

30 July 2018

ASX Code: **COY**

June 2018 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 30 June 2018 and to the date of this report.

HIGHLIGHTS

- *Exploration Activity*
 - Preparatory works for Mt Nakru Project drilling program are well advanced. The program comprising a minimum of 10 holes for 1,600 metres is designed to upgrade the resource category and to advance the Company's knowledge of the economic potential of the ore bodies at Nakru. Drilling will be undertaken in the September quarter with an updated JORC Resource anticipated in the December quarter.
 - Simuku VTEM results highlighted multiple anomalies of interest within, and also outside of, currently defined mineralised porphyry-style prospects in the Simuku licence area which Coppermoly believes warrant follow up with a combination of geochemical sampling and focussed geophysical (IP) surveys and analysis
- *Corporate Activity*
 - Cash balance of \$1.6 million as at 30 June 2018

Exploration Activity

Mt Nakru (EL 1043)

The Mt Nakru Project hosts an updated JORC Inferred Mineral Resource that was estimated by Mining Associates in June 2017. The 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)¹. Since both deposits have higher grades concentrated in the upper levels, and shallow depth (overall less than 200m), an open-pit mine with conventional copper flotation processing is a likely option.

Previous drilling at Mt Nakru has identified high grade, near surface, copper and gold mineralisation at both the Nakru 1 and Nakru 2 prospects.

¹ 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 last drilling program 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.

During the quarter the Company finalised plans for the next stage of exploration at its primary exploration asset, Mt Nakru EL 1043 Cu-Au project (**Nakru**) and entered into contracts with service providers to conduct the program. Preparatory works for the program, including mobilisation of equipment and supplies and track preparation, are well advanced with drilling anticipated to commence in August.

The program comprises in-fill and 50m step out extension drilling at Nakru 1 and has been designed in consultation with Mining Associates to upgrade the resource category and to advance the Company's knowledge of the economic potential of the ore bodies at Nakru.

Drilling will be undertaken using a combination of RC and diamond drilling. The program provides for a minimum of 10 drill holes for 1,600 metres (refer Figure 1) which may be extended dependent on ground conditions. The drill program will be conducted by international drilling contractor, Quest Exploration Drilling (QED). The Company anticipates that drilling will be conducted in the September quarter and that assay results and an updated JORC Mineral Resource Statement will be released prior to 31 December 2018.

