

31 October 2017

ASX Code: **COY**

September 2017 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 30 September 2017 and to the date of this report.

Summary for the Quarter Ended 30 September 2017

- Exploration Activity
 - Exploration Manager appointment
 - Simuku VTEM
 - Nakru next stage
- Current Exploration Portfolio
 - Makmak licence grant
- Corporate Activity
 - \$2.87M Placement Agreement
 - 2017 AGM

Exploration Activity

Exploration Manager Appointment

On 30 October 2017 Coppermoly announced the appointment of Dr Peter Crowhurst as the Company's full time Exploration Manager. Peter has previously been employed as a Senior and Principal Geologist for Nautilus Minerals for 7 years. Other technical roles have included engagement as Senior Project Geologist with Teck Cominco focussing on Cu-Au porphyry mineralisation in the Asia region, including PNG, six years as a Research Scientist at CSIRO, independent consulting roles on many commodities including gold, copper, iron sands, lithium and petroleum. As a consultant Peter has previously worked with Coppermoly in 2013 and as a structural geologist with Highlands Pacific. Peter's PhD subject was structure and tectonics in northern PNG with a focus on the Frieda River Copper Project.

The Company welcomes Dr Crowhurst and is excited to have such an industry leading geologist with exceptional geological and PNG exploration expertise on the team.

Simuku

During the quarter Coppermoly also announced it has signed an agreement with Perth based contractor UTS Geophysics (**UTS**) to carry out a helicopter-borne geophysical survey at one of the Company's exploration projects, the Simuku EL 2379 exploration licence area (**Simuku**). The Simuku Cu-Au project area hosts both a large tonnage low grade porphyry style Copper mineralisation and near surface higher grade secondary Copper mineralisation. Both mineralisation zones have untested extensions. A number of geochemical anomalies within the licence area have not yet been tested.

The agreement provides for a helicopter-borne geophysical survey using UTS's Versatile Time-Domain Electromagnetic (VTEM™) geophysical system. The VTEM™ Plus system is excellent for locating discrete conductive anomalies as well as mapping lateral and vertical variations in resistivity.

The VTEM™ survey will investigate the mineral potential over the Simuku licence area. The proposed survey will be approximately 928 line-kilometres (line spacing at 150m) over all of the existing EL 2379 licence area. The program is scheduled for November this year.

Nakru

The Company is also in the planning stage for the next drilling program on the Company's Mt Nakru EL 1043 Cu-Au project (Nakru) where an updated JORC Inferred Mineral Resource was estimated by Mining Associates in June 2017. The Nakru Inferred resource totals 29Mt at 0.92% Cu & 0.22 g/t Au using a cut-off grade of 0.3% Cu across two Cu-Au deposits at Nakru 1 & Nakru 2 for a combined total of 267kt of Cu and 208koz of Au (2Moz of Ag). The next stage drilling program at Nakru will focus on seeking to upgrade the resource category while defining the size of deposits at Nakru 1 and Nakru 2.

Since both deposits have higher grades concentrated in the upper levels, and the shallow depth (over all less than 200m), an open-pit mine with conventional copper flotation processing is a likely option.

Please refer to the ASX Announcement released on 22 June 2017 for details of the Inferred Mineral Resource Estimate update as well as ASX Announcements released 16 March, 19 April and 27 April 2017 for full details of the most recent drilling at Nakru, including all relevant assay results. The Company is not aware of any new information or data that materially affects the information included in these announcements and all the material assumptions and technical parameters underpinning the Inferred Mineral Resource Estimate in the ASX Announcement released on 22 June 2017 continue to apply and have not materially changed.

Please refer to the ASX Announcement released on 22 June 2017 for details of the Inferred Mineral Resource Estimate update as well as ASX Announcements released 16 March, 19 April and 27 April 2017 for full details of the recent drilling, including all relevant assay results. The Company is not aware of any new information or data that materially affects the information included in these announcements and all the material assumptions and technical parameters underpinning the Inferred Mineral Resource Estimate in the ASX Announcement released on 22 June 2017 continue to apply and have not materially changed.

Current Exploration Portfolio

The Company's current exploration licences, all located on New Britain Island, PNG:

PROJECT	PERIOD ACQUIRED	AREA	LOCATION
EL 1043 Mt Nakru*	Jan 2008	47km ²	West New Britain
EL 2379 Simuku*	Jan 2008	122km ²	West New Britain
EL 2514 Makmak	Sep 2017	269km ²	West New Britain

* Two of the Company's exploration licences, EL 1043 Mt Nakru and EL 2379 Simuku, together known as the West New Britain Projects (**WNB Projects**), were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the WNB Projects by spending more than \$20 million on exploration. In July 2013 Coppermoly entered into an agreement with Barrick to reacquire 100% ownership of the WNB Projects' licences on a staged basis. Barrick still holds a nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, completion of which will be effected on the payment of a further \$4.5 million to Barrick within 6 months following the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs for exploration or development of the WNB Projects nor are they entitled to any profits from the projects.

