of the project. Since publication of the BFS, we have revised several estimates, based primarily on engineering progress, which is approximately 65% complete at June 30, 2014. Our current estimates for the Mt. Hope Project capital cost requirements are referred to as the Project Capital Estimate and our current estimates for the Mt. Hope Project operating costs are referred to as the Project Operating Cost Estimate . On January 16, 2014, we filed a technical report (the January 2014 Technical Report) prepared in accordance with NI 43-101 for the Mt. Hope Project. The completed report estimates molybdenum reserves and resources, production, capital and operating cost parameters, along with project economics.

Project Ownership

From October 2005 to January 2008, we owned the rights to 100% of the Mt. Hope Project. Effective as of January 1, 2008, we contributed all of our interest in the assets related to the Mt. Hope Project, including our lease of the Mt. Hope Project, into Eureka Moly, LLC (the LLC), and in February 2008 entered into an agreement (LLC Agreement) for the development and operation of the Mt. Hope Project with POS-Minerals Corporation (POS-Minerals). Under the LLC Agreement, POS-Minerals owns a 20% interest in the LLC and General Moly, through Nevada Moly, LLC (Nevada Moly), a wholly-owned subsidiary, owns an 80% interest. The ownership interests and/or required capital contributions under the LLC Agreement can change as discussed below.

Pursuant to the terms of the LLC Agreement, POS-Minerals made its first and second capital contributions to the LLC totaling $100.0 million during the year ended December 31, 2008 (Initial Contributions). Additional amounts of $100.7 million were received from POS-Minerals in December 2012, following receipt of major operating permits for the Mt. Hope Project, including the Record of Decision (ROD) from the U.S. Bureau of Land Management (BLM).

In addition, as commercial production at the Mt. Hope Project was not achieved by December 31, 2011, the LLC will be required to return to POS-Minerals $36.0 million of its capital contributions, with no corresponding reduction in POS-Minerals ownership percentage. This return of contributions payment is contingent upon the commencement of commercial production, as defined in the LLC Agreement, and will be due 20 days thereafter. Based on our current plan, subject to availability of full financing for construction of the Mt. Hope Project, we anticipate commercial production will be achieved following a 20 24 month construction period. Nevada Moly is obligated under the terms of the LLC Agreement to make capital contributions to the LLC to fund the return of contributions to POS-Minerals upon achievement of commercial production (i.e. when the contingency is resolved). If Nevada Moly does not fund its additional capital contribution in order for the LLC to return to POS-Minerals $36.0 million of its total capital contributions, POS-Minerals has an election to either make a secured loan to the LLC to fund the return of contributions, or receive an additional interest in the LLC of approximately 5%. In the latter case, Nevada Moly s interest in the LLC is subject to dilution by a percentage equal to the ratio of 1.5 times the amount of the unpaid return of contributions over the aggregate amount of deemed capital contributions (as determined under the LLC Agreement) of both parties to the LLC (Dilution Formula). At June 30,

2014, the aggregate amount of deemed capital contributions of both parties was $1,070.0 million.

Furthermore, the LLC Agreement permits POS-Minerals to put its interest in the LLC to Nevada Moly after a change of control of Nevada Moly or the Company, as defined in the LLC Agreement, followed by a failure to use standard mining industry practice in connection with the development and operation of the Mt. Hope Project as contemplated by the parties for a period of twelve consecutive months. If POS-Minerals puts its interest, Nevada Moly or its transferee or surviving entity would be required to purchase the interest for 120% of POS-Minerals total contributions to the LLC, which, if not paid timely, would be subject to 10% interest per annum.

Beginning in November 2012, the Company and POS-Minerals began making monthly pro rata capital contributions to the LLC to fund costs incurred as required by the LLC Agreement. The interest of a party in the LLC that does not make its monthly pro rata capital contributions to fund costs incurred is subject to dilution based on the Dilution Formula. The Company and POS-Minerals consented, effective July 1, 2013, to Nevada Moly accepting financial responsibility for POS-Minerals 20% interest in costs related to Nevada Moly s compensation and reimbursement as Manager of the LLC, and certain owners costs associated with Nevada Moly s ongoing progress to complete project financing for its 80% interest, resulting in $2.8 million paid by Nevada Moly on behalf of POS-

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Minerals during the term of the consensual agreement, which ended on June 30, 2014. Effective July 1, 2014, POS-Minerals is once again obligated to contribute its 20% interest in all costs incurred by the LLC. Subject to the terms above, all required monthly contributions have been made by both parties.

Permitting Completion and Project Status

On November 16, 2012, the BLM issued its ROD authorizing development of the Mt. Hope Project. The ROD approves the Plan of Operations (PoO) for construction and operation of the mining and processing facilities and also grants the Rights-of-Way for a 230kV power transmission line, discussed below. Monitoring and mitigation measures identified in the ROD, developed in collaboration with the regulatory agencies involved throughout the permitting process, will avoid, minimize, and mitigate environmental impacts, and reflect the Company s commitment to operate the Mt. Hope Project to the highest environmental standards.

On February 15, 2013, Great Basin Resource Watch and the Western Shoshone Defense Project (Plaintiffs) filed a Complaint against the U.S. Department of the Interior and the BLM in the U.S. District Court, District of Nevada, seeking relief under the National Environmental Policy Act (NEPA) and other federal laws challenging the BLM s issuance of the ROD for the Mt. Hope Project, and on February 20, 2013 filed a Motion for Preliminary Injunction. The Court allowed the LLC to intervene in the matter.

