

LAKEWOOD, Colo., March 11, 2016 /CNW/ -- [General Moly Inc.](#) (the "Company" or "General Moly") (NYSE MKT: GMO) (TSX: GMO) entered 2016 with a long-term strategic partnership through one of China's largest private multinational firms and a strong cash balance of approximately \$13.0 million at year-end 2015, approximately even with the year-end 2014 cash balance, excluding restricted cash. The Company is well positioned with financial liquidity to fund its current business activities and working capital needs into early 2018.

Fourth quarter and to date highlights:

- General Moly closed a \$4.0 million Tranche 1 private placement with a Chinese strategic partner and now largest shareholder AMER International Group ("AMER");
- There is potential further funding of Tranche 2 and 3 equity investments by AMER totaling \$16.0 million, contingent on certain conditions;
- The Company lowered the quarterly cash burn rate for Corporate and Liberty Project costs by one-third, from the previous two years' average to an estimated \$1.7 million per quarter or \$6.8 million for full year 2016. The Company forecasts that it has the ability to fund its current business plans and working capital into early 2018, excluding potential additional AMER equity investments;
- Mt. Hope Project's joint venture operating company Eureka Moly, LLC ("EMLLC") ended 2015 with a balance of \$16.6 million (100% basis) in a cash reserve account, and remains self-funded through 2020 based on projected care and maintenance expenses. EMLLC also received a net refund of \$4.3 million (100% basis) in February 2016 from a reduction in reclamation funding requirements.

The Company received \$4.0 million in cash proceeds during the fourth quarter upon closing of Tranche 1 of the amended Investment and Securities Purchase Agreement ("Investment Agreement") and strategic partnership with AMER, a non-ferrous metals and downstream industrials company, which is ranked the 247th largest enterprise by revenues in the world according to the Fortune Global 500.

Half of the \$4.0 million was directed to a restricted expense-reimbursement account to be used by both the Company and AMER for procuring financing for the future development of the Mt. Hope Project in Nevada and other jointly sourced business development opportunities. The remaining \$2.0 million is for general corporate purposes.

Announcing its financial results for the fourth quarter and full year ended December 31, 2015 today, the Company reported a net loss for the three months ending December 31, 2015 of \$2.0 million (\$0.02 per share), compared to a net loss of \$2.5 million (\$0.02 per share) for the prior year period. The decrease in quarterly net loss was primarily due to the Company's cost-cutting measures. Net loss for the full year ending December 31, 2015 was \$15.2 million (\$0.16 per share), compared to a loss of \$11.0 million (\$0.12 per share) for the prior year period. The higher net loss in 2015 compared with 2014 was due to non-cash losses of \$4.3 million taken upon termination of a power transmission contract at EMLLC and a \$1.0 million loss taken on extinguishment of several of the Company's Senior Convertible Promissory Notes.

During the fourth quarter, cash use of \$3.7 million was the result of \$1.2 million of Mt. Hope Project's EMLLC owners' costs and \$2.5 million in general and administrative expenses, including one-time severance payments related to the Company's cost-cutting measures, including a 25% reduction in employees and contractors in October 2015.

Bruce D. Hansen, Chief Executive Officer, said, "The amended Investment Agreement with AMER and the closure of Tranche 1 provide the Company with an improved corporate liquidity profile as we seek opportunities to obtain project financing for the Mt. Hope Project. This arrangement with AMER creates a long-term strategic partnership, demonstrating AMER's vision of value creation at General Moly. As the molybdenum market recovers, we will work together on the full financing and development of the Mt. Hope Project. In the near term, we expect to evaluate value-accretive, acquisition opportunities to jointly pursue with AMER for our mutual benefit."

Mr. Hansen concluded, "As we look forward, we have taken decisive actions that better position our Company to advance development when market conditions improve. Through our recently implemented management restructuring and cost reduction programs, we expect to achieve additional reductions in our Corporate and Liberty Project care and maintenance costs by one-third from an average of approximately \$2.5 million per quarter in the past two years to approximately \$1.7 million per quarter in 2016."

Strategic Partnership with AMER

Through the initial Tranche 1 private placement of \$4.0 million, AMER has become the largest shareholder of General Moly from its approximate 12% stake of 13.0 million common shares. AMER also received warrants to purchase 80.0 million shares at an exercise price of \$0.50 per share, exercisable upon completion of a \$700.0 million senior secured term loan (Bank Loan). The warrants and its conditions expire April 17, 2017.