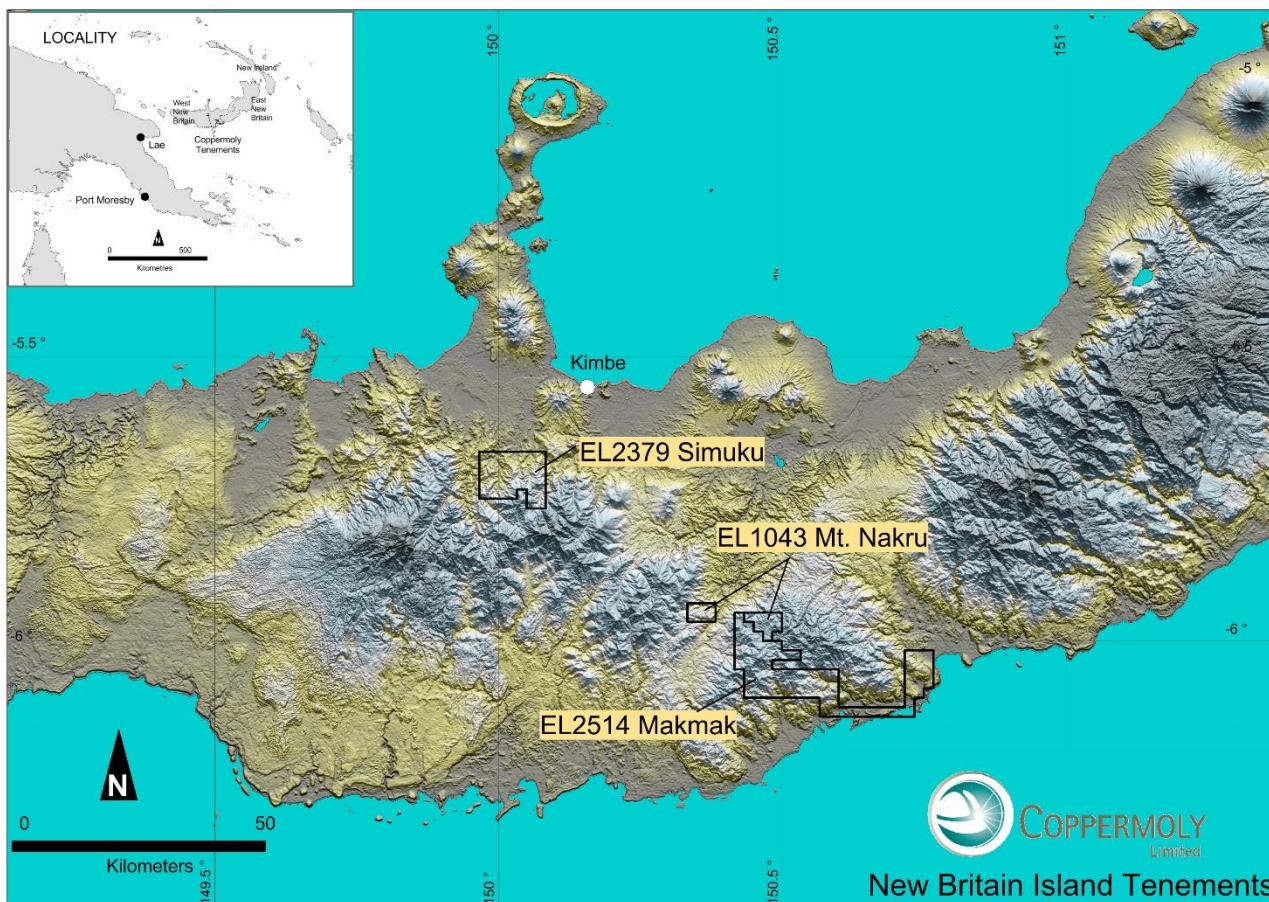
New Makmak Exploration Licence Granted

In December 2016 Coppermoly applied to PNG Mineral Resources Authority for a new Exploration Licence over most of the ground covered by the previously held EL 2014 exploration licence as well as some new additional ground that adjoins the Mt Nakru Exploration Licence EL 1043. The new Makmak licence was granted by the MRA in September 2017 as EL 2514.