On August 22, 2013, the Court denied, without prejudice, the Motion for Preliminary Injunction based on the parties Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the Court that as a result of current economic conditions, including the Company s ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project.

On July 23, 2014, the Court denied Plaintiffs motion for summary judgment in its entirety. Previously, the parties and the Court had agreed to address Plaintiffs claims under the Complaint based on the administrative record and the parties motion for summary judgment briefing on the merits. On August 1, 2014, following the denial of summary judgment, the Court entered judgment in favor of the Defendants and the LLC, and against Plaintiffs regarding all claims raised in the Complaint. The Plaintiffs will have sixty (60) days from the entry of Judgment or September 30, 2014 to file a notice to appeal the District Court s decision to the Ninth Circuit Court of Appeals.

The State of Nevada Division of Environmental Protection (NDEP) issued a Reclamation Permit for the Mt. Hope Project on November 19, 2012, which authorizes surface disturbance and construction of facilities. The Reclamation Permit also approves the Phase 1 reclamation cost estimate of approximately $73.4 million to begin construction and established bonding requirements based on this estimate. On December 18, 2012, BLM accepted the LLC s reclamation surety bonding in satisfaction of financial guarantee requirements under the ROD for the Mt. Hope Project. The surety bond program has been funded with an initial cash payment of $5.6 million specific to the PoO disturbance (and not including an additional $0.7 million in cash bonding posted by the Company for other disturbance outside the PoO at Mt. Hope, and at the Liberty Project) and requires additional cash funding of $11.6 million through the construction process for a total of $17.2 million, which is in alignment with the net cash bonding cost included in the Project Capital Estimate. This total, comprised of the $17.2 million in cash and the remainder in surety bonding, covers the initial surface disturbance and facilities anticipated to be in place in the first three years following construction of the Mt. Hope Project, which are subject to ongoing evaluation thereafter. With the surety program in place and the initial contribution funded, the BLM has authorized that surface disturbance in conformity with the ROD may proceed.

On May 29, 2012, NDEP issued a Class II Air Quality Operating Permit for the Mt. Hope Project. This permit establishes operating restrictions and monitoring requirements associated with specific air emission points.

On November 26, 2012, NDEP issued a Water Pollution Control Permit (WPC) for the Mt. Hope Project. The WPC also approves the operational and closure plans for the Mt. Hope Project, and establishes monitoring requirements.

The LLC initiated cultural clearance activities at the Mt. Hope Project in early December 2012 upon receipt of an Archaeological Resource Protection Act Permit issued by the State Archeologist at the Nevada State Office of the BLM. Cultural clearance is an important component of the LLC s commitment to environmental protection and will be completed before major earthworks are done in any of the construction areas. The LLC has cleared priority areas for initial construction and will continue mitigation throughout the disturbance footprint. Use of this phased approach is intended to allow the LLC to maintain uninterrupted construction progress once construction resumes.

On January 2, 2013, the Public Utilities Commission of Nevada (PUCN) issued the LLC a permit to construct a 230kV power line that interconnects with Nevada Energy s transmission system at the existing Machacek Substation located near the town of Eureka, Nevada and extend it approximately 25 miles to the planned Mt. Hope Substation. In addition, the BLM approved the LLC s surety bonds for reclamation of disturbance associated with construction of the 230kV power transmission line. The PUCN permit

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and approved bond allows the LLC to build the transmission infrastructure in a timely manner and provide the necessary capacity to power construction activities and Mt. Hope Project operations. Construction of the transmission line will also include upgrades to the existing Machacek Substation near Eureka that will improve the reliability of electrical power to the community. At full production the Mt. Hope Project will have a total electrical demand load of approximately 75 megawatts. Transmission capacity was secured in 2008 and the LLC will negotiate electrical energy contracts prior to Mt. Hope Project commissioning activities, which will be available once the power line is constructed and energized.

On January 17, 2013, the Federal Energy Regulatory Commission approved an Engineering, Procurement and Construction Agreement contract between Nevada Energy and Mt. Wheeler Power. In turn, in early January 2013, the LLC put in place a contract with Mt. Wheeler Power to provide the interconnect facilities to the Mt. Hope Project. The contract scope is to design and install the interconnect facility at the Machacek Substation, near the town of Eureka, to connect the LLC s future 230kV power line to the utility.

The LLC initiated preliminary construction activities in early January 2013 including early wellfield development and clearing and grubbing of terrain. Completion of the wellfield and water distribution systems are key items to begin major construction activities. Preliminary work also included clearing the open pit minesite, millsite, tailings dam and administrative office areas. Further activities have been suspended as a result of the delay in financing for the Mt. Hope Project and will resume as financing becomes available.

On June 17, 2014, the LLC submitted an amendment to the approved PoO to accommodate minor increases in the disturbance footprint and various design changes. The BLM is expected to require completion of an Environmental Assessment (EA) to approve the amendment in compliance with NEPA. During the amendment review and preparation of the EA, the approved PoO remains in effect and the LLC is authorized to continue construction under that existing approval. The changes proposed in the amendment are similar to approved activities, and we do not anticipate any additional baseline studies or mitigation will be required. Ongoing changes to permits and the PoO during the life of mining operations are typical as design evolves and operations are optimized.