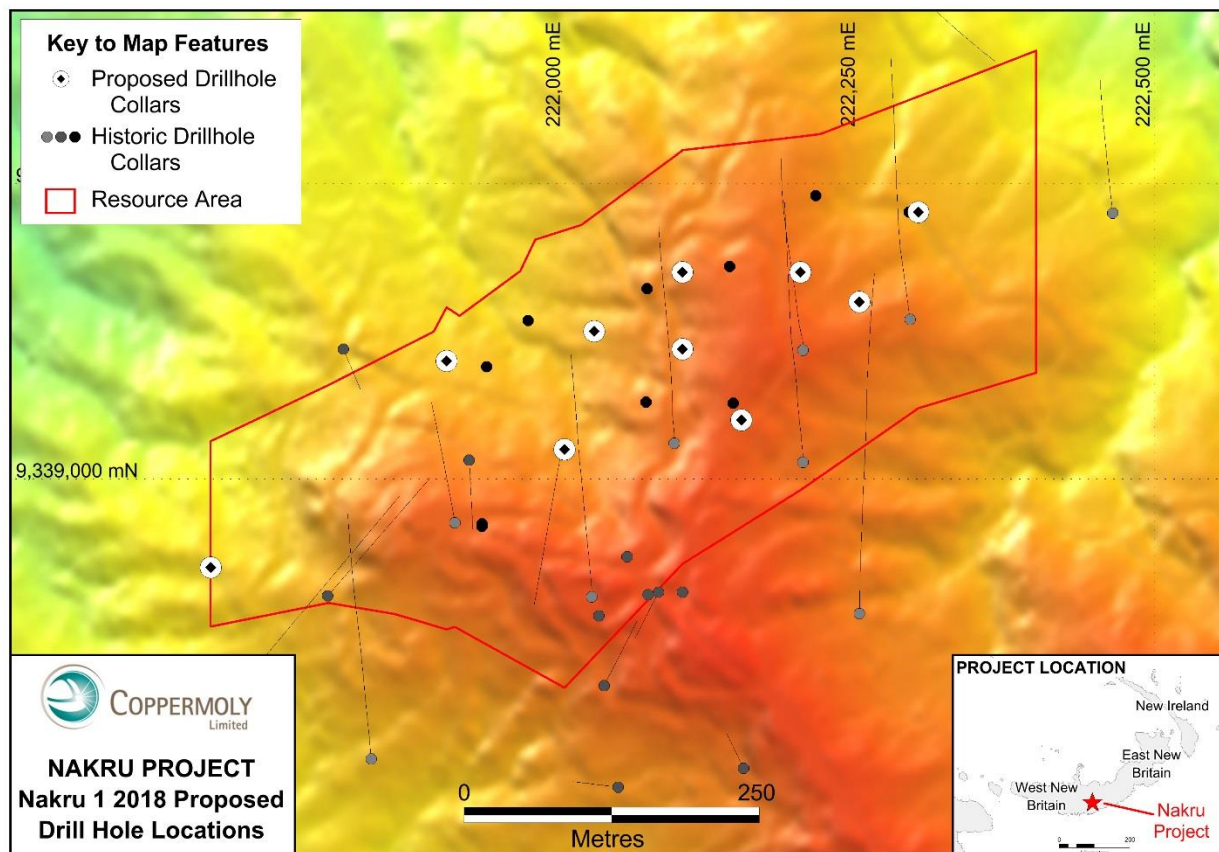


Figure 1 – Location of proposed drillholes for Mt Nakru exploration drilling program

Simuku (EL 2379) VTEM™ survey

The Simuku project area hosts both a large tonnage low grade porphyry style copper mineralisation zone and near surface higher grade secondary copper mineralisation. Both mineralisation zones have untested extensions. Also, several historical geochemical and geophysical anomalies within the licence area have not yet been tested.

On 23 April 2018 Coppermoly announced that it has received the final assessment of the VTEM™ survey data collected at the Company's EL 2379 Simuku Cu-Au exploration project in December 2017. The assessment was completed by experienced geophysical consultants, GeoDiscovery Group. GeoDiscovery's assessment included processing/3D inversions of the magnetic data from the VTEM survey and EMaxAir CDI compilation of the VTEM survey. GeoDiscovery's assessment has highlighted multiple anomalies of interest within, and also outside of, currently defined mineralised porphyry-style prospects in the Simuku licence area which Coppermoly believes warrant follow up with a combination of geochemical sampling and focussed geophysical (IP) surveys and analysis (Figure 2).

Highlights include:

1. The reprocessing and modelling of the EM data has removed most of the near surface effect of the water saturated and weathered jungle terrain and hence can highlight clear basement anomalies which are potentially indicators of mineralised systems. However, it is interpreted that surface conductive influence has largely saturated Target #1 and 2 in the lower elevation terrane in the north of the tenement.
2. The 3 highest ranked conductive anomalies lie in close proximity to and along strike to the main Simuku deposit within the centre of the tenement. This provides encouragement that the currently defined mineral system has greater potential for expansion (see anomalies #5, 7 and 9 on Figure 2 and section in Figures 3 and Figure 4).
3. For example, Target 5 is a weak to moderate conductive zone(s) coincident with Simuku circular magnetic expression and centred on a historical untested IP anomaly. It lies immediately west of drill-intersected mineralisation and only two existing drill-holes are located within the central zone. This new data has upgraded this area to be a prime target of interest for the next phase of exploration at Simuku.
4. Also, the highest ranked targets are predicted to be largely within 100m of the surface which makes them cost effective, accessible zones to test and develop.
5. The next tier of anomalies lie proximal and along strike to the known mineralised system at Kulu. With only a handful of historical holes drilled into this system, the new EM modelling provides encouragement that there is scope for extension of the known mineralised system (see anomalies #6 and 8 on Figure 2 and section in Figure 3).
6. The magnetic data processing and modelling has allowed for detailed structural map interpretation which compliments the high rank EM anomalies by showing the key structural setting to focus a mineralised system (Example in Figure 5).
7. As this VTEM survey covers the entire tenement this is the first time that clear geophysical anomalies have been found outside of the detailed historical geophysical focus on the Simuku system only (Figure 2).
8. It was observed that the historical geophysical data (Helimag and Gradient Array Induced Polarisation- GAIP) covering the Simuku deposit did not match well with the new VTEM data and therefore it was reprocessed and now shows a better match with the new EM data (Figure 5). This enhances the local geological interpretation for the Simuku mineralised system which provides greater confidence where to focus future exploration effort.