Previously the main area of focus on the Makmak tenement was the Pulding prospect. Past sampling and prominent aeromagnetic anomalies show a prospective SSE-NNW trending lineament which will be targeted for further evaluation.

Powell Exploration Licence

EL 1782 Powell was relinquished in September 2017. The decision to drop the tenement was made to allow the Company to concentrate on its leading exploration projects Mt Nakru & Simuku, along with newly granted EL 2514 Makmak.



Map 1: Coppermoly's current exploration licences on New Britain Island

Corporate Activity

Placement

On 30 October 2017 the Company announced that it has entered an agreement to undertake a private placement to raise approximately \$2.87M before costs at an issue price of \$0.0105 (1.05 cents) per share (**Placement**).

The Placement has been made to one investor, Shenzhen Beilite Jades Limited (**Beilite**). Beilite is a diversified private investment company specialising in precious metals, metal products, and high value jades. Beilite has also invested in several gold projects in Southeast Asia.

The Placement comprises a two stage placement arrangement, which will result in Coppermoly raising a total of approximately \$2,870,000 (before costs), comprising:

- (a) an upfront placement of 164,072,670 new fully paid ordinary shares in Coppermoly ranking equally with existing shares on issue (**Shares**), issued at 1.05 cents per Share (**Initial Placement**). The Initial Placement was completed on 30 October 2017 and resulted in Coppermoly raising \$1,722,763 (before costs); and
- (b) a subsequent issue of 109,260,663 Shares, at an issue price of 1.05 cents per Share to raise \$1,147,237 (before costs), which is subject to Coppermoly first obtaining Shareholder approval in accordance with ASX Listing Rules (**Conditional Placement**).

A general meeting will be called soon to seek Shareholder approval for the Conditional Placement and to refresh the Company's placement capacity under ASX Listing Rule 7.1.

The Initial Placement used the Company's existing placement capacity under ASX Listing Rule 7 and resulted in Beilite acquiring a relevant interest in 13.04% of Coppermoly's Shares. If approved by Shareholders the issue of the Shares pursuant to the Conditional Placement will result in Beilite having a relevant interest in 19.99% of Coppermoly's Shares.

The funds raised from the Placement will be used to fund planned exploration activity on the Company's tenements, and working capital requirements.

Coppermoly Ltd 2017 AGM

The Company's 2017 AGM will be held at its registered office at 10.30am (AEST) on Friday 24 November 2017. The 2017 AGM Notice of Meeting and Proxy Form was sent to Shareholders on 26 October 2017.

<u>Corporate Directory</u>	
Coppermoly Limited (ABN 54 126 490 855)	
Directors	Registered office
Dr Wanfu Huang (Non-Executive Director)	Suite 1B, 91 Upton Street,
Mr Jincheng Yao (Non-Executive Director)	Bundall, Queensland 4217
Mr Kevin Grice (Non-Executive Director)	Telephone: +61 7 5510 3994
Mr Zule Lin (Non-Executive Director)	Facsimile: +61 7 5510 3997
Company Secretary	Email: info@coppermoly.com.au
Mr Paul Schultz CPA	Website: www.coppermoly.com.au

About Coppermoly

Coppermoly (COY) is an ASX listed junior exploration company which has been listed on the ASX since 2008. Coppermoly's head office is located on the Gold Coast, Australia and mineral exploration activities are focused entirely on the island of New Britain in PNG where it is exploring for copper, gold, silver, zinc, and molybdenum.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(267)	(267)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(47)
(e) administration and corporate costs	(50)	(50)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(362)	(362)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Security deposits paid	(2)	(2)
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issue of shares, convertible notes or options	(7)	(7)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(4)	(4)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(11)	(11)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	555	555
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(362)	(362)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(11)
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	179	179

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	179	155
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - fixed term deposit	-	400
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	179	555

6. Payments to directors of the entity and their associates

Current quarter \$A'000

6.1 Aggregate amount of payments to these parties included in item 1.2

1

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' fees

7. Payments to related entities of the entity and their associates

Current quarter \$A'000

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

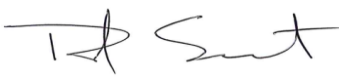
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	350
9.2 Development	-
9.3 Production	-
9.4 Staff costs	60
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	510

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL 1782 PNG	Exploration Licence	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EL 2514 PNG	Exploration Licence	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: October 31, 2017
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(Director/Company secretary)

Print name: Paul Schultz
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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.