Capital & Operating Cost Estimates

The development of the Mt. Hope Project has a Project Capital Estimate of $1,312 million, which includes development costs of approximately $1,245 million and $67 million in cash financial guaranty/bonding requirements, advance royalty payments, and power pre-payment estimates. These capital costs were updated in the third quarter of 2012, and were then escalated by approximately 3% in the third quarter of 2013, for those items not yet procured or committed to by contract. The Mt. Hope Project has not materially changed in scope and is currently designed at approximately 65% engineering completion, with solid scope definition. The pricing remains subject to escalation associated with equipment, construction labor and commodity price increases, and project delays, which will continue to be reviewed periodically. The Project Capital Estimate does not include financing costs or amounts necessary to fund operating working capital and potential capital overruns, is subject to additional holding costs as the Company experiences delays in achieving its portion of financing for the Mt. Hope Project, and may be subject to other escalation and de-escalation as contracts and purchase arrangements are finalized at then current pricing. From October 2007 through June 2014, the LLC spent approximately $268.7 million of the estimated $1,312 million on development of the Mt. Hope Project.

The LLC s Project Operating Cost Estimate forecasts molybdenum production of approximately 40 million pounds per year for the first five years of operations at estimated average direct operating costs of $6.28 per pound, based on $90 per barrel oil equivalent energy prices. The Costs Applicable to Sales (CAS) per pound, including anticipated royalties calculated at a market price of $15 per pound molybdenum, are anticipated to average $7.00 per pound. These cost estimates are based on 2013 constant dollars and are subject to cost inflation or deflation.

Equipment and Supply Procurement

Through June 30, 2014, the LLC has made deposits and/or final payments of $74.1 million on equipment orders, has spent approximately $182.6 million for the development of the Mt. Hope Project and has paid $12.0 million into an escrow arrangement for electricity transmission services, for a total Mt. Hope Project inception-to-date spend of $268.7 million.

In late 2012 and early 2013, the LLC made additional commitments for wellfield materials and equipment, and placed purchase orders for long-lead process equipment including the commitments for the engineering portion of flotation cells and roaster equipment. Based on such commitments, at June 30, 2014, we expect to make additional payments of approximately $0.7 million in 2014 and $14.2 million in 2015. Based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity through the end of 2014. However, additional financing will be required to meet commitments and operating costs in 2015.

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In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of $1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2013, the LLC renegotiated the timelines for truck delivery, accepting a 3% price increase and delaying deliveries into late 2014. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of $0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In June of 2013, the LLC signed a change order, which delayed delivery into the second half of 2014 and triggered a $0.2 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC s contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of $3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

Water Rights Update

The Nevada State Engineer (State Engineer) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed an appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer s approval of the Monitoring, Management and Mitigation Plan (3M Plan) of the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in late 2014.

Two individual water rights holders appealed the State Engineer s approval of the 3M Plan to the Nevada State District Court (District Court). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District s Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal of the water permits. We remain confident the Nevada Supreme Court will uphold the District Court s Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court s ruling, the Company s water permits have been granted and the water remains available, as described above, for use at the Mt. Hope Project.

Termination of Agreements with Hanlong (USA) Mining Investment Inc.

In March 2010, we signed a series of agreements with Hanlong (USA) Mining Investment, Inc. (Hanlong), an affiliate of Sichuan Hanlong Group, a privately held Chinese company. The agreements formed the basis of a $745 million transaction that was intended to provide the Company with adequate capital to contribute its 80% share of costs to develop the Mt. Hope Project. The agreements included a Securities Purchase Agreement (the Purchase Agreement) that provided for the sale to Hanlong of shares of our common stock in two tranches that would have aggregated 25% of our outstanding stock on a fully diluted basis, conditioned on Hanlong procuring a project financing Term Loan from a Chinese bank; a Stockholder Agreement that provided Hanlong representation on our Board of Directors (Board), governed how Hanlong would vote its shares of the Company, and limited Hanlong s ability to purchase or dispose of our securities; and a Bridge Loan whereby Hanlong provided $10 million to the Company to preserve liquidity until availability of the Term Loan. Pursuant to the Purchase Agreement, in December, 2010, we issued 11.8 million shares of common stock for the first tranche to Hanlong, for a purchase price of $40 million. After the share purchase, Hanlong became entitled to nominate one director to serve on our Board, and Nelson Chen was designated by Hanlong to serve in that capacity. We granted Hanlong registration rights with respect to those shares. The Company filed a Registration Statement on Form S-3 in December 2013, which, among other transactions included registration of the Hanlong shares, thereby allowing Hanlong to sell their shares to a third party. The registration statement was declared effective on January 29, 2014.

In October 2012, we entered into an agreement with Hanlong for a Subordinated Debt Facility (Sub Debt Facility) of up to $125.0 million. Simultaneously with the execution of the Sub Debt Facility, the Company issued a warrant to Hanlong with a 2.5-year maturity to purchase ten million shares of the Company s common stock. In May 2013, the Company and Hanlong mutually agreed to terminate the Sub Debt Facility and warrant to provide the Company with greater flexibility in securing an additional strategic partner. As the warrant was fully vested and exercisable at the time of termination, this resulted in an $11.5 million non-cash charge to the income statement for the remaining unamortized value associated with the issuance of the warrant.