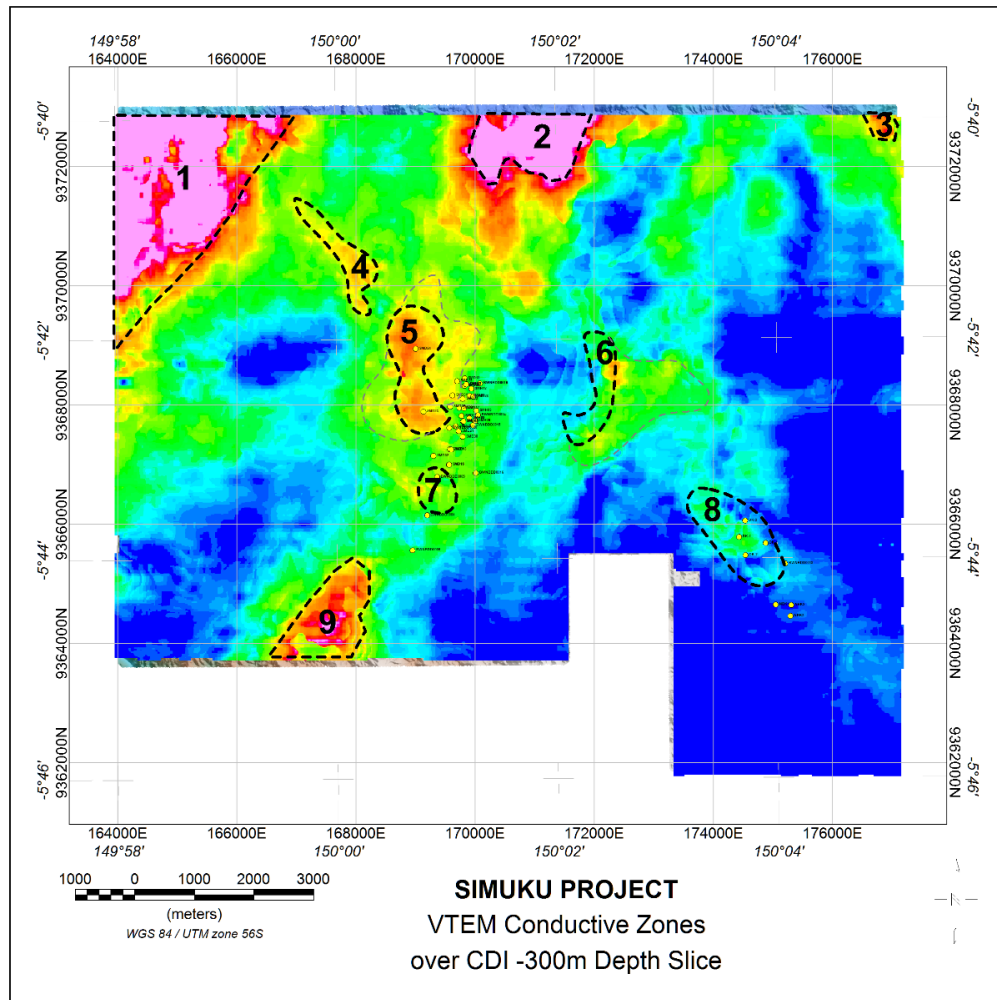


Figure 2: Target areas selected by Geodiscovery to follow up with geochemical sampling and several IP lines over the highest priority anomalies. Labelled yellow dots are historical drill holes; the main Simuku deposit is located in the centre of the image and Kulu prospect is mainly within Target 8.

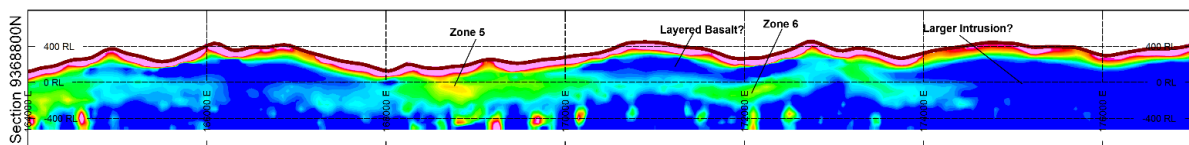


Figure 3: EW CDI Section @ 9368800N: Example of vertical extent of interpreted basalt layer and larger intrusions in relation to conductive zones 5 (Simuku) and 6.