Under the amended Investment Agreement, AMER is required to complete the Tranche 2 and Tranche 3 equity investments totaling \$16.0 million at higher prices per share in General Moly, upon completion of certain conditions, potentially subject to shareholder approval, as announced in the Company's news releases in April and November 2015. Tranche 2 obligates AMER to invest \$6.0 million for 12.0 million additional shares of General Moly, subject to reinstatement of permits for water rights at the Mt. Hope Project

and 30 consecutive calendar days for the price of molybdenum to average in excess of \$8.00 per pound. Tranche 3 calls for an investment of \$10.0 million, representing 14.7 million shares contingent on a final adjudication or settlement of the Mt. Hope Project's water rights permits, if further challenged in the Nevada courts, and for the price of molybdenum to average in excess of \$12.00 per pound for a 30-consecutive calendar day period.

As part of the Tranche 1 investment by AMER, Tong Zhang has joined General Moly's now seven-member Board of Directors as announced in the Company's December 2015 news release. Mr. Zhang currently serves as AMER's Chairman of the Overseas Investment Committee and CEO of the International Business Group. Mr. Zhang previously held various positions with PricewaterhouseCoopers and he has a Master's Degree from Ohio University.

After Tranche 3, AMER has the right to nominate a second director to the Board. After drawdown of the Bank Loan, AMER has the right to nominate a third director to the Board.

Once there is a sustained improvement in the molybdenum market, AMER will work with the Company to procure and guarantee the Bank Loan from major Chinese banks for the development of the Mt. Hope Project, subject to customary covenants and security arrangements.

Other Financial Highlights & Refund from Lower Collateral in Reclamation Surety

As announced previously, on February 23, 2016, EMLLC received a net refund of \$4.3 million from a reduction in the collateral held in its reclamation surety program. The Company received approval from the Bureau of Land Management to lower the reclamation financial guarantee requirement from \$75.1 million to \$2.8 million, based only on the current limited state of disturbance at the Mt. Hope Project. The surety bond program is now funded with a cash collateral payment of \$0.3 million, a reduction from the \$4.6 million established in November 2012, resulting in the \$4.3 million net return of collateral.

In January 2015, the Company and POS-Minerals Corporation ("POS-Minerals"), which own 80% and 20% membership interest in the Mt. Hope Project, respectively, through EMLLC, announced an agreement to use up to \$36.0 million from the restricted reserve account to fund final equipment payments, ongoing owners' costs, and other care and maintenance activities for the benefit of both members. POS-Minerals is an affiliate of POSCO, a public company based in the Republic of Korea and one of the world's largest steel producers. POSCO is ranked the 162nd largest corporation by revenues in the world in the Fortune Global 500. The restricted cash held in the reserve account is funding the Mt. Hope Project's financial requirements until such funds are exhausted or the Company achieves full financing for construction of the Mt. Hope Project. Any balance of reserve account cash at the time of financing will be returned to the Company. Based on projected future care and maintenance expenditures, EMLLC is funded through 2020 with \$16.6 million in available reserve account cash at year-end 2015.

In addition to the cash liquidity discussed above, the Company has significant tangible asset value inherent in its 80% ownership of \$85.7 million in EMLLC assets (primarily milling and electrical equipment), and a further \$21.1 million in other tangible assets wholly owned by General Moly.

Table 1: Financial Summary

(\$ and Shares in 000, Except Per Share and Molybdenum Price)	2015	4Q 2015	2014	4Q 2014	YOY Vari
Exploration & evaluation expenses	\$ 1,032	\$ 173	\$ 2,097	\$ 324	-51%
General and administrative expenses, including non-cash stock compensation	8,703	1,541	8,872	2,221	-2%
Total Operating Expenses	9,735	1,714	10,969	2,545	-11%
Loss on termination of power transmission contract	(4,317)	-	-	-	n.a.
Loss on extinguishment of senior convertible notes	(971)	-	-	-	n.a.
Interest expense	(1,100)	(207)	(29)	(29)	n.a.
Net Loss	\$ (15,223)	\$ (1,962)	\$ (10,960)	\$ (2,500)	39%
Net Loss Per Share	\$ (0.16)	\$ (0.02)	\$ (0.12)	\$ (0.02)	33%
Avg. Weighted Shares Outstanding	97,056	104,299	91,907	92,005	6%