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As a result of Hanlong s failure to timely procure the Term Loan as required by the Purchase Agreement, in August 2013, the Company terminated certain agreements it had in place with Hanlong. In addition, as a result of the failure to procure the Term Loan, Hanlong was obligated to pay the Company a break fee of $10.0 million. The Company and Hanlong agreed to offset the break fee against the repayment of the $10.0 million Bridge Loan. The outstanding balance of the Bridge Loan and related accrued interest were recorded on the income statement as constructive receipt of break fee for $10.0 million and forgiveness of debt of bridge loan interest for $0.8 million. Concurrently, the Company wrote off $6.4 million of debt issuance costs, as those costs were related to Hanlong s obligation to procure the Term Loan to construct the Mt. Hope Project, and that obligation was released upon termination of the Purchase Agreement.

In connection with the termination of the Hanlong agreements, most of the provisions of the Stockholder Agreement were also terminated. Under the continuing provisions of the Stockholder Agreement, Hanlong s right to designate one nominee to the Board continues until such time that Hanlong s ownership percentage falls below 10%. As of June 30, 2014, Hanlong owns approximately 13% of our outstanding common stock. In June, 2013, the Board recommended the election of Mr. Chen as a Class III member, in the Board s slate of nominees submitted to our stockholders, pursuant to the Stockholder Agreement. He was elected by a vote of the stockholders at the Company s 2013 Annual Meeting of Stockholders for a three-year term, expiring in June 2016.

Molybdenum Market Update

The worldwide molybdenum price fluctuated between $5.33 per pound in 2003 to over $40.00 per pound in 2005 and traded in the mid-$30s per pound prior to October 2008, when prices fell from approximately $33.50 per pound to $7.70 per pound in April 2009 as a result of the global financial crisis. Subsequent to April 2009, prices slowly rose finishing 2009 at $12.00 per pound and further increasing to finish 2010 at $16.40 per pound. By the end of 2011, prices had pulled back to $13.30 per pound, decreased further to $11.50 per pound at the end of 2012 and declined to $9.75 per pound at the conclusion of 2013. In 2014, molybdenum has traded in a range of $9.75 per pound to $15.10 per pound, and as of late July 2014, traded at approximately $13.00 per pound according to *Ryan s Notes*. Year-to-date molybdenum performance has been driven by tighter supply of material and solidifying downstream demand, particularly in the stainless steel, energy infrastructure and transportation industries.

In our BFS and for a portion of our financial evaluations, we use molybdenum prices prepared by an independent commodities research company, CPM Group. Their research is a comprehensive look at both the supply and demand side of the molybdenum market. Through their research, they forecast global growth rates for molybdenum for both supply and demand. CPM Group continues to forecast prices in excess of current spot prices over the long-term. In June 2014, CPM Group forecast that molybdenum prices would range between $11.00 and $13.50 per pound through 2018, then $14.40 in 2019, $16.00 in 2020, $16.25 in 2021, $17.25 in 2022, and $16.85 in 2023.

Liquidity, Capital Resources and Capital Requirements

For the period from December 31, 2013 to June 30, 2014

Our total consolidated cash balance at June 30, 2014 was $12.2 million compared to $21.7 million at December 31, 2013. The decrease in our cash balances for the six months ended June 30, 2014 was due primarily to Mt. Hope Project spend, Liberty PFS spend and general and administrative expenditures incurred of $9.6 million offset by the receipt of ongoing cash contributions received from POS-Minerals of $0.1

million.

The LLC also established a $36.0 million reserve account in December of 2012, at the direction of the LLC management committee, which will remain until availability of the Company s portion of financing for the Mt. Hope Project is confirmed or until the management committee agrees to release the funds. These funds are payable to Nevada Moly upon release, at which time they become available for use by the Company.

The cash needs for the development of the Mt. Hope Project are significant and require that we and/or the LLC arrange for financing to be combined with funds anticipated to be received from POS-Minerals in order to retain its 20% membership interest. The Company is working with its financial advisors to advance the full financing of the Mt. Hope Project, and continues to pursue other potential financing sources such as strategic partners, capital markets, including equity offerings, domestic and international credit markets, and bank project financing. The Company estimates the go-forward capital required for the Mt. Hope Project, based on 65% completed engineering, to be approximately $1,050 million, of which the Company s 80% capital requirement is $840 million. There is no assurance that the Company will be successful in raising the financing required to complete the Mt. Hope Project, or in raising additional financing in the future on terms acceptable to the Company, or at all. Further, the Company does not have an estimated timeframe for finalizing any financing agreements.

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In order to preserve our cash liquidity, effective September 7, 2013, we implemented a cost reduction and personnel retention program, which included reductions in base cash compensation for our executive officers, senior management employees and members of the Board. Cash compensation for our Chief Executive Officer was reduced by 25%, with other senior officers and employees receiving 10 20% salary reductions and non-employee directors receiving a 25% decrease in cash compensation for annual retainer and meeting fees. We also approved cash and equity incentives for the executive officers who remain with the Company through the earliest to occur of a financing plan for the Mt. Hope Project approved by the Board, a Change of Control (as defined in the employment or change of control agreements between the Company and each of our executive officers); involuntary termination (absent cause); or January 15, 2015 (the Vesting Date), and a personnel retention program providing cash and equity incentives for other employees who remain with the Company. Under this plan, we estimate that we will pay $1.8 million upon the earliest occurrence of the aforementioned events. Also, in a further cost reduction effort, the Board was reduced to seven members effective December 31, 2013, with the retirement of three Board members.