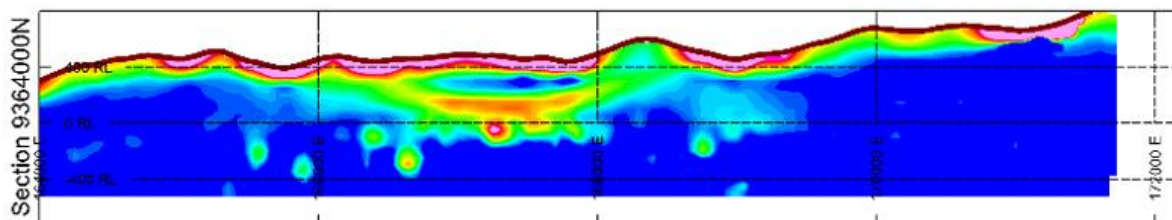


Figure 4: EW CDI Section @ 9364000N: Example of vertical extent of interpreted conductive zone 9 on the southern boundary of the tenement.

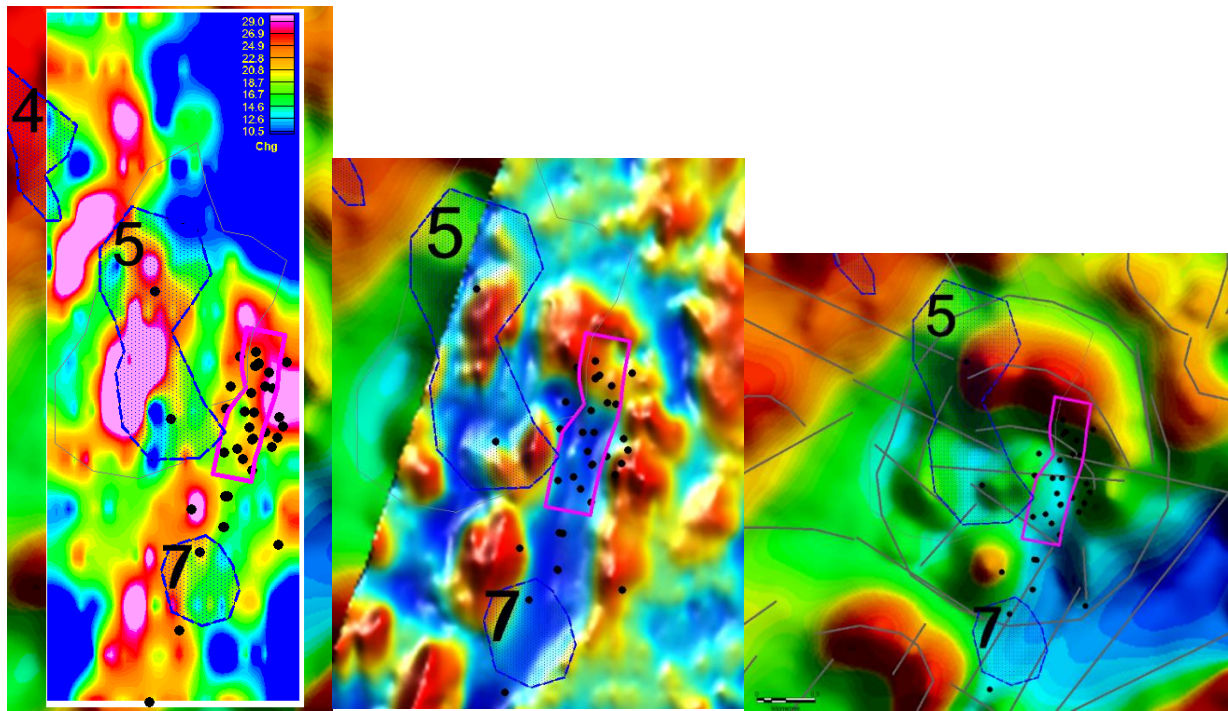


Figure 5: These images show geophysical survey data focussed on the Simuku prospect in the centre of the tenement. Historical drill holes are plotted as black dots. The pink outline depicts the location of the published 'inferred' resource for Simuku. The image on the left is the reprocessed historical 'Gradient Array Induced Polarisation' (GAIP) chargeability which has a strong correlation with the VTEM conductive anomaly (Target 5). The middle image is the 1997 Helimag data and the image on the right is the RTP image from the VTEM survey. The grey lines represent the structural interpretation of the various processed and modelled magnetic images from the VTEM survey. The main feature to note is the circular 'volcanic caldera' which is cross cut by predominantly WNW-ESE structures.

The Company is currently developing a proposal for a follow up ground IP geophysics survey on the highest ranked VTEM targets which will delineate greater detail to allow for identification of drill targets.