Table 2: Balance Sheet Summary

(\$ in 000)	Dec. 31, 2015	Sept. 30, 2015	Dec. 31, 2014	Dec. 31 YOY Variance
Cash and Cash Equivalents	\$ 13,047	\$ 14,671	\$ 13,269	-1.7%
Current Assets	13,197	14,914	13,967	-5.5%
Current Liabilities	2,404	3,333	5,423	-55.7%
Working Capital	10,793	11,581	8,544	26.3%
Restricted cash held at EMLLC	16,636	16,636	36,000	-53.8%
Other restricted cash	6,782	4,923	17,379	-61.0%
Total Assets	346,475	345,574	362,046	-4.3%
Long term debt	1,517	1,481	249	509.2%
Sr. convertible notes	5,480	5,423	7,763	-29.4%
Return of contributions payable to POS-Minerals	33,884	33,884	-	n.a.
Other liabilities	12,523	11,995	11,601	7.9%
Long term liabilities	53,404	52,783	19,613	172.3%
Contingently Redeemable Non-controlling Interest	173,265	173,265	210,317	-17.6%
Total Shareholders' Equity	\$ 117,402	\$ 116,193	\$ 126,693	-7.3%

Mt. Hope Project Water Rights and Permits Update

As described in the Company's September 2015 news release, the Nevada Supreme Court issued a ruling in late September 2015 that reversed and remanded the Decisions of the Nevada State District Court, which had affirmed the Nevada State Engineer's ("NSE") Orders approving the water permits and Monitoring, Management and Mitigation Plan ("3M Plan") for the Mt. Hope Project. The Company awaits direction from the District Court in its instruction to the NSE regarding the Company's applications for water permits.

Mr. Hansen said, "We look forward to supporting our applications and demonstrating that our mitigation approach will dispel any potential impacts to senior water right holders when we begin pumping water for the Mt. Hope Project. We respect the process and will comply with the direction from the District Court and the NSE to protect senior water rights holders."

Mt. Hope Project Engineering and Equipment Procurement

Engineering remains approximately 65% complete at the Mt. Hope Project. There is substantially no ongoing engineering and procurement effort. Through December 31, 2015, \$85.7 million in payments on equipment orders have been funded by EMLLC, which has now ordered or purchased most of the long-lead milling equipment, haul trucks, and mine production drills, and has maintained an ongoing letter of intent preserving deposits and indexed pricing for the purchase of two electric shovels.

Based on its current forecast, the Company does not anticipate taking delivery of the haul trucks, drills, and electric shovels in 2016 and will work with the respective vendors to extend these agreements annually until the Company obtains financing for construction of the Mt. Hope Project.

The Company anticipates it will re-initiate its engineering and procurement once market conditions allow for full Mt. Hope Project financing.

2016 Outlook and Priorities

General Moly's priorities for 2016 are to:

- Prudently manage financial liquidity and flexibility to sustain the Company over the medium term, including continued stringent cost management throughout the organization and rescheduling of equipment procurement, and to fund current business activities into early 2018, excluding potential additional AMER investments;
- Leverage General Moly's technical and financial skills and expertise to work jointly with AMER to identify value-accretive acquisition opportunities with a focus on base metal prospects in North America;
- Effect reinstatement of permits for water rights at the Mt. Hope Project, which would lead to the Tranche 2 investment of \$6.0 million by AMER, contingent on a molybdenum price rise to \$8 per pound for 30 consecutive calendar days;
- Maintain existing federal and state permit status for the Mt. Hope Project.

About General Moly

General Moly is a U.S.-based molybdenum mineral development, exploration and mining company listed on the NYSE MKT and the Toronto Stock Exchange under the symbol GMO. The Company's primary asset, an 80% interest in the Mt. Hope Project located in central Nevada, is considered one of the world's largest and highest grade molybdenum deposits. Combined with the Company's wholly-owned Liberty Project, a molybdenum and copper property also located in central Nevada, General Moly's goal is to become the largest pure play primary molybdenum producer in the world.

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Forward-Looking Statements

Statements herein that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and are intended to be covered by the safe harbor created by such sections. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, expected, or implied by the Company. These risks and uncertainties include, but are not limited to, metals price and production volatility, global economic conditions, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, exploration risks and results, political, operational and project development risks, including the Company's ability to obtain a re-grant of its water permits and to maintain required federal and state permits to continue construction, commence production and its ability to raise required project financing, adverse governmental regulation and judicial outcomes, including the appeal of the Record of Decision and estimates related to cost of production, capital, operating and exploration expenditures. For a detailed discussion of risks and other factors that may impact these forward looking statements, please refer to the Risk Factors and other discussion contained in the Company's quarterly and annual periodic reports on Forms 10-Q and 10-K, on file with the SEC. The Company undertakes no obligation to update forward-looking statements.

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