Based on our commitments as of June 30, 2014, we expect to make additional payments of approximately $0.7 million under milling process equipment orders through the end of 2014 and $14.2 million in 2015. With our cash conservation plan, our non-equipment related cash requirements have declined to approximately $1.5 million per month. Accordingly, based on our current cash on hand and our ongoing cash conservation plan, the Company expects it will have adequate liquidity through the end of 2014. However, additional financing will be required to meet commitments and operating costs in the first quarter of 2015.

When financing becomes available, the additional funding will allow us to restart equipment procurement, and agreements that were suspended or terminated will be renegotiated under current market terms and conditions, as necessary. In the event of an extended delay related to availability of the Company s portion of full financing for the Mt. Hope Project, the Company will make its best efforts to revise procurement and construction commitments to preserve liquidity, our equipment deposits and pricing structures.

Total assets as of June 30, 2014 decreased to $357.0 million compared to $360.7 million as of December 31, 2013 primarily due to cash spent on general & administrative requirements.

Other Capital Requirements

We also require additional capital to fund the PFS (approximately $0.7 million during 2014) and maintain our mining claims and other rights related to the Liberty Project, as well as continue payment of ongoing general and administrative costs associated with supporting our planned operations.

Results of Operations

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

For the three months ended June 30, 2014 we had a consolidated net loss of $2.8 million compared with a net loss of $14.3 million in the same period for 2013.

For the three months ended June 30, 2014 and 2013, exploration and evaluation expenses were $1.0 million and $0.2 million, respectively, as the Liberty Project remained largely in a care and maintenance mode during 2013 and the early part of 2014. During the second quarter of 2014, the Company began work on the PFS at Liberty resulting in substantially higher expenses.

For the three months ended June 30, 2014 and 2013, general and administrative expenses were $1.8 million and $2.4 million, respectively, as a result of cash conservation efforts and allocation of efforts to Liberty referenced above.

For the three months ended June 30, 2014 and 2013, write down of warrant expense was nil and $11.5 million, respectively, as a result of the write off of loan commitment costs associated with the warrants issued to Hanlong in connection with the Sub Debt Facility. The value of the warrants was written off upon termination of the warrant.

For the three months ended June 30, 2014 and 2013, interest income was nil as a result of low deposit interest rates on consolidated cash balances in 2014 and 2013.

Interest expense for the three months ended June 30, 2014 and 2013 was nil and $0.3 million, respectively. In 2013, the Company incurred interest on the Bridge Loan and amortization of the loan commitment costs related to the Hanlong warrants in 2013. The weighted average interest rate on the Bridge Loan was 2.29% for the three months ended March 31, 2013. As discussed above under Termination of Agreements with Hanlong (USA) Mining Investment Inc., we terminated our agreements with Hanlong in 2013.

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Six months ended June 30, 2014, compared to six months ended June 30, 2013

For the six months ended June 30, 2014, we had a consolidated net loss of $5.2 million compared with a consolidated net loss of $17.3 million in the same period for 2012. The 2013 net loss includes an $11.5 million write down of certain warrants as discussed below.

For the six months ended June 30, 2014, and 2013, exploration and evaluation expenses at the Liberty Project were $1.1 million and $0.3 million, respectively reflecting increased spend for the pre-feasibility study of approximately $0.5 million during 2014.

For the six months ended June 30, 2014, and 2013, general and administrative expenses were $4.1 million and $4.9 million, respectively. The decrease in costs compared to the previous year relates primarily to reduced spend as part of the Company s cash conservation efforts.

For the six months ended June 30, 2014 and 2013, write down of warrant expense was nil and $11.5 million, respectively, as a result of the write off of loan commitment costs associated with the warrants issued to Hanlong in connection with the Sub Debt Facility in 2013. The unamortized value of the warrants was written off upon termination of the warrant.

Interest income was nil for the six months ended June 30, 2014, and 2013, as a result of substantially lower interest rates and lower consolidated cash balances during that time period. Interest expense was nil and $0.7 million for the six months ended June 30, 2014, and 2013 as a result of interest accrued on the bridge loan outstanding and amortization of loan commitment costs related to the Hanlong warrants in 2013.

Contractual Obligations

Our contractual obligations as of June 30, 2014 were as follows:

		Payments due by period (in millions)			
Contractual obligations *	**Total**	**2014**	**2015 - 2016**	**2017 - 2020**	**2020 & Beyond**
Operating Lease Obligations	0.2	0.1	0.1		
Agricultural Sustainability Trust Contributions	4.0		2.0	2.0	
Equipment Purchase Contracts	14.9	0.7	14.2		
Advance Royalties	5.7	0.5	1.0	4.2	
Reclamation Surety Bonding	11.6	0.5	11.1		
3M Plan Contributions	1.0		0.3	0.7	
Total	$ 37.4	$ 1.8	$ 28.7	$ 6.9	

* With the exception of $0.2 million in operating lease obligations ($0.1 million in 2014 and $0.1 million in 2015 - 2016), all amounts are commitments of the LLC, and are to be funded 80% by Nevada Moly and 20% by POS-Minerals.

At June 30, 2014, the LLC has active orders in varying stages of fabrication on milling process equipment comprised of two 230kV primary transformers and substation, a primary crusher, a SAG mill, two ball mills, and various motors for the mills. In late 2012 and early 2013, the LLC made additional commitments for wellfield materials and equipment, and placed purchase orders for long-lead milling process equipment including the commitments for the engineering portion of flotation cells and roaster equipment.