Makmak (EL2514)

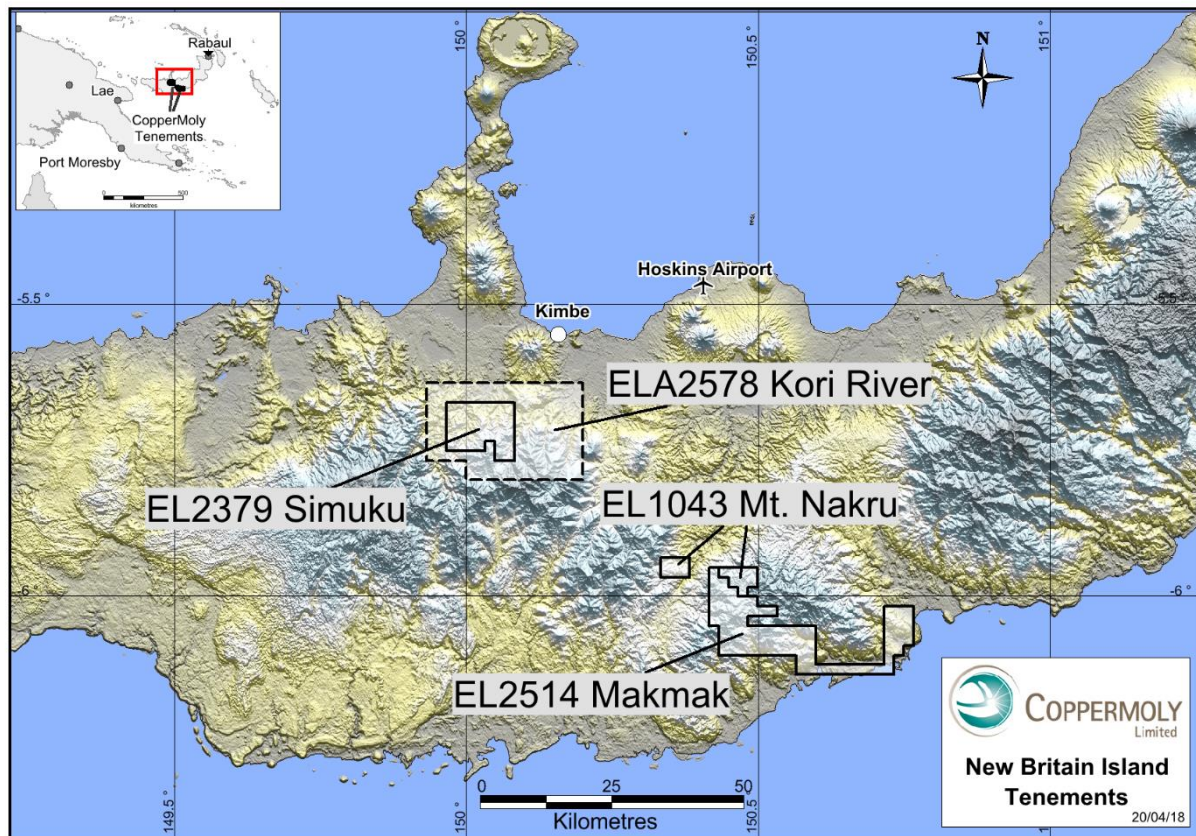
Makmak is a greenfields exploration tenement that lies proximal to the Nakru tenement. There are several sites within the tenement where rock chip and stream sediment samples have returned elevated copper and gold analysis. In the next quarter, a plan is proposed to conduct a follow up sampling program around the best results to delineate the extent of potential mineralisation and possibly define a source zone.

Kori River (ELA 2578)

On 23 April 2018 Coppermoly announced that it had an application for a new Exploration Licence accepted by the PNG Mineral Resources Authority. The new application, ELA 2578 Kori River, covers ground that encloses the existing EL 2379 tenement and includes areas near some of the boundaries of EL 2379 that show encouraging signs for potential conductive and resistive anomalous zones.

A Warden's Hearing was conducted in early July. The next steps in the application process include technical assessment of the application by the MRA and Mining Advisory Council consideration before approval by the Mining Minister.

Current Exploration Portfolio



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

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
ELA 2578 Kori River	Pending	396km 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.

Corporate Activity

Cash at 30 June 2018

As at 30 June 2018, the Company had cash and cash equivalents totalling \$A1.6M.

<u>Corporate Directory</u>	
Coppermoly Limited (ABN 54 126 490 855)	
Non-Executive Directors	Registered office
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Company Secretary	Email: info@coppermoly.com.au
Mr Stephen Kelly	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.