In 2012, the LLC issued a firm purchase order for eighteen haul trucks. The order provides for delivery of those haul trucks required to perform initial mine development, which will begin several months prior to commercial production. Non-refundable down-payments of $1.2 million were made in 2012, with pricing subject to escalation as the trucks were not delivered prior to December 31, 2013. During the third quarter of 2013, the LLC renegotiated the timelines for truck delivery, accepting a 3% price increase and delaying deliveries into late 2014. The contract is cancellable with no further liability to the LLC.

Also in 2012, the LLC issued a firm purchase order for four mine production drills with a non-refundable down-payment of $0.4 million, and pricing was subject to escalation if the drills were not delivered by the end of 2013. In June of 2013, the LLC signed a change order which delayed delivery into the second half of 2014 and triggered a $0.2 million price increase. The contract remains cancellable with no further liability to the LLC.

On June 30, 2012, the LLC s contract to purchase two electric shovels expired. On July 11, 2012, we signed a letter of intent with the same vendor providing for the opportunity to purchase the electric shovels at prices consistent with the expired contract, less a special discount in the amount of $3.4 million to provide credit to the LLC for amounts paid as deposits under the expired contract. The letter of intent provides that equipment pricing will remain subject to inflation indexes and guarantees production slots to ensure

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that the equipment is available when required by the LLC. In June 2014, the parties agreed to extend the letter of intent through June 30, 2015.

The following table sets forth the LLC s cash commitments under mining and milling equipment contracts (collectively, Purchase Contracts) at June 30, 2014 (in millions):

Period		Cash Commitments Under Equipment Purchase Contracts as of June 30, 2014 *
3rd Quarter 2014		0.2
4th Quarter 2014		0.5
Total 2014		0.7
2015		14.2
2016		
2017		
Total	$	14.9

* All amounts are commitments of the LLC, and are to be funded 80% by Nevada Moly and 20% by POS-Minerals.

If the LLC does not make the payments contractually required under these purchase contracts, it could be subject to claims for breach of contract or to cancellation of the respective purchase contract. In addition, the LLC may proceed to selectively suspend, cancel or attempt to renegotiate additional purchase contracts if necessary to further conserve cash. See *Liquidity, Capital Resources and Capital Requirements above.* If the LLC cancels or breaches any contracts, the LLC will take all appropriate action to minimize any losses, but could be subject to liability under the contracts or applicable law. The cancellation of certain key contracts could cause a delay in the commencement of operations, and could add to the cost to develop the Company s interest in the Mt. Hope Project.

Through June 30, 2014, the LLC has made deposits and/or final payments of $74.1 million on equipment orders. Of these deposits, $64.3 million relate to fully fabricated items, primarily milling equipment, for which the LLC has additional contractual commitments of $14.9 million noted in the table above. The remaining $9.8 million reflects both partially fabricated milling equipment, and non-refundable deposits on mining equipment. As discussed in Note 11 to the consolidated financial statements contained elsewhere in this report, the mining equipment agreements remain cancellable with no further liability to the LLC. The underlying value and recoverability of these deposits in our consolidated balance sheets are dependent on the LLC s ability to fund development activities that would lead to profitable production and positive cash flow from operations, or proceeds from the disposition of these assets. There can be no assurance that the LLC will be successful in generating future profitable operations, disposing of these assets or the Company securing additional funding in the future on terms acceptable to us or at all. Our audited consolidated financial statements do not include any adjustments relating to recoverability and classification of recorded assets or liabilities. Refer to Note 11 for more information related to these deposits and/or final payments on equipment orders.

Obligations under capital and operating leases

We have contractual operating leases that will require a total of $0.2 million in payments over the next three years. Operating leases consist primarily of rents on office facilities and office equipment. Our expected payments are $0.1 million, $0.1 million, and nil for the years ended

December 31, 2014, 2015, and 2016, respectively.

Creation of Agricultural Sustainability Trust

On August 19, 2010, the LLC entered into an agreement with the Eureka Producers Cooperative (the EPC) whereby the LLC will fund a $4.0 million Sustainability Trust (the Trust) in exchange for the cooperation of the EPC with respect to the LLC s water rights and permitting of the Mt. Hope Project. The Trust will be tasked with developing and implementing programs that will serve to enhance the sustainability and well-being of the agricultural economy in the Diamond Valley Hydrographic Basin through reduced water consumption.

The Trust may be funded by the LLC over several years based on the achievement of certain milestones, which are considered probable, and as such $4.0 million has been accrued in the Company s June 30, 2014, financial statements and is included in mining properties, land, and water rights.

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Permitting Considerations

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. The LLC was required to obtain approval from the BLM to implement the Mt. Hope Project PoO. This approval, in the form of a ROD was obtained only after successful completion of the process of environmental evaluation, which incorporates substantial public comment. The LLC was also required to obtain various state and federal permits including, but not limited to, water protection, air quality, water rights and reclamation permits. In addition to requiring permits for the development of the Mt. Hope Project, we will need to obtain and modify various mining and environmental permits during the life of the Mt. Hope Project. Maintaining, modifying, and renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and substantial expenditures. The duration and success of the LLC s efforts to obtain, modify or renew permits will be contingent upon many variables, some of which are not within the LLC s control. Increased costs or delays could occur, depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. All necessary permits may not be obtained and, if obtained, may not be renewed, or the costs involved in each case may exceed those that we previously estimated. In addition, it is possible that compliance with such permits may result in additional costs and delays.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

We are a development stage company in the business of the exploration, development and mining of properties primarily containing molybdenum. As a result, upon commencement of production, our financial performance could be materially affected by fluctuations in the market price of molybdenum and other metals we may mine. The market prices of metals can fluctuate widely due to a number of factors. These factors include fluctuations with respect to the rate of inflation, the exchange rates of the U.S. dollar and other currencies, interest rates, global or regional political and economic conditions, banking environment, global and regional demand, production costs, and investor sentiment. See *Management s Discussion and Analysis of Financial Condition and Results of Operation Molybdenum Market Update* for a discussion of molybdenum prices.

In order to better manage commodity price risk and to seek to reduce the negative impact of fluctuations in prices, we will seek to enter into long-term supply contracts for our portion of the Mt. Hope production. On December 28, 2007, we entered into a molybdenum supply agreement with ArcelorMittal S.A. (ArcelorMittal), the world s largest steel company, that provides for ArcelorMittal to purchase 6.5 million pounds of molybdenum per year, plus or minus 10%, once the Mt. Hope Project commences commercial operations at minimum specified levels. The supply agreement provides for a floor price along with a discount for spot prices above the floor price and expires five years after the commencement of commercial production at the Mt. Hope Project. Both the floor and threshold levels at which the percentage discounts change are indexed to a producer price index. According to public filings, on January 25, 2011, the boards of directors of ArcelorMittal S.A. and APERAM each approved the transfer of the assets comprising ArcelorMittal s stainless and specialty steels businesses from its carbon steel and mining businesses to APERAM, a separate entity incorporated in the Grand Duchy of Luxembourg. This transfer included the supply agreement the Company had in place with ArcelorMittal and the shares of the Company s common stock previously owned by ArcelorMittal.

Additionally, on May 14, 2008, we entered into a molybdenum supply agreement with SeAH Besteel Corporation (SeAH Besteel), Korea s largest manufacturer of specialty steels, which provides for SeAH Besteel to purchase 4.0 million pounds of molybdenum per year, plus or minus 10%, once the Mt. Hope Project commences commercial operations at minimum specified levels. Like the APERAM supply agreement, the supply agreement with SeAH Besteel provides for a floor price along with staged discounts for spot prices above the floor price and expires

five years from the date of first supply under the agreement. Both the floor and threshold levels at which the percentage discounts change are indexed to a producer price index.

On August 8, 2008, the Company entered into a molybdenum supply agreement (Sojitz Agreement) with Sojitz Corporation (Sojitz). The Sojitz Agreement provides for the supply of 5.0 million pounds per year of molybdenum for five years, beginning once the Mt. Hope Project reaches certain minimum commercial production levels. One million annual pounds sold under the Sojitz Agreement will be subject to a per-pound molybdenum floor price and is offset by a flat discount to spot molybdenum prices above the floor. The remaining 4.0 million annual pounds sold under the Sojitz Agreement will be sold with reference to spot molybdenum prices without regard to a floor price. The Sojitz Agreement includes a provision that allows Sojitz the option to cancel in the event that supply from the Mt. Hope Project had not begun by January 1, 2013. The described option is available up to ten days following the achievement of certain production levels at the Mt. Hope Project. As commercial production at the Mt. Hope Project has not commenced, Sojitz currently has the option to cancel its contract or participate in the molybdenum supply agreement as described above.

The long-term supply agreements provide for supply only after commercial production levels are achieved, and no provisions require the Company to deliver product or make any payments if commercial production is never achieved or declines in later periods and have floor prices ranging from $14.50 to $15.25 per pound and incremental discounts above the floor price. The agreements

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require that monthly shortfalls be made up only if the Company s portion of Mt. Hope production is available for delivery, after POS-Minerals has taken its 20% share. In no event do these requirements to make up monthly shortfalls become obligations of the Company if production does not meet targeted levels.

Furthermore, each of the agreements remain as contractual obligations and have take-or-pay provisions that require the buyers to either take delivery of product made available by the Company, or to pay as though they had taken delivery pursuant to the term of the agreements. In the event that our contract parties choose not to honor their contractual obligations, our profitability may be adversely impacted. We may be unable to sell any product our contract parties fail to purchase in a timely manner, at comparable prices, or at all.

While we have not used derivative financial instruments in the past, we may elect to enter into derivative financial instruments to manage commodity price risk. We have not entered into any market risk sensitive instruments for trading or speculative purposes and do not expect to enter into derivative or other financial instruments for trading or speculative purposes.

Interest Rate Risk

As of June 30, 2014, we had a balance of cash and cash equivalents of $12.2 million and restricted cash of $54.4 million. Interest rates on short term, highly liquid investments have not changed materially since 2010, and continue to be 1% or less on an annualized basis.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our management concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Nevada State Engineer (State Engineer) has issued all water permits for the Mt. Hope Project. Eureka County, Nevada and two other parties comprised of three individual water rights holders in Diamond Valley and one in Kobeh Valley filed an appeal in July 2012 to the Nevada Supreme Court challenging the granting of water permits by the State Engineer. On June 26, 2013, the appeal was consolidated with a similar appeal of the State Engineer s approval of the Monitoring, Management and Mitigation Plan (3M Plan) for the Mt. Hope Project, discussed below, and the Nevada Supreme Court heard oral argument on June 30, 2014 and is expected to issue its ruling in late 2014.

Two individual water rights holders appealed the State Engineer s approval of the 3M Plan to the Nevada State District Court (District Court). Following oral argument on April 15, 2013, the District Court denied the Petition for Judicial Review of the 3M Plan and issued its Written Order on May 17, 2013. Thereafter, Petitioners filed an appeal on May 20, 2013 of the District s Court Order to the Nevada Supreme Court, which, as discussed above, has been consolidated with the appeal of the water permits. We remain confident the Nevada Supreme Court will uphold the District Court s Orders regarding the 3M Plan and the water permits.

Notwithstanding the above, subject to receipt of the Nevada Supreme Court s ruling, the Company s water permits have been granted and the water remains available, as described above, for use at the Mt. Hope Project.

On February 15, 2013, Great Basin Resource Watch and the Western Shoshone Defense Project (Plaintiffs) filed a Complaint against the U.S. Department of the Interior and the BLM in the U.S. District Court, District of Nevada, seeking relief under the NEPA and other federal laws challenging the BLM s issuance of the ROD for the Mt. Hope Project, and on February 20, 2013 filed a Motion for Preliminary Injunction. The Court allowed the LLC to intervene in the matter.

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On August 22, 2013, the Court denied, without prejudice, the Motion for Preliminary Injunction based on the parties Joint Stipulation to Continue Preliminary Injunction Oral Argument, which advised the Court that as a result of current economic conditions, including the Company s ongoing financing efforts, all major ground disturbing activities had ceased at the Mt. Hope Project.

On July 23, 2014, the Court denied Plaintiffs motion for summary judgment in its entirety. Previously, the parties and the Court had agreed to address Plaintiffs claims under the Complaint based on the administrative record and the parties motion for summary judgment briefing on the merits. On August 1, 2014, following the denial of summary judgment, the Court entered judgment in favor of the Defendants and the LLC, and against Plaintiffs regarding all claims raised in the Complaint. The Plaintiffs will have sixty (60) days from the entry of Judgment or September 30, 2014 to file a notice to appeal the District Court s decision to the Ninth Circuit Court of Appeals.

ITEM 1A. RISK FACTORS.

Our Annual Report on Form 10-K for the year ended December 31, 2013, including the discussion under the heading Risk Factors therein, and this report describe risks that may materially and adversely affect our business, results of operations or financial condition. The risks described in our Annual Report on Form 10-K and this report include all of the material risks known to us. However, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operations.

Special Note Regarding Forward-Looking Statements

Certain statements in this report may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of our Company, the Mt. Hope Project, Liberty Project and our other projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We use the words may, will, believe, expect, anticipate, intend, future, plan, estimate, potential a expressions to identify forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those in the forward looking statements. Such risks, uncertainties and assumptions are described in the Risk Factors section included in our Annual Report on Form 10-K for the year ended December 31, 2013, and this report, and include, among other things:

- our investors may lose their entire investment in our securities;
- our profitability depends largely on the success of the Mt. Hope Project, the failure of which would have a material adverse effect on our financial condition;
- we have not obtained, and may not obtain, alternative project financing, which could cause additional delays or expenses in developing the Mt. Hope Project;
- substantial additional financing may be required in order to fund the operations of the Company and the LLC and if we are successful in raising additional capital, it may have dilutive and other adverse effects on our stockholders;

- fluctuations in the market price of, and demand for, molybdenum and other metals;
- counter party risks;
- the ability to maintain, or renew licenses, rights and permits required to develop or operate our mines;
- that judicial outcomes related to water rights and permits may delay the development of the Mt. Hope Project;
- the timing of exploration, development and production activities and estimated future production, if any;
- estimates related to costs of production, capital, operating and exploration expenditures;
- the estimation and realization of mineral reserves and production estimates, if any;
- inherent operating hazards of mining;
- title disputes or claims;
- climate change and climate change legislation for planned future operations;
- government regulation of mining operations, environmental conditions and risks, reclamation and rehabilitation expenses;
- compliance/non-compliance with the Mt. Hope Lease Agreement;
- losing key personnel and contractors or the inability to attract and retain additional personnel;
- reliance on independent contractors, experts, technical and operational service providers over whom we have limited control;
- increased costs can affect our profitability;
- shortages of critical parts, equipment, and skilled labor may adversely affect our development costs;
- legislation may make it difficult to retain or attract officers and directors and can increase costs of doing business; and
- provisions of Delaware law and our charter and bylaws may delay or prevent transactions that would benefit stockholders.

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You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. These forward-looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including those set forth above. Although we believe that the expectations reflected in these forward-looking statements are reasonable, our actual results could differ materially from those expressed in these forward-looking statements, and any events anticipated in the forward-looking statements may not actually occur. Except as required by law, we undertake no duty to update any forward-looking statements after the date of this report to conform those statements to actual results or to reflect the occurrence of unanticipated events. We qualify all forward-looking statements contained in this report by the foregoing cautionary statements.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following XBRL (Extensible Business Reporting Language) materials are filed herewith: (i) XBRL Instance; (ii) XBRL Taxonomy Extension Schema; (iii) XBRL Taxonomy Extension Calculation; (iv) Taxonomy Extension Labels, (v) XBRL Taxonomy Extension Presentation, and (vi) XBRL Taxonomy Extension Definition.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 4, 2014

GENERAL MOLY, INC.

By: /s/ David A. Chaput
David A. Chaput
Chief Financial Officer and Duly Authorized